

Indecon Review of National Training Fund

Prepared by

Indecon International Research Economists

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Contents

Page

Executive Summary	i
1 Introduction and Background	1
1.1 Introduction	1
1.2 Background	1
1.3 Objectives and Scope of Review	1
1.4 Methodological Approach to Review	2
1.5 Report Structure	3
1.6 Acknowledgements and Disclaimer	4
2 Labour Market and Skills Context	5
2.1 Introduction	5
2.2 National Training Fund Objectives	5
2.3 Recent Trends in Irish Labour Market	6
2.4 Sectoral Skills Needs	11
2.5 Summary of Key Findings	16
3 Review of International Models	18
3.1 Introduction	18
3.2 Overview of European Models	18
3.3 Case Studies on Application of Training Funds in EU	20
3.4 Summary of Key Findings	28
4 Overview of NTF Funding and Expenditures	29
4.1 Introduction	29
4.2 Trends in NTF Income and Expenditure	29
4.3 Outputs of NTF-funded Programmes	39
4.4 Summary of Key Findings	41
5 Evaluation of NTF-supported Expenditures – SOLAS	43
5.1 Introduction	43
5.2 Assessment of Effectiveness and Efficiency	43
5.3 Assessment of Relevance and Responsiveness	51
5.4 Review of Performance Metrics	55
5.5 Summary of Key Findings	55
6 Evaluation of NTF-supported Expenditures – HEA	57
6.1 Introduction	57
6.2 Assessment of Effectiveness and Efficiency	57
6.3 Assessment of Relevance and Responsiveness	61
6.4 Performance Metrics	64
6.5 Summary of Key Findings	64
7 Evaluation of NTF-supported Expenditures – Skillnet Ireland	65
7.1 Introduction	65
7.2 Assessment of Effectiveness and Efficiency	65

Contents

Page

7.3	Assessment of Relevance and Responsiveness	71
7.4	Performance Metrics	73
7.5	Summary of Key Findings	74
8	Assessment of NTF Governance and Oversight	75
8.1	Introduction	75
8.2	Monitoring and Evaluation Processes	75
8.3	Performance Metrics/KPIs and Target Setting	78
8.4	Employer Engagement	86
8.5	Summary of Key Findings	87
9	Recommendations	88
9.1	Introduction	88
9.2	Reform of the Future Direction of the NTF	88
9.3	Utilising NTF to Support Investment in Higher Education	90
9.4	Enhancing Enterprise Engagement and Input to NTF Priorities	91
9.5	Improvements in Monitoring and Evaluation of NTF	92
9.6	Overall Conclusion	94
Annex 1	List of Organisations Consulted	95
Annex 2	Additional Details on Training Fund Models Utilised in EU	96

List of Tables, Figures & Boxes

Page

Table 2.1: Core Objectives of National Training Fund	5
Table 2.2: Irish Economy – Sectoral Employment Breakdown and Growth	12
Table 3.1: Overview of Cost-Sharing Training Schemes in EU Member States	19
Table 4.1: Composition of National Training Fund Income – 2017-2018	29
Table 4.2: NTF Funding Provision by Recipient Agency/Organisation - € Million (2015-2017)	31
Table 4.3: Role of NTF Funding in NTF-supported Training Programmes – 2017	32
Table 4.4: National Training Fund Expenditure (2011-2018)	35
Table 4.5: NTF-funded Expenditure on In-Employment Training Programmes (€ Million)	36
Table 4.6: NTF-funded Expenditure on In-Employment Training Programmes - % Breakdown	37
Table 4.7: NTF-funded Expenditure on Training Programmes for Persons Acquiring Skills for Purposes of Taking Up Employment (€ Million)	38
Table 4.8: NTF-funded Expenditure on Training Programmes for Persons Acquiring Skills for Purposes of Taking Up Employment - % Breakdown	39
Table 4.9: Summary of Number of Participants/Beneficiaries Supported by NTF-funded Programmes	40
Table 5.1: Total NTF Expenditure on NTF-funded SOLAS/ETB Programmes (€ Million)	43
Table 5.2: Total NTF/Exchequer Expenditure on NTF-funded SOLAS/ETB Programmes - %	43
Table 5.3: SOLAS Funding Provision for NTF-funded Programmes (2015-2017) (€ Million)	44
Table 5.4: SOLAS Funding Provision Percentage Breakdown for NTF-funded Programmes (2015-2017)	45
Table 5.5: Reported Beneficiaries on NTF-funded SOLAS/ETB Programmes	46
Table 5.6: Breakdown of Beneficiaries on NTF-funded SOLAS/ETB Programmes (2015-2017)	46
Table 5.7: Starter Retention Rate on NTF-funded SOLAS/ETB Programmes	47
Table 5.8: Accreditation Rates for Beneficiaries on NTF-funded SOLAS/ETB Programmes	48
Table 5.9: NTF-supported SOLAS/ETB VTOS Programme - Analysis of Progression Outcomes - Employment Progression - 2015-2017	48
Table 5.10: NTF-supported SOLAS/ETB VTOS Programme - Analysis of Progression Outcomes - FET Progression - 2015-2017	49
Table 5.11: SOLAS Programme Evaluations	49
Table 5.12: NTF Expenditure per Reported Beneficiary on NTF-funded SOLAS/ETB Programmes	50
Table 5.13: Funding Provision per Beneficiaries on NTF-funded SOLAS/ETB Programmes (2015-2017)	50
Table 5.14: SOLAS Goals	51
Table 5.15: SOLAS Beneficiaries by Sector (2016)	52
Table 5.16: SOLAS Beneficiaries by Sector (2017)	54
Table 6.1: Expenditure on NTF-funded HEA Programmes (€ Million)	57
Table 6.2: Expenditure on NTF-funded HEA Programmes Percentage Breakdown)	57
Table 6.3: NTF HEA Expenditure 2014 – 2018	58
Table 6.4: Percentage Breakdown of NTF Expenditure by Type (HEA)	58
Table 6.5: Participants on NTF-funded HEA Programmes	59
Table 6.6: Percentage of Participants no longer on Live Register as of July 2017	59
Table 6.7: Completion Rate for Springboard+ (2015-2016)	60
Table 6.8: Participants Progressing to Employment as a % of Outcomes Reported (2011-2015)	60

List of Tables, Figures & Boxes

Page

Table 6.9: NTF Expenditure per Participant on NTF-funded HEA Programmes	61
Table 6.10: Springboard+ Participants by Sector, 2011-2014	61
Table 6.11: NTF-Funded HEA Programme Evaluations	63
Table 7.1: NTF Expenditure on Skillnet Programmes (2015-2017) – (€ Million)	65
Table 7.2: Percentage Breakdown of NTF Expenditure by Type (Skillnet Ireland)	65
Table 7.3: Expenditure on Skillnet Ireland Programmes (2015-2017)	66
Table 7.4: Percentage Breakdown of Expenditure on Skillnet Ireland Programmes (2015-2017)	67
Table 7.5: Skillnet Ireland In Employment Outputs (Number of Trainees)	67
Table 7.6: Skillnet Ireland For Employment Outputs (Number of Trainees)	68
Table 7.7: Skillnet Ireland Training Outputs versus Target 2016	69
Table 7.8: Cost per Trainee – Skillnet Ireland Training Networks Programme	69
Table 7.9: Cost per Trainee – Skillnet Ireland FINUAS Programme	70
Table 7.10: Cost per Trainee – Skillnet Ireland Management Development Training	70
Table 7.11: Cost per Trainee – Skillnet Ireland Employment Activation Programme	70
Table 7.12: Skillnet Ireland Strategic Goals	71
Table 8.1: Schedule of Evaluations Undertaken on NTF-Funded Programmes	76
Table 8.2: NTF-Funded Programmes Evaluations	77
Table 8.3: National Training Fund – Department of Education and Skills Key High Level Metrics	78
Table 8.4: SOLAS Apprenticeship and Traineeship Targets & Indicators 2018	79
Table 8.5: SOLAS Workplace Education Fund targets & indicators 2018	79
Table 8.6: HEA Apprenticeship Targets & Indicators 2018	80
Table 8.7: HEA Labour Market Focused Higher Education Provision Targets & Indicators 2018	80
Table 8.8: HEA Springboard+ Targets & Indicators 2018	80
Table 8.9: Skillnet Ireland Targets and Indicators 2018	81
Table 8.10: NTF-Funded Skillnet Ireland Programme Evaluations	82
Table 8.11: Enterprise Agency Training Grants – Indicators and Targets – 2018	82
Table 8.12: NTF-supported DEASP TSG and CES Supports – Indicators and Targets – 2018	83
Table 8.13: NTF-supported Regional Skills Innovation ‘Skills for Growth Initiative’ – Indicators and Targets – 2018	83
Table 8.14: NTF-supported Regional Skills Fora – Indicators and Targets – 2018	84
Table 8.15: NTF-funded Expert Group on Future Skill Needs – Indicators and Targets – 2018	84
Table 8.16: NTF-supported Programmes Delivered by The Wheel – Indicators and Targets – 2018	85
Table 8.17: NTF-supported Engineers Ireland Training/CPD Activities – Indicators and Targets – 2018	85
Table 8.18: European Globalisation Fund – Indicators and Targets – 2018	86
Table 9.1: Recommendations on Reform of Future Direction of NTF	88
Table 9.2: Recommendations on Utilising NTF to Support Investment in Higher Education	90
Table 9.3: Recommendations on Enhancing Enterprise Engagement and Input into NTF Priorities	91
Table 9.4: Recommendations on Improvements in Monitoring/Evaluation of NTF	93

List of Tables, Figures & Boxes

Page

Figure 1.1: Review of NTF – Schematic Description of Methodology and Work Programme	2
Figure 2.1: Labour Market Context – National Unemployment Trends	6
Figure 2.2: Labour Market Context – Unemployment by Age Cohort	7
Figure 2.3: Labour Market Context – Unemployment by Education Level – ‘000 Persons	7
Figure 2.4: Labour Market Context – Unemployment by Education Level – Unemployment Rate (%)	8
Figure 2.5: Labour Market Context – Persons in Employment	9
Figure 2.6: Labour Market Context – Recent Trends in Persons in Labour Force and Not in Labour Force	10
Figure 2.7: Percentage of Labour Force at Different Education Levels (2012-2017)	11
Figure 2.8: Job Vacancy Rate by Industrial Sector, Q3 2017	13
Figure 2.9: Vacancy Rate for Top 5 Industries in Q3 2017, Q1 2016-Q3 2017	14
Figure 2.10: Share of Total Job Vacancies by Industrial Sector, Q3 2017	15
Figure 2.11: High-Demand Industries (1,500+ Job Vacancies in Q3 2017)	16
Figure 3.1: Cost-Sharing Training Funding Models – Summary of Key Features of Alternative Funding Instruments used in EU Member States	18
Figure 3.2: Cost-Sharing Training Schemes in EU Countries – Frequency of Application of Financing Models	20
Figure 4.1: NTF Income and Expenditure (2011-2018)	30
Figure 4.2: NTF Expenditure for Employment and for those in Employment (2011-2018)	34
Figure 4.3: NTF Expenditure for Employment and for those in Employment (2011-2018)	34
Figure 5.1: Change in Share of SOLAS Beneficiaries by Sector from 2015 to 2016	53
Figure 6.1: Percentage of Springboard Places Provided by NFQ Level (2011-2016)	62
Figure 6.2: Progression Outcomes for Graduates One Year after Graduation	63
Figure 7.1: Proportion of Costs of Skillnet Ireland Programmes Funded by State Funding (2015-2017)	71
Figure 7.2: TNP and Finuas Member Companies by Sector (2016)	72
Box 3.1: Case Study 1 – Key Features of Training Funds in United Kingdom	21
Box 3.2: Case Study 2 – Key Features of Training Funds in France	24
Box 3.3: Case Study 3 – Key Features of Training Funds in the Netherlands	25
Box 3.4: Case Study 4 – Key Features of Training Funds in Denmark	26
Box 3.5: Case Study 5 – Key Features of Training Fund in Cyprus	27

Executive Summary

Introduction and Background

This independent report is submitted to the Department of Education and Skills (DES) by Indecon International Research Economists. The report concerns an independent review of the National Training Fund (NTF). The NTF is a national training fund and has been used to fund training programmes focussed on labour market skills as well as programmes further away from the labour market such as community and specialist training providers. The fund has been complementary to the Exchequer and ESF funding in the FET sector and relevant HET programmes such as apprenticeship.

The overall objective of this review is to examine a number of strategic policy and operational issues associated with the NTF, in order to inform the future direction of the Fund.

The National Training Fund was established by the National Training Fund Act, 2000, as a dedicated fund to support the training of those in employment, and those seeking employment. The Act also provides for the funding of research to provide information on existing and likely future skills requirements of the economy. The Fund is resourced by a levy on employers as a percentage of employees' earnings.

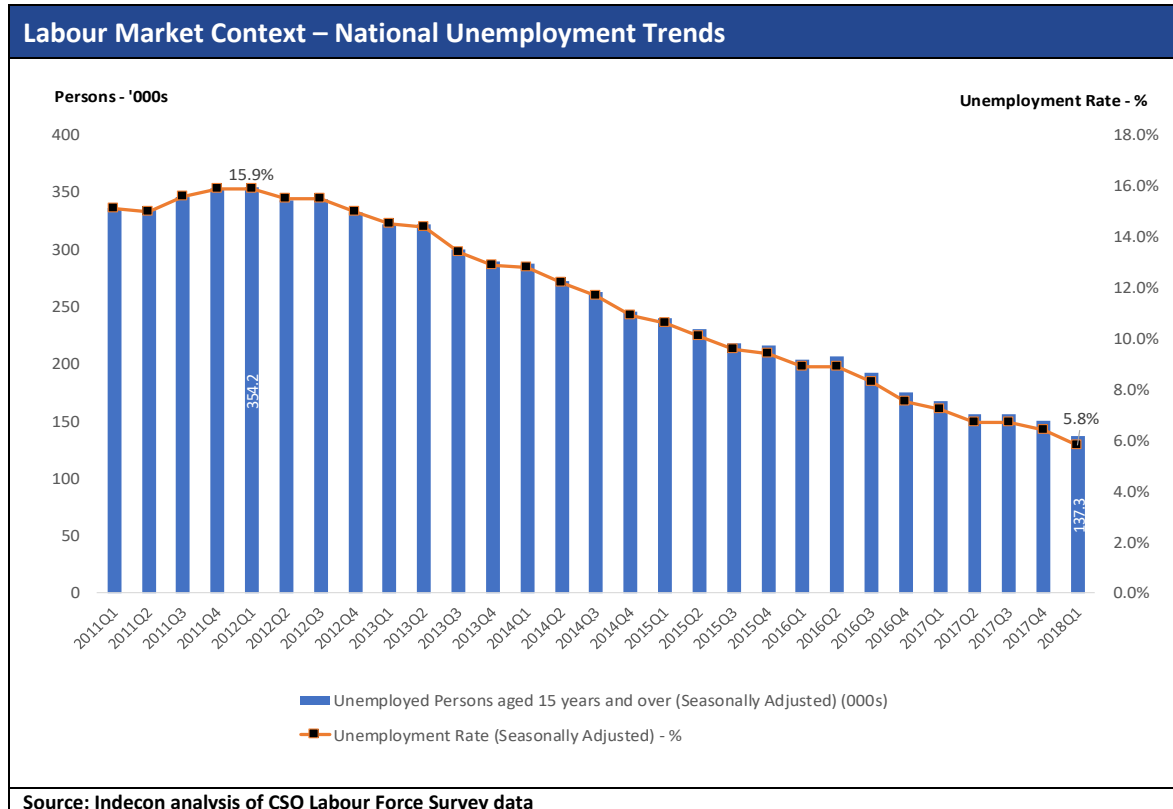
The core objectives of NTF, as set out in the National Training Fund Act, are highlighted below. It is important to note that the classification between those in employment and those seeking employment is not fully reflective of the complexities of the labour force.

Core Objectives of National Training Fund	
<input type="checkbox"/>	To raise the skills of those in employment
<input type="checkbox"/>	To provide training to those who wish to acquire skills for the purposes of taking up employment
<input type="checkbox"/>	To provide information in relation to existing, or likely future, requirements for skills in the economy
<i>Source: National Training Fund Act, 2000, Section 7.</i>	

Originally the NTF was ring-fenced and was heavily concentrated on funding of FÁS/SOLAS training programmes. Other than the formal requirements of sanction for schemes, and the monitoring of Skillnet Ireland (formerly Skillnets) and smaller programmes, separate NTF oversight arrangements were not developed. This was due to the fact that the Department's oversight of FÁS training covered the majority of NTF investment. Over time there has been a move away from ring-fenced arrangements and NTF is now a broadly-based fund supporting Higher Education (HE) and Further Education and Training (FET), as well as some programmes providing enterprise and employment supports.

Labour Market and Skills Context

Of importance in assessing the rationale and relevance of the NTF, and in examining the responsiveness of the Fund to the needs of the economy, is the evolving labour market and skills context in which the NTF operates. The Irish economy and labour market have experienced dramatic changes since the economic recovery commenced in 2012/13. Most notably, since 2012 there has been a welcome dramatic decline in unemployment, from 16% in the beginning of 2012 to 5.8% in the first quarter of 2018 (see figure overleaf). The overall sharp fall in unemployment over the last 5-6 years has important implications for the evolving focus of NTF supported programmes.



One of the three core objectives of the NTF is to raise the skills of those in employment. The accelerating economic recovery has seen overall employment increase to 2.22 million by the first quarter of 2018. The greater number of people in employment has implications for the demand for in-employment skills training. There is a risk that unless the NTF responds quickly to changes in the labour market, the levels of expenditure allocation to programmes may not be appropriate to reflect changing labour market needs. The need to avert a situation where particular programme expenditures remain static regardless of labour market conditions was highlighted in the Department of Public Expenditure and Reform's 2017 paper analysing further education and training expenditures.¹

Review of International Models

In informing the assessment of the NTF and its future role, it is instructive to examine the international experience in this area. As part of this review, Indecon conducted research on the application of different models of funding of training programmes in other countries.

Ireland is one of 14 EU Member States examined where a training fund model has been utilised to support training provision.

The international experience highlights that many member states have used training funds to support the development of human capital via higher educational and training programmes and also to provide enterprise grants to incentivise training expenditures within individual firms.

¹ Department of Public Expenditure and Reform, Analysis of Further Education & Training Expenditure by Education Training Boards, July 2017.

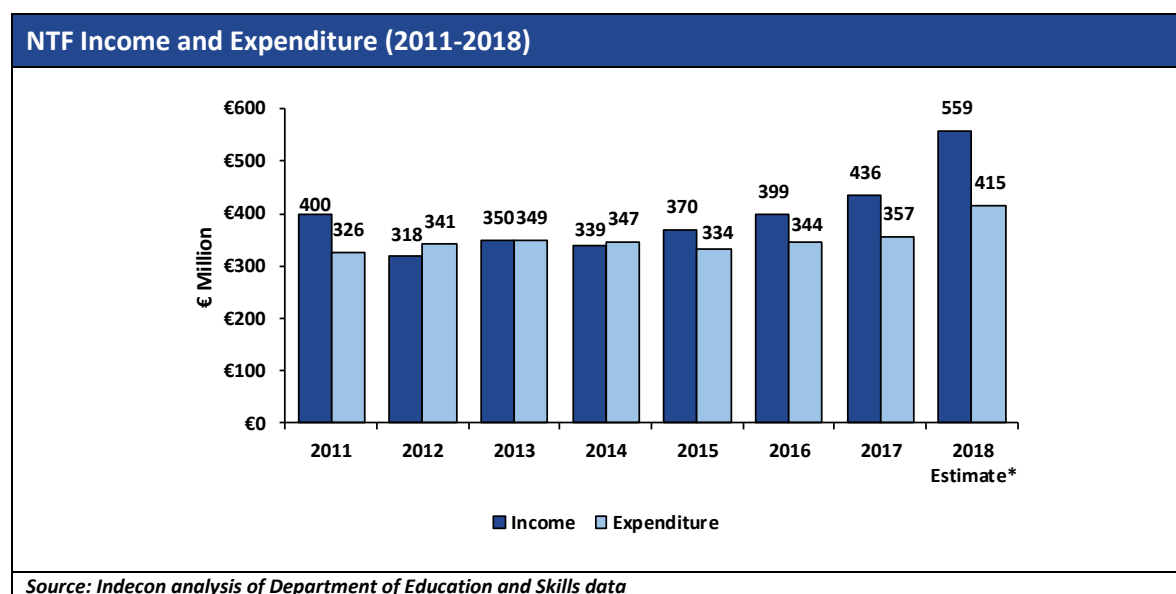
The approach to governance of training funds, and the level of employer input to these funds, vary significantly across countries. The evidence suggests that where a separate agency manages ring-fenced training funds, inputs via board or other representation is the norm. Where funds are used to support a central government expenditure programme, this is more difficult. However, in most of the cases examined, significant inputs from enterprises are secured concerning the prioritisation of training funds.

Overview of NTF Funding and Expenditures

The NTF's income has increased in each of the last six years, and particularly since 2015 (see figure below), as the Irish economic and labour market recovery, and employment growth have strengthened. This has also in part been influenced by the allocation of PRSI funds and the increase in the levy rate. However, growth in overall Fund expenditure has lagged behind income, giving rise to an increasing surplus. With expenditure totalling €357 million relative to income of €435 million, this annual surplus reached €78 million in 2017 and is projected to increase further to €143 million in 2018. It is worth noting here that the expenditure ceiling is set at Budget time, and decisions on expenditures the NTF must be taken when all Government expenditure is being considered, as a result of budgetary policy and EU fiscal rules

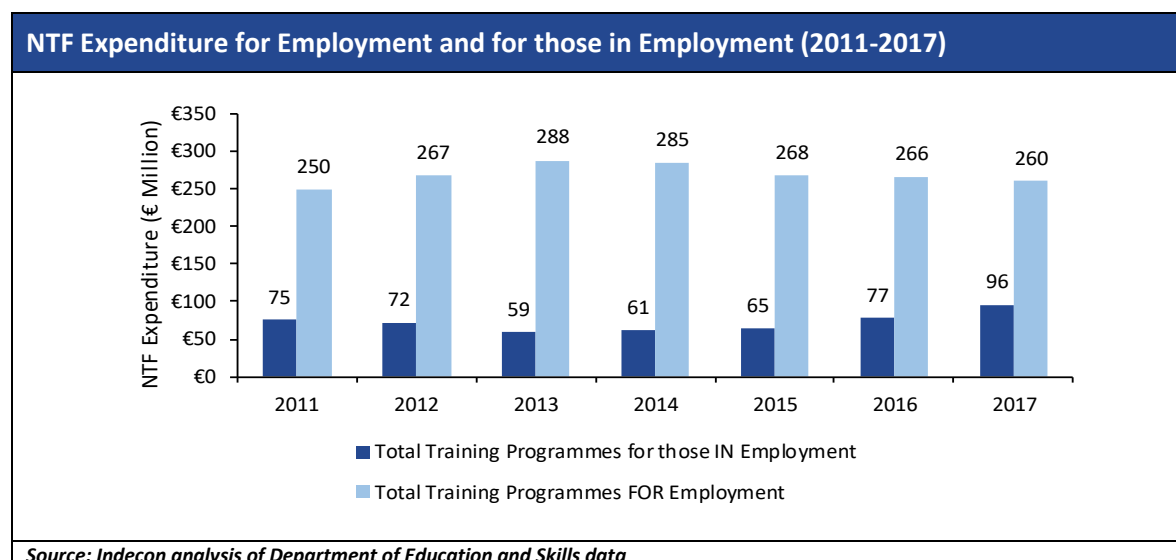
Surpluses in the NTF have helped maintain expenditures during the recession. However, the gap between income and expenditure has implications for the reform of the NTF. The 2018 Revised Estimates project a cumulative surplus carried forward of €460m in 2018.

Specifically, there is a need in future periods, subject to EU fiscal rules, to use part of this surplus to support the funding gap in the Higher Education sector and to address wider skill needs in the Irish labour force.



Over time, the scope of the NTF has broadened, with the introduction of new programmes involving other agencies and stakeholders as well as SOLAS. The NTF now channels funding to 17 programmes/expenditure lines, delivered across ten different Government Departments, agencies and other bodies. While SOLAS remains the largest recipient of NTF funding, its share of overall NTF expenditure has fallen to 80%, as new programmes have been supported by the Fund. These include Higher Education Authority (HEA) programmes, which, for the first time in 2017, have benefitted from over 10% of NTF funding allocated. This is an important development in order to recognise the role of the Higher Education sector in meeting enterprise skill needs and given the need for increased resources for the Higher Education sector.

While there is not a simple dichotomy between the two core objectives of the Fund, the majority (62.5%) of NTF funding is allocated to programmes which are focussed on providing skills to individuals for the purposes of taking up employment, despite overall unemployment levels falling sharply (of note is that many of those benefiting from “for employment” programmes are undergraduate students and other people who are currently classified as economically inactive). By contrast, spending on supports for those who are in employment has accelerated, but from a much lower base (see figure below).



Indecon’s analysis indicates that the core objectives of the NTF remain valid, but there are key issues relevant to consideration of the appropriate future strategic focus of the NTF. These include the need to ensure an appropriate balance of resources deployed between in-employment versus for-employment programmes; and to focus on skills which are required by the enterprise sector. There is also merit in specific interventions which are targeted at the needs of enterprises and to help workers most at risk from Brexit.

Evaluation of NTF-supported Expenditures – SOLAS, HEA and Skillnet Ireland

Reflecting that fact that SOLAS, the HEA and Skillnet Ireland together account for over 96% of the expenditure of NTF funds, the key issue is the effectiveness of these programmes and the extent to which they are aligned with the skill needs of the economy.

Our analysis indicates that the majority of expenditure on SOLAS programmes is targeted at individuals who wish to obtain skills for the purposes of taking up employment, though there has recently been an increase in the percentage of expenditure on ‘in employment’ training. This is due primarily to the increase in apprenticeship funding as a result of the rise in the apprenticeship population from 8,317 to 12,849. The issue of the need to reform the priorities of NTF, in terms of increased support for Higher Education and for the training requirements of those in employment, is discussed in Indecon’s recommendations.

This evaluation has identified that the existing NTF-level performance indicators do not currently present a comprehensive basis for assessing the effectiveness of expenditures in terms of employment or progression to further education or training, or other impacts. However, data is available for VTOS, which is the largest of the ‘for employment’ SOLAS training programmes. This shows an increase in the progression to employment for VTOS participants, from 16.8% in 2015 to 20.6% in 2017, and an increase in the proportion of participants progressing to either employment or further education and training from 46% to 75.5% over the same period.

A number of detailed evaluations of other SOLAS programmes have also been undertaken, which examined effectiveness in terms of outcomes as measured by progression to employment or progression to further education. For example, evidence on outcomes of the Momentum programmes, which were developed to provide education and training for the long term unemployed, showed a progression of those who completed this programme of 23.6% to full-time employment and 6.3% to part-time employment.

A full evaluation of effectiveness and efficiency requires econometric counterfactual modelling to identify the net impact of the programmes. An independent impact assessment of SOLAS's VTOS programme, using counterfactual modelling, is currently underway and will provide further insights into effectiveness.

Within the Higher Education sector, our analysis indicates that expenditure on HEA programmes funded by the NTF increased between 2015 and 2017. This expenditure is expected to continue to grow in the coming years with the move of programmes such as the Labour Market Focused Higher Education Provision fully into the NTF from previously being Exchequer-funded. These changes are aligned with the skill needs of the economy.

The main Higher Education programme currently funded by NTF was Springboard+ until 2018 (although partial NTF funding is also provided for HEA apprenticeships and for labour market-focused Higher Education provision). However, in 2018 the other programme became a larger part of the expenditure on HE programmes supported by the NTF. Springboard enables jobseekers to upskill or reskill in areas where there are identified labour market skills shortages / employment opportunities. Evidence on the effectiveness of Springboard can be seen by the fact that progression rates to employment for those who entered Springboard in 2015 were 57% - up from 34% among participants who entered the programme in 2011. The most recent available data indicates that 63% reported progressing into employment. The types of courses offered through the Springboard+ initiative are, by design, aligned with the sectors with high-demand and/or an identified skills gaps. Evidence on Springboard+ participants by sector indicates that the programme fulfils its aim of offering Higher Education courses in areas with skills shortages and employment opportunities.

NTF funding has also supported approximately half of the expenditure on Skillnet Ireland programmes since 2015. The majority of expenditure has been on the Training Networks Programme which caters for employed and unemployed trainees. In general, the Skillnet Ireland member companies operate in sectors with skills shortages. Skillnet Ireland substantially exceeded its overall training activity targets, as set by the Department of Education and Skills, for 2016. In 2016, Skillnet Ireland delivered a total of 344,434 training days to 50,373 trainees, of which 277,701 training days were for in-employment training and 66,733 training days were provided to unemployed/jobseeker trainees. At programme level, the Training Networks Programme (TNP) remains Skillnet Ireland's core programme, delivering primarily in-employment training across a wide range of sectors and skill requirements. The TNP predominantly serves smaller firms, with micro-enterprises (1-9 employees) making up almost half of participating member companies. 97.5% of trainees examined were employed as of May 2017. TNP trainees have indicated high levels of satisfaction with the overall quality of in-employment training provided. TNP member companies indicated positive views as to the overall quality of the training provided (96%), while 95% of companies considered the training met their expectations. While the results demonstrated that Skillnet Ireland programmes were effective, the available evidence indicates the presence of some deadweight at varying levels across Skillnet Ireland's programmes. This is likely to apply to most training programmes.

Assessment of NTF Governance and Oversight

This review also examined the oversight, evaluation and monitoring processes in place for the NTF. Our analysis indicated that while monitoring and evaluation arrangements are in place, including targets and performance criteria associated with individual programmes supported through the Fund, these focus more on activity levels than on outcomes. In addition, no overall NTF-level evaluations have been completed prior to this review. There is therefore a need for enhancement of the evidence base required to effectively monitor the impact and cost-effectiveness of the NTF. Reforms are also needed in terms of the refinement of performance criteria on which expenditure decisions are taken.

In terms of enterprise inputs, these are presently obtained as part of wider Departmental employment engagement. However, there is no structured approach currently in place to secure employer inputs on specific prioritisation decisions on NTF expenditures. Given the increased level of employer contribution to the NTF, significant changes are appropriate to secure enhanced enterprise inputs.

Recommendations

Based on the detailed analysis of the evidence on developments in the Irish labour market and the alignment of the NTF with the skill needs of the economy, we outline below a series of recommendations for reform of the NTF. These independent recommendations have taken account of best practice from international experience, as well as the valuable inputs from a wide range of stakeholders consulted as part of this review. Our recommendations are structured under four headings, as follows:

- **Reform of the Future Direction of the NTF.**
- **Utilising NTF to Support Investment in Higher Education.**
- **Enhancing Enterprise Engagement and Input to NTF Priorities.**
- **Improvements in Monitoring/Evaluation of the NTF.**

Reform of the Future Direction of the NTF

In the table below, we outline four recommendations on the proposed reform of the future direction of the NTF. These are designed to align the NTF more directly with the changing skill requirements of the Irish labour force, and to enhance the impact and effectiveness of NTF in achieving its objectives.

Recommendations on Reform of Future Direction of NTF	
1.	There is a need to set a new direction for the NTF as a strategic national asset, to focus on investment in close-to-labour market skill requirements, and in targeted interventions to support enterprise training and preparing individuals to take up employment opportunities.
2.	Part of the NTF surplus should be prioritised to support additional HE/FET expenditures and the development of labour market skills, subject to the availability of fiscal space for this purpose.
3.	There should be an increased focus on supporting in-company training underpinning increased productivity and innovation capacity particularly in SMEs, including through introducing a new innovative pilot initiative to reflect refocussed objectives of the NTF.
4.	There should be a reallocation of NTF funding of FET for employment programmes below NFQ Level 5 to the Exchequer and substitute these with close-to-labour market programmes.

There is a need to set a new direction for the NTF as a strategic national asset, to focus on investment in close-to-labour market skill requirements, and in targeted interventions to support enterprise training and preparing individuals to take up employment opportunities.

Indecon accepts that there is a rationale for support of the NTF programmes but many of these represent expenditures which often relate to more basic education, training and skills development which are some remove from the labour market. These have a significant and important social dimension which in our opinion are more appropriately funded by the Exchequer rather than by an enterprise training fund. The NTF at present provides partial funding for a diverse range of investments which constrains evaluation of the precise

impacts of NTF. While maintaining some flexibility is appropriate, focussing on more targeted discrete programmes related to close-to-labour market skill requirements should be a central part of the reform of the NTF. Consideration could be given in due course to reflecting this change in approach in legislative changes if it was considered necessary to refine the statutory objectives of the NTF.

Part of the NTF surplus should be prioritised to support additional HE/FET expenditures and the development of labour market skills subject to the availability of fiscal space for this purpose.

Our analysis suggests that NTF can play an important and effective role in contributing to future funding needs of Higher Education / FET and in the development of close-to-labour-market skills. While building up some surpluses in the NTF is valid to provide flexibility to support programmes in recessionary periods, adjustments to reduce the scale of the projected surplus is appropriate as soon as fiscal space permits. This is because of the funding gaps evident in Higher Education and the need to urgently address specific skill shortages in the Irish economy. Indecon believes that the new proposed focus on HE expenditures and close-to-labour-market skills is aligned with the NDP National Strategy.

There should be an increased focus on supporting in-company training underpinning increased productivity and innovation capacity particularly in SMEs, including through introducing a new innovative pilot initiative to reflect refocussed objectives of NTF.

Training investment by individual enterprises would be closely matched with the skills and productivity needs of such companies. Measures which incentivise an expansion of such investment at enterprise level including in particular SMEs would represent a clear manifestation of the proposed refocussed objectives of the NTF. Our analysis of international models has shown that training grants in other countries have been effectively used as part of national training programmes and national training funds are frequently structured as levy /grant programmes or train or pay initiatives. This could also contribute to wider Brexit assistance measures by supporting the training of workers and the promotion of research and innovation in small firms which are vulnerable to negative Brexit developments.

Given the need to maximise the impact of scarce resources Indecon acknowledges the importance that any such measures are designed in a way to minimise deadweight and to increase human skill formation compared to what would have occurred in any case. A pilot initiative is therefore proposed. Deadweight could be reduced by restricting any supports to increases in training expenditures compared to levels invested in previous years and to also focus on supporting training in SMEs where minimal training has taken place. Indecon notes that the broader focus of our recommendations will support enterprise training and that this initiative is only one small part of the proposed overall strategic direction for the NTF.

There should be a reallocation of NTF funding of FET for employment programmes below NFQ Level 5 to the Exchequer and substitute these with close-to-labour-market programmes.

The proposed reallocation of funding for those seeking employment below certain NFQ levels to the Exchequer reflects the need for the NTF to reflect the changes in labour market skill requirements. There is however justification for NTF to continue to help enterprises with lower skilled employees to build and develop skills, under the regional skills programme. This should include Skills for Work and the new FET Policy Framework for Supporting Skills Development of those in Employment (This is aligned with National Skills Strategy and the Upskilling Pathways Strategy. Funding for disadvantaged learners, and for persons who are seeking work with qualifications below the NFQ Level 5, should continue to be funded by the Exchequer on social inclusion grounds.

Utilising NTF to Support Investment in Higher Education

In the next table we summarise our recommendations on using NTF to support the need for increased investment in Higher Education.

Recommendations on Utilising NTF to Support Investment in Higher Education	
5.	NTF should be deployed to support close-to-labour-market skills programmes in areas of identified skills needs.
6.	In principle, the NTF should fund complete programmes rather than partially funding wider expenditure. In HE, the NTF should fund all of some programmes as was the case for 2018 rather than providing small levels of partial funding for a much wider range of HE programmes. These funded programmes should be clearly identified each year.
7.	NTF should fund SME upskilling as a target theme in Higher Education competitive funding programmes.

NTF should be deployed to support close-to-labour-market skills programmes in areas of identified skills needs.

The Higher Education sector is central to developing human capital without which the viability or expansion of the enterprise sector would be threatened. As noted by the leading US Nobel Prize winning economist, Kenneth Arrow, in a review of economic growth policy for Ireland: “Universities are now moving into a more important role in increasing labour productivity than in the past”. Arrow also noted that “graduate education plays a special role in facilitating the acquisition of advanced technologies”.² Using the NTF to provide additional resources to help meet the funding requirements for the Higher Education sector is consistent with the recommendations of the Cassells report of the Expert Group on Future Funding for Higher Education. It also recognises the role of the Higher Education system in meeting the skills needs across all sectors of the economy. We therefore recommend an increase in the percentage of NTF funds which is allocated to the Higher Education sector in areas of identified skills needs.

In principle, the NTF should fund complete programmes rather than partially funding wider expenditure. In HE, the NTF should fund all of some programmes as was the case for 2018 rather than providing small levels of partial funding for a much wider range of HE programmes.

NTF should be used to support the continued development of skills focussed funding for Higher Education to meet the national and regional skills needs of enterprises. This was also recommended in the recent review of the Higher Education funding model. However, rather than providing very small partial funding to a range of diverse programmes there is a strong case for using NTF to fund all of the expenditure on specific programmes. This was for the first time implemented in 2018 and this principle should apply to additional NTF funding for Higher Education and for all NTF programmes subject to appropriate flexibility which may be required in some instances to align programme expenditures with NTF funding levels. This proposal however would enable the impact of NTF expenditure to be identified and would enhance wider understanding and support for NTF. The NTF should also support new ring-fenced targeted initiatives. This would be consistent with seeking additional employer contributions and would help demonstrate the use of the additional resources.

² See Arrow, K. J., Stanford University, Economic Growth Policy for a Small Country, in Gray, A. W. (ed), *International Perspectives on the Irish Economy*, Indecon, 1997, ISBN 0 953131807

NTF should fund SME upskilling as a target theme in Higher Education competitive funding programmes.

One specific area which should be considered as part of the reform of NTF prioritisation is to provide additional NTF funding for the upskilling of SMEs. This could be a target theme in Higher Education competitive funding programmes as recommended in the review of the Higher Education funding allocation model.

Enhancing Enterprise Engagement and Input to NTF Priorities

In the next table we outline our recommendations for significant changes in the extent and nature of enterprise engagement and input to decisions on NTF prioritisation.

Recommendations on Enhancing Enterprise Engagement and Input into NTF Priorities	
8.	While recognising legislative requirements for public expenditure programmes, measures to significantly enhance enterprise input to governance and prioritisation of NTF investments should be implemented.
9.	Greater information sharing and coordination across programmes should be introduced to increase employer buy-in.
10.	A structured process should be implemented to facilitate NTF-focussed inputs from employers, employees and representative bodies prior to annual expenditure decisions.
11.	Consideration should be given to establishing an NTF Advisory Group, chaired by an employer representative, to submit recommendations to the National Skills Council on NTF priorities.

While recognising legislative requirements for public expenditure, measures to enhance enterprise input to the governance and prioritisation of NTF investments should be implemented.

Increasing the depth and range of enterprise engagement is an area which the Department of Education and Skills has focussed on in recent years. Employers have opportunities to advise on the prioritisation of investment, to contribute to sectoral studies, to influence programme development and to guide assistance with skills formation at company and sectoral level. Currently enterprise input can be made through the National Skills Council, the Apprenticeship Council and the Expert Group on Future Skills Needs. Employers are also involved in consultations on a range of specific policy and strategy initiatives. Regional engagement between employers, education and training providers has been supported by the creation of the nine Regional Skills Fora. FET and HE also have direct links with enterprises. There is however a need for significant measures to be introduced to enhance employers' inputs to the prioritisation of the National Training Fund.

Despite the various channels in which employers can make wider impact to education and training issues, given the levels of enterprise funding to the NTF, it is appropriate that a very different approach involving the development of mechanisms to significantly enhance employer inputs to the governance and prioritisation of NTF investments are implemented. In a number of countries examined the training fund model has been structured through vehicles where all of the decisions on prioritisation of expenditure are made by employers and employee representatives. We recognise the legislative requirements for accountability for public expenditure programmes even where these are funded by enterprise levies, but a new approach to significantly enhance enterprise input should be implemented. Specific measures to achieve this objective are recommended overleaf.

Greater information sharing and coordination across programmes should be introduced to increase employer buy-in.

The diversity of programmes funded by the NTF acts as a barrier to the dissemination of information to enterprises who fund the NTF on what areas are assisted. The recommended strategic reforms on the direction of the NTF will be of assistance to enhance enterprise knowledge on the programmes supported and their impacts. This however needs to be supported by greater information sharing and co-ordination across programmes. Recipient organisations receiving funding should also highlight and brand NTF as the source of funding. The approaches used by European Commission to demonstrate the extent of structural funds is a useful model to consider. While this may require changes to highlight to recipients the source of funding this issue was previously addressed as part of EU Structural Funds.

A structured process should be implemented to facilitate NTF-focused inputs from employers, employees and representative bodies prior to annual expenditure decisions.

In view of the importance of securing meaningful inputs from enterprises, whether via employers, employees or their representative bodies, Indecon recommends that a structured approach is implemented to facilitate securing enterprise views on NTF expenditure decisions. This could be modelled on the pre-Budget annual submission process which is implemented prior to taxation decisions by the Minister for Finance.

Consideration should be given to establishing an NTF Advisory Group, chaired by an employer representative, to submit recommendations to the National Skills Council on NTF priorities.

Indecon believes there is a need for a permanent resourced structure to optimise enterprise engagement into NTF priorities. One option to achieve this would be to establish an NTF Advisory Group to make recommendations on NTF priorities. This should be chaired by an employer's representative. This committee should be provided with sufficient information and resources to develop evidence-based recommendations in order to maximise the effectiveness and impact of NTF expenditures. The Group should be fully informed on all related EGFSN including Brexit Skills research as well as other labour market information.

Improvements in Monitoring and Evaluation of NTF

In the following table we outline recommendations to improve the monitoring and evaluation of the NTF.

Recommendations on Improvements in Monitoring/Evaluation of NTF	
12.	The Department of Education and Skills should organise and publish an NTF evaluation report on an annual basis, to include counterfactual modelling of the programmes' impacts.
13.	Performance metrics should be expanded to support enhanced monitoring of outcomes of all NTF-funded programmes. Metrics should include measures which track progression outcomes including: <ul style="list-style-type: none"> - Progression to employment - Educational progression, including certification achieved - Employment placement and sustainment following programme participation - Completion rates
14.	Priority should be given to drive continued enhancement of data to inform evaluation of NTF.

The Department of Education and Skills should organise and publish an NTF evaluation report on an annual basis, to include counterfactual modelling of the programmes' impacts.

The analysis in the independent review represents the first time an overall research-based evaluation of the NTF has been completed. While there are on-going evaluations of programmes supported by NTF funding these has not been brought together in an integrated manner. Effective monitoring and evaluation of NTF is essential to ensure the best use of resources. The overview of the available evidence undertaken in this report has suggested that a number of key programmes funded by NTF are effective in enhancing skill development and are of critical importance for the Irish economy. Other programmes, however, have wider social objectives and might not be justified on labour market skill criteria.

There is therefore a need for an improvement in monitoring and evaluation. This should be similar to the type of evaluations completed for EU-funded structural fund programmes with a separate technical assistance measure being funded by NTF, subject to it being legally permissible. This would encompass a formalised monitoring and evaluation of effectiveness and efficiency of the expenditures. Indecon believes that this should be the responsibility of the Department of Education and Skills with the support from the Department of Public Expenditure and Reform. Specifically, we recommend that the Department should organise and publish an NTF evaluation report on an annual basis. The publication of annual assessments of the impacts of NTF and how the programmes are aligned with skill needs of the economy should be widely distributed to employers and other stakeholders. This should where feasible include counterfactual econometric modelling of programme impacts on a phased basis and could be managed by the Department's new evaluation unit.

Performance metrics should be expanded to support enhanced monitoring of outcomes of all NTF-funded programmes.

In order to have the evidence base to inform the views of enterprises and policymakers on the prioritisation of NTF expenditures, there is a need for new performance measures to be developed. Expanded performance measures should focus not just on activity levels but on outcomes and impacts. Given the diverse nature of skill challenges facing Ireland, this should include a range of metrics, including:

- Progression to employment
- Employment placements
- Education progression outcomes
- Certification achieved
- Completion rates

Priority should be given to drive continued enhancement of statistical data to inform evaluation of NTF.

There have been significant enhancements in recent years in the availability of statistical data made available by CSO and government departments. Such information is necessary to inform the evaluation of education and training programmes. Indecon recommends that a priority should be given by government departments and agencies and by the CSO to continue the enhancement of data to enable an evaluation of the impact of NTF.

Overall Conclusion

The independent recommendations set out in this report will require a significant reform of the direction and governance of the NTF. These are designed to enhance the effectiveness of the NTF and to reflect the requirements for increased funding for Higher Education and for targeted labour market-focussed skills development.

1 Introduction and Background

1.1 Introduction

This independent report is submitted to the Department of Education and Skills (DES) by Indecon International Research Economists. The report concerns an independent review of the National Training Fund (NTF). NTF is a national training fund and has been used to fund training programmes focussed on labour market skills as well as programmes further away from the labour market such as community and specialist training providers. The fund has been complementary to the Exchequer and ESF funding in the FET sector and relevant HET programmes such as apprenticeship.

The overall objective of this review is to examine a number of strategic policy and operational issues associated with the NTF in order to inform the future direction of the Fund. Indecon was appointed to undertake this review following a competitive tendering process.

1.2 Background

The background to this review is that the National Training Fund (NTF) was established by the National Training Fund Act, 2000, as a dedicated fund to support the training of those in employment, and those seeking employment. The Act also provides for the funding of research to provide information on existing and likely future skills requirements of the economy. The NTF replaced the previous Apprenticeship Levy which was set up under the Industrial Training (Apprenticeship Levy) act 1994. In May 2010, responsibility for the fund was transferred to the Minister for Education and Skills from the Minister for Enterprise, Trade and Employment. Funding from the NTF is allocated by the Minister for Education and Skills with the consent of the Minister for Public Expenditure and Reform in accordance with the provisions of the legislation. The NTF is separate from Exchequer funding. The Fund is resourced by a levy on employers of 0.8% of employees' reckonable earnings in respect of employees in Class A and Class H employments. The levy is collected through the PAYE/PRSI system. The role of the NTF has evolved since its initial focus on funding of FÁS/SOLAS training activity and now contributes to funding of Further Education and Training (FET) and Higher Education (HE), as well as smaller programmes in the areas of enterprise and employment support.

1.3 Objectives and Scope of Review

The review addresses the following specific terms of reference:

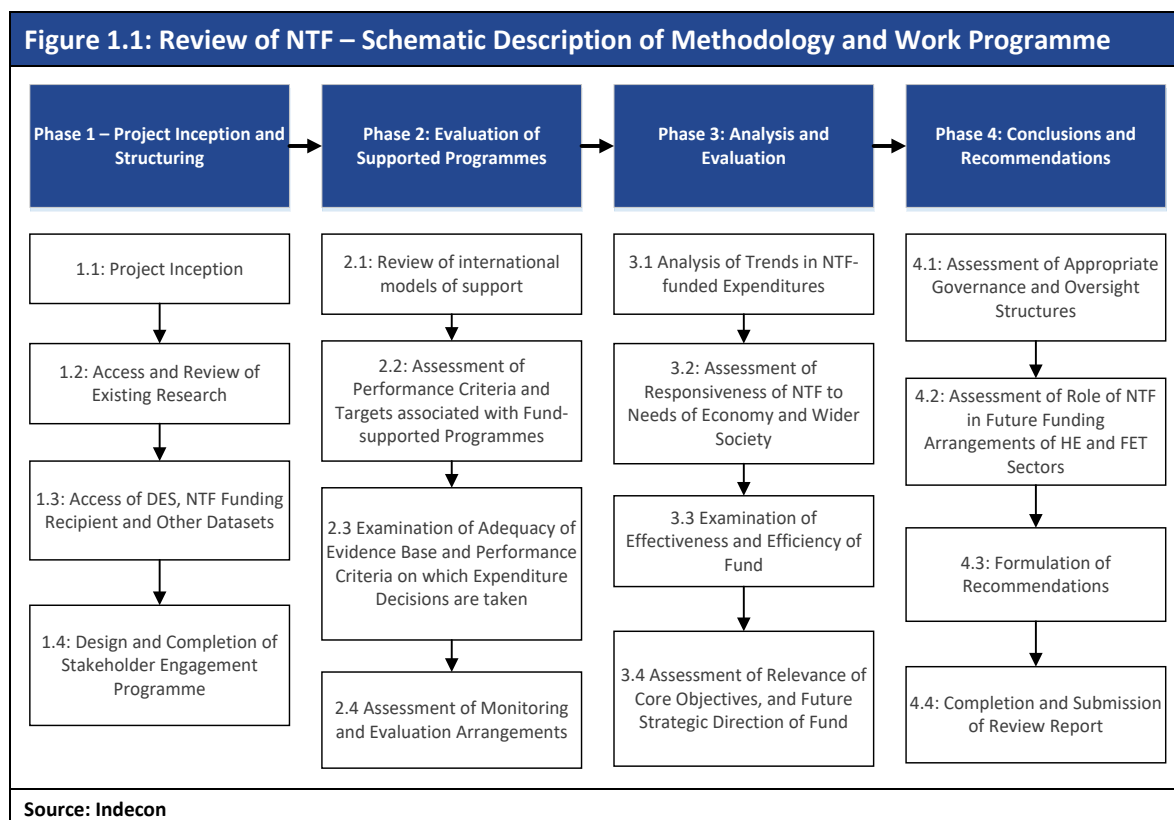
- Examine the effectiveness and efficiency of the fund to date in meeting its objectives;
- Assess the targets and performance criteria associated with programmes supported through the Fund;
- Examine the adequacy of the evidence base and performance criteria on which expenditure decisions are taken;
- Assess the monitoring and evaluation arrangements in place;
- Assess the responsiveness of the Fund to the needs of the economy and wider society in terms of the type and method of programme delivery;
- Assess, the continued relevance of the core objectives of the fund and the future strategic direction of the fund;

- ❑ Identify the most appropriate governance and oversight structure of the NTF in optimising employer engagement and input into priorities strategic priorities;
- ❑ Consider the role of the fund, alongside the Exchequer and student sources, in future funding arrangements of the HE and FET sectors; and
- ❑ Make recommendations on how to improve the efficiency, effectiveness, relevance and impact of expenditure from the NTF fund and responsiveness of the Fund to the needs of the economy.

Originally the NTF was clearly ring-fenced and was heavily concentrated on funding of FÁS/SOLAS training programmes. Other than the formal requirements of sanction for schemes the monitoring of Skillnet Ireland (formerly Skillnets) and smaller programmes, separate NTF oversight arrangements were not developed. This was due to the fact that the Department oversight of FÁS training covered the majority of NTF investment. Over time there has been a move away from clearly ring-fenced arrangements and NTF is now a broadly-based fund supporting FET and HE, as well as some programmes in enterprise and employment supports.

1.4 Methodological Approach to Review

A description of the methodological approach, including work programme phases and tasks, applied in undertaking the review is presented in the figure below. The methodology was designed to address each aspect of the terms of reference and to ensure an independent and rigorous evaluation of the role, operational and future strategic direction of the NTF.



1.4.1 Consultation programme

The review was informed by an extensive programme of engagement with a diverse range of stakeholders. This included:

- ❑ The issuing of an invitation and the receipt of submissions from 21 different organisations; and,
- ❑ Meetings/discussions with key Government Departments, agencies/bodies in receipt of NTF funding, and other organisations with an interest on this area.

A list of organisations which provided inputs to the review is presented in Annex 1.

1.4.2 Data and other information

A range of detailed data and other information was utilised in undertaking this evaluation. This included:

- NTF annual sanction letter from Department of Public Expenditure and Reform.
- Annual allocation letters for the various NTF-funded agencies/programmes.
- End of Year reports for NTF programmes.
- Details re existing evaluations undertaken on NTF-funded programmes.
- High level metrics and context indicators for the NTF.
- Consultation paper on Proposed Exchequer-Employer Investment Mechanism for Higher Education and Further Education & Training (2017) and consultation responses.
- 2018 NTF Expenditure Report draft.
- Expenditures on NTF-supported programmes/activities.
- Annual drawdown sheets for the NTF, which outline the funds drawn down across each programme.
- Programme funding and beneficiary numbers.
- Spend by programme.
- Mid-year performance review 2017.
- Grants paid to ETBs.
- Numbers of beneficiaries on NTF-supported programmes.
- Central Statistics Office (CSO) datasets, including Labour Force Survey and sectoral skills and vacancy data.
- SOLAS Skills and Labour Market Research Unit (SLMRU) data.

1.5 Report Structure

The remainder of this report is structured as follows:

- ❑ Section 2 examines the labour market and economic context in which the National Training Fund operates;
- ❑ Section 3 examines the international experience in relation to the application of different models of funding of training programmes;

- ❑ Section 4 presents an overview of NTF income and expenditures;
- ❑ Sections 5 to 7 present available evidence on the efficiency and effectiveness evaluation of the largest NTF-supported programmes, namely those programmes delivered by SOLAS, the Higher Education Authority and Skillnet Ireland, respectively;
- ❑ Section 8 addresses the issues of the oversight, evaluation and monitoring processes in place for the NTF; and
- ❑ Section 9 integrates the detailed analysis and assessment undertaken in the preceding sections to present Indecon’s policy recommendations on foot of the review.

1.6 Acknowledgements and Disclaimer

Indecon would like to acknowledge the assistance and inputs provided by a number of individuals and organisations during the course of this review. We would particularly like to express our gratitude to officials within the Department of Education and Skills, including William Beausang, Mary Doyle, Phil O’Flaherty, Angela Bumster, Frank Hanlon, Kathleen Gavin, Gavan O’Leary, and Patrick Cluskey for their assistance and inputs throughout the review process. We would also like to express our appreciation to members of the wider steering group overseeing the review, including Vivienne Patterson (Higher Education Authority), Alan Dunne (Department of Public Expenditure and Reform), Kevin Daly (Department of Business, Enterprise and Innovation), and Gerard Gasparro (SOLAS).

In addition, we would like to thank senior officials within NTF funding recipient agencies for their co-operation and inputs, including Deirdre Shanley and Des Henry (Department of Employment Affairs and Social Protection); Paul O’Toole, Bryan Fields, Ciaran Conlon, Andrew Brownlee, Mary-Liz Trant and David Dunne (SOLAS); Graham Love, Sheena Duffy and Alan McGrath (Higher Education Authority); Paul Healy (Skillnet Ireland); Leonard Carty, Mark Christal and Jim Barry (Enterprise Ireland); Ray Bowe (IDA Ireland); Dee Keogh (Engineers Ireland); and Deirdre Garvey (The Wheel).

Indecon would like to thank Partycja Lipinska of the European Centre for the Development of Vocational Training (Cedefop) for providing important inputs to the international section of this review. We would also like to acknowledge the valuable inputs provided by members of the National Skills Council. Last but not least, we would also like to express our gratitude to the large number of organisations that provided submissions to the review. The usual disclaimer applies and the analysis and findings in this independent report are the sole responsibility of Indecon.

2 Labour Market and Skills Context

2.1 Introduction

This section examines the evolving labour market and skills context in which the National Training Fund operates. This is important in assessing the rationale and relevance of the Fund, and in examining the responsiveness of the Fund to the needs of the economy and wider society. This section commences by recapping on the core objectives of the NTF.

2.2 National Training Fund Objectives

As noted in Section 1, the National Training Fund was established under the National Training Fund Act 2000 as a dedicated fund designed to raise the skills of those in employment, to give jobseekers relevant skills, and to facilitate lifelong learning. The core objectives of NTF, as set out in the National Training Fund Act, are highlighted in Table 2.1 below. It is important to note that the classification between those in employment and those seeking employment is not fully reflective of the complexities of the labour force.

Table 2.1: Core Objectives of National Training Fund	
➤	To raise the skills of those in employment; or
➤	To provide training to those who wish to acquire skills for the purposes of taking up employment; or
➤	To provide information in relation to existing or likely future requirements for skills in the economy.

Source: National Training Fund Act, 2000, Section 7.

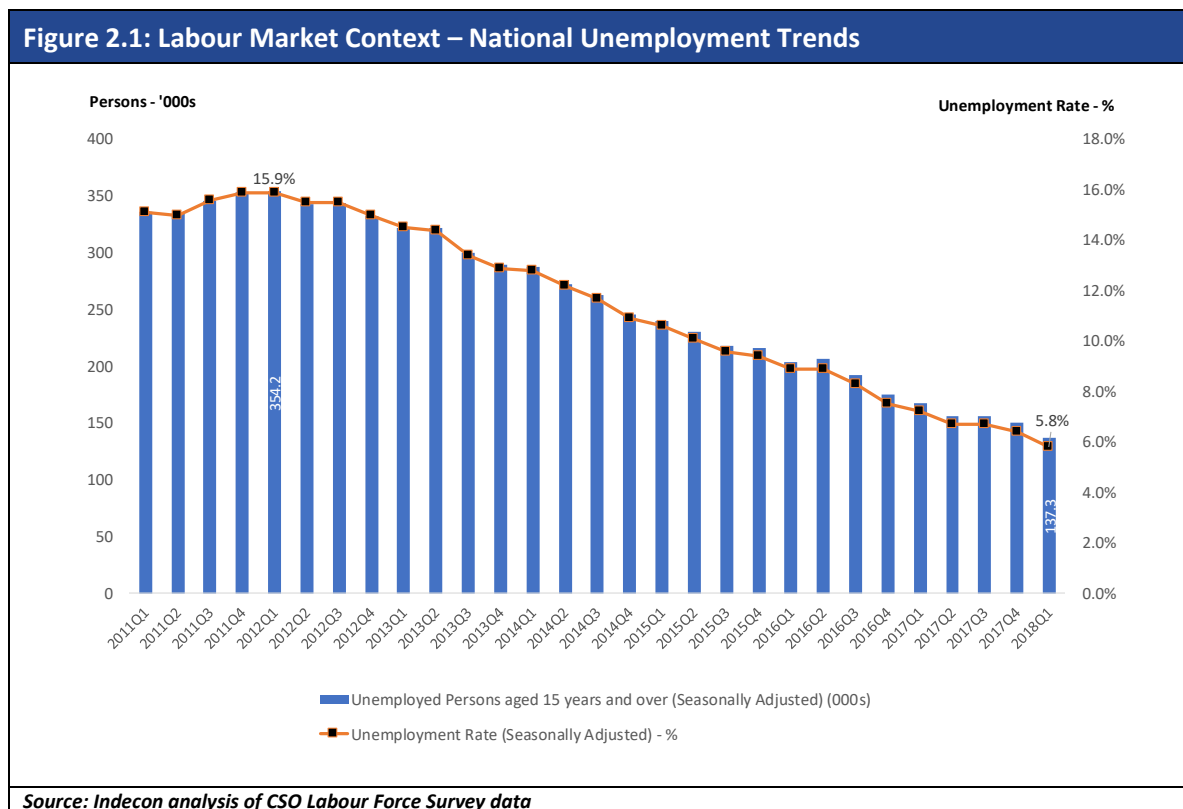
An important aspect of this review is to examine the continued relevance of these objectives and the future strategic direction of the NTF. In assessing the relevance of these objectives and future strategic direction of the NTF, the following factors are of importance:

- ❑ The alignment of the NTF objectives with the evolving needs of the economy and the labour market; and
- ❑ The role of the NTF in the wider policy context, including in relation to the development of Higher Education (HE), Further Education and Training (FET) and lifelong learning.

In this section we examine the first dimension above. This is undertaken by reference to an assessment of trends in the Irish labour force, including the developments in unemployment and employment, and of the sectoral economic and skills requirements of the Irish economy.

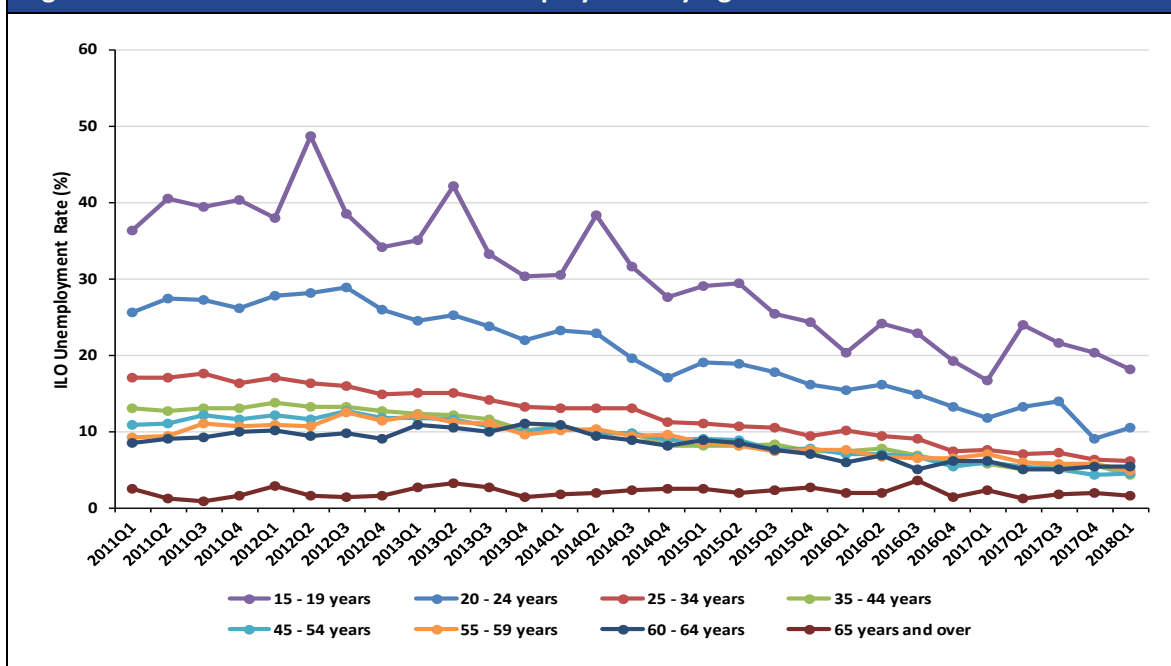
2.3 Recent Trends in Irish Labour Market

Figure 2.1 below presents the recent evolution of the number of unemployed persons and the unemployment rate over the period from 2012 to the end of 2017, based on the CSO's new Labour Force Survey. Since 2012, there has been a very positive and dramatic decline in the levels of unemployment. From a peak of almost 355,000 persons at the beginning of 2012, the number of unemployed persons has more than halved, falling to approximately 137,000 persons (on a seasonally-adjusted basis) in the first quarter of 2018. Over the same period, the rate of unemployment relative to the labour force (persons aged 15 and over) fell from a peak of 15.9% in 2012 to 5.8% in the first quarter of 2018.



Unemployment rates across the different age categories have been trending downwards since the beginning of 2012 (see Figure 2.2 overleaf). However, unemployment rates amongst those under the age of 25 are still higher than other age cohorts, which may act as a driver of demand for certain types of training.

Figure 2.2: Labour Market Context – Unemployment by Age Cohort

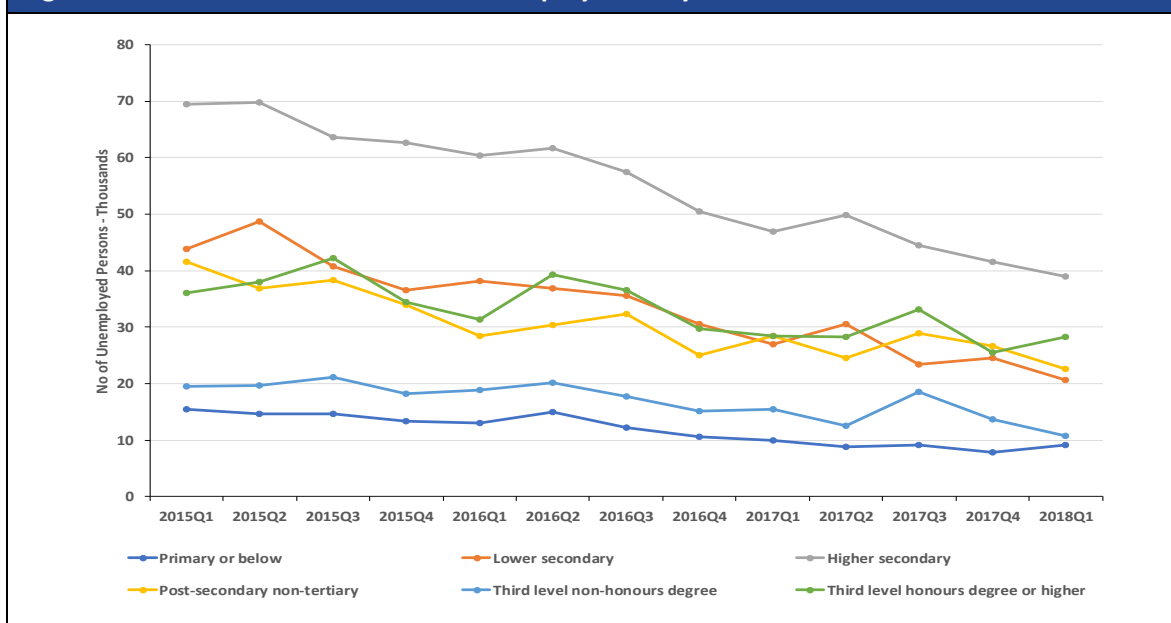


Source: Indecon analysis of CSO Labour Force Survey data

Note: It is important to note that there was a break in series for the Labour Force Survey in Q3 2017 which may affect comparison with previous years

Those with higher second-level education as their highest attained level of education represent the largest group in terms of unemployed persons (see Figure 2.3).

Figure 2.3: Labour Market Context – Unemployment by Education Level – ‘000 Persons

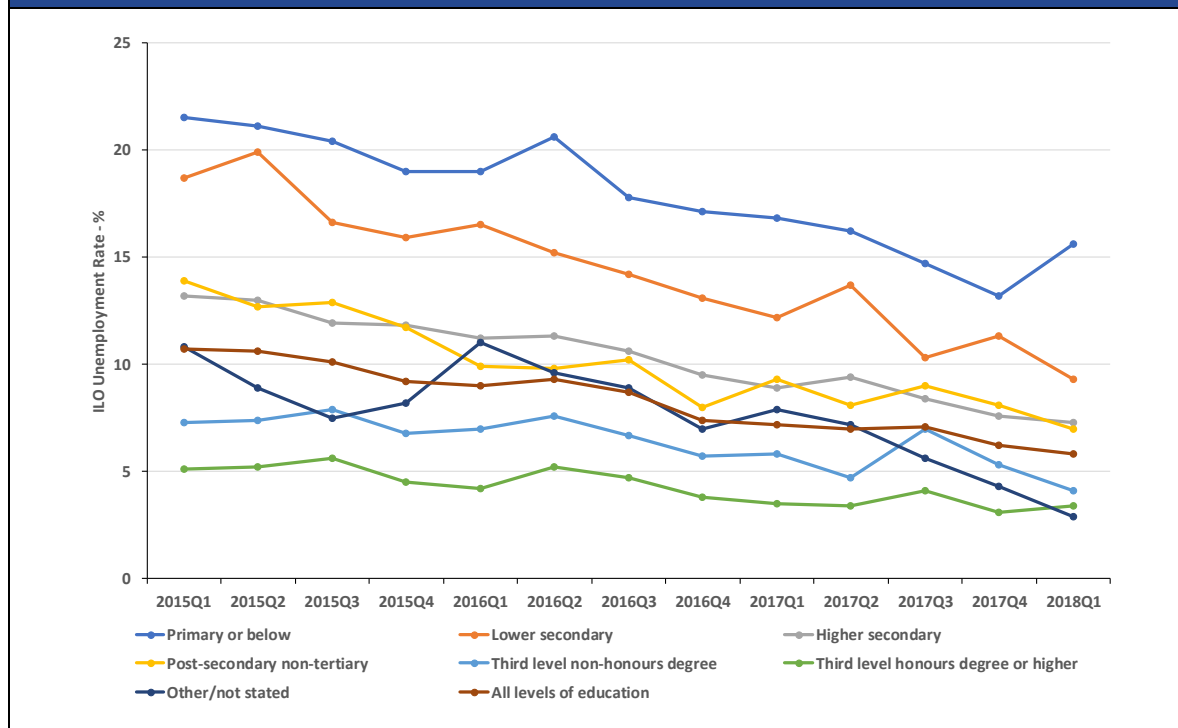


Source: Indecon analysis of CSO Labour Force Survey data

Note: It is important to note that there was a break in series for the Labour Force Survey in Q3 2017 which may affect comparison with previous years

The incidence of unemployment (as measured by the rate of unemployment) by educational attainment level is profiled in Figure 2.4 below. This highlights that lower educational attainment is typically associated with a higher incidence of unemployment.

Figure 2.4: Labour Market Context – Unemployment by Education Level – Unemployment Rate (%)



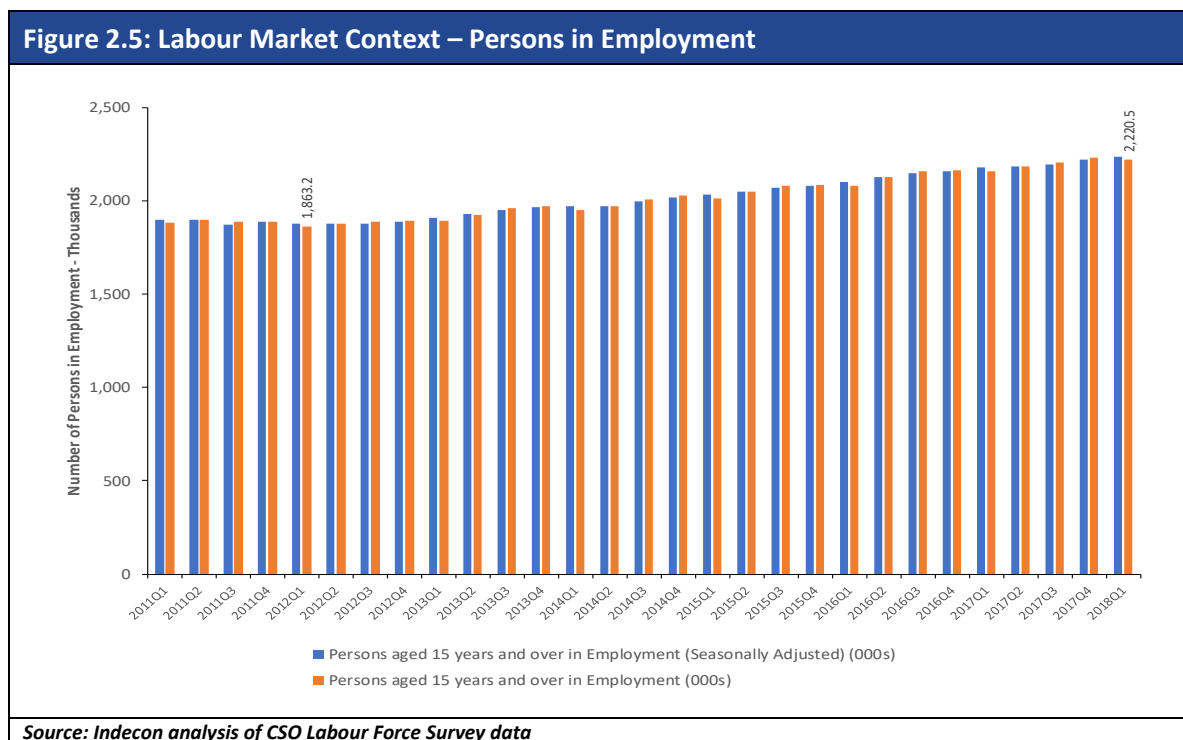
Source: Indecon analysis of CSO Labour Force Survey data

Note: It is important to note that there was a break in series for the Labour Force Survey in Q3 2017 which may affect comparison with previous years

While those experiencing unemployment do not fully represent the cohort of individuals relevant to the NTF objective of providing training to those who wish to acquire skills to take up employment (for example those in full time undergraduate higher education and those who are currently classified as economically inactive), the sharp fall in unemployment over the last 5-6 years has important implications for the evolving focus of NTF supported programmes. In addition, the concentrations and incidence of unemployment across different levels of educations are important factors in informing appropriate targeting of NTF resources to address skill requirements for those seeking employment.

Employment trends

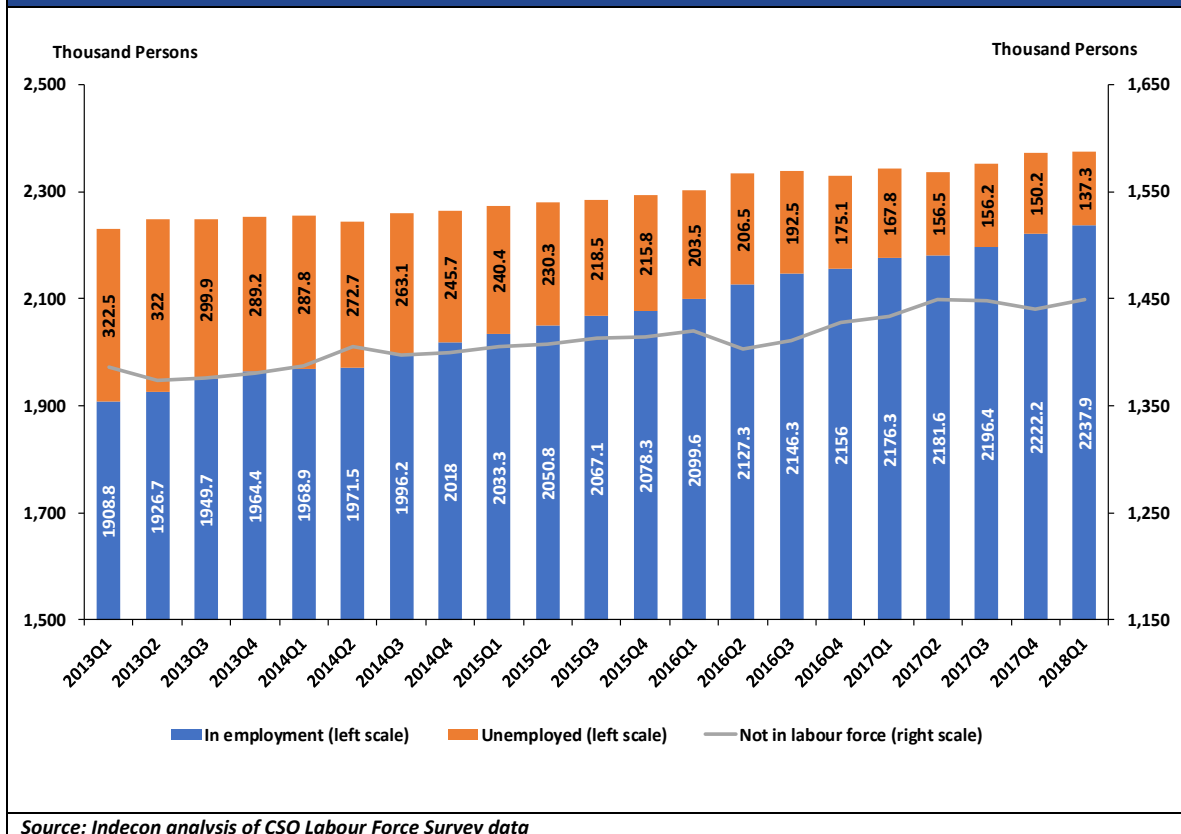
One of the three core objectives of the NTF is to raise the skills of those in employment. In this context, it is important to examine the developments in relation to employment levels in the Irish economy. The overall numbers of persons aged 15 years at work over the period since 2011 are highlighted in Figure 2.5 below. Having fallen to 1.86 million persons in 2012, the accelerating economic recovery saw overall employment increase to over 2 million persons by late-2014 and to 2.22 million by the first quarter of 2018, with seasonally adjusted employment in the first quarter of 2018 being 2.24 million. The greater number of people in employment has important implications for the overall demand for in-employment skills training.



Source: Indecon analysis of CSO Labour Force Survey data

It is also instructive to consider the recent movements in the composition of the labour force and of the numbers of persons outside the labour force. These aspects are depicted in Figure 2.6 overleaf. This highlights the growing numbers of persons in employment and the sharp drop in the numbers unemployed as the Irish economic recovery has accelerated. The labour force as a whole has expanded by 146,700 persons or 6.6% between the beginning of 2013 and the first quarter of 2018. The number of persons aged 15 and over who are not in the labour force, which includes students undertaking education or training, has increased by 62,700 or 4.5% over this period.

Figure 2.6: Labour Market Context – Recent Trends in Persons in Labour Force and Not in Labour Force

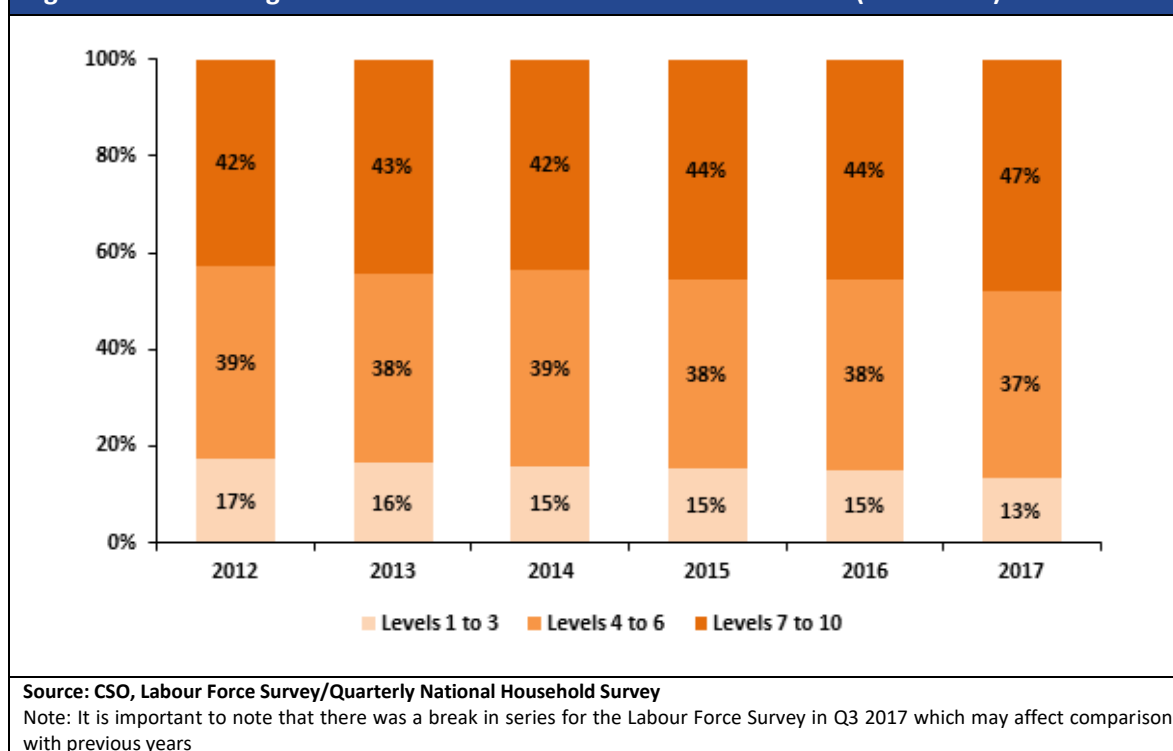


The growth in the labour force and the resultant increase has been driven by the expansion of the economy through inward migration of persons in the working age cohorts. These growth patterns point to an increased requirement for skills training. However, the specific requirements for training are being reshaped by the changing composition of the population and, in particular, of the labour force, with the most visible feature being the acceleration in employment levels and the continued decline in unemployment.

Education attainment levels of labour force

The education levels of the labour force are key context indicators which are monitored to ensure up-to-date information on the composition of the labour force. This allows programmes to be tailored to the labour force, depending on what levels of education are prevalent. As Figure 2.7 (overleaf) highlights, the proportion of persons in the labour force with education qualifications from Level 7 to Level 10 on the National Framework of Qualifications has been increasing over the last six years, reaching 47% of the labour force in 2017, up from 42% in 2012. Meanwhile, there has been a decline in the percentage of the labour force who have qualifications at the lower Levels. Given the skills and labour force objectives of the NTF, the changes in the pattern of educational attainment has implications for the appropriateness of the NTF funding lower level educational cohorts who are seeking work. While upskilling educational levels of those in employment remains a valid and important objective the issue arises of whether those seeking employment with lower qualification levels should be more appropriately funded by the Exchequer.

Figure 2.7: Percentage of Labour Force at Different Education Levels (2012-2017)



2.4 Sectoral Skills Needs

Sectoral employment profile

As background to considering the alignment of NTF-supported skills training provision with the skills needs of the economy it is informative to examine the sectoral profile of employment. Table 2.2 describes the broad sectoral breakdown of employment in the final quarter of 2017 and also identifies the levels of employment creation across these sectors since 2013. The largest concentrations of employment are in retail & wholesale, health & social work, industry, accommodation & food services, and education, which together account for 54% of total employment across the economy. However, if the recent growth in employment is examined, the areas in which this growth has been focussed have been in construction, industry, accommodation & food services, education, administrative & support services, and information & communication – with these six broad sectors accounting for almost two-thirds (64.6%) of the overall level of job creation that has taken place since the beginning of 2013.

Table 2.2: Irish Economy – Sectoral Employment Breakdown and Growth

Sector	2017 Q4 - Persons	% of Total Employment	Overall Change 2013-2017 - Persons	% Growth – 2013-2017	% Contribution to Growth
Construction (F)	133,800	6.0%	52,900	65.4%	16.7%
Industry (B to E)	283,700	12.7%	39,400	16.1%	12.5%
Accommodation and food service activities (I)	168,000	7.6%	39,200	30.4%	12.4%
Education (P)	164,800	7.4%	25,100	18.0%	7.9%
Administrative and support service activities (N)	98,000	4.4%	24,300	33.0%	7.7%
Information and communication (J)	115,700	5.2%	23,500	25.5%	7.4%
Wholesale and retail trade, repair of motor vehicles and motorcycles (G)	304,800	13.7%	22,800	8.1%	7.2%
Professional, scientific and technical activities (M)	130,500	5.9%	18,100	16.1%	5.7%
Human health and social work activities (Q)	279,400	12.6%	17,900	6.8%	5.7%
Public administration and defence, compulsory social security (O)	102,000	4.6%	14,600	16.7%	4.6%
Other NACE activities (R to U)	120,200	5.4%	13,500	12.7%	4.3%
Transportation and storage (H)	94,100	4.2%	11,000	13.2%	3.5%
Agriculture, forestry and fishing (A)	113,700	5.1%	4,700	4.3%	1.5%
Financial, insurance and real estate activities (K,L)	107,000	4.8%	4,300	4.2%	1.4%
All NACE economic sectors	2,225,100	100%	316,200	16.6%	100%

Source: CSO, Labour Force Survey

The National Skills Strategy has identified skills shortages for professionals and associate professionals across sectors in areas of ICT, science and engineering, as well as a shortage of ICT talent more generally in areas such as software, data analytics, financial services and distribution. There are also professional skills shortages in sectors such as financial services, health (medical practitioners and nurses) and construction (surveyors). The construction, freight transport, distribution & logistics sector has begun to exhibit skills shortages as the economy have picked up. The National Skills Strategy 2025 also identifies a shortage of multilingual skills for associate professionals in ICT and sales & marketing, and for administrative staff in financial services and freight transport, distribution & logistics.

The National Skills Bulletin, which is produced by the SOLAS Skills and Labour Market Research Unit, indicates skills shortages in the areas of science, engineering, ICT, business and finance, healthcare, construction, arts, sport and tourism, transport, social and care, sales and customer service, and operatives. The Expert Group on Future Skills Needs has identified by existing work identified skills needs in the Biopharma, hospitality and the food and drink sectors and work has also been completed on skill needs identified by EGFSN Brexit research. These areas of skills shortages broadly align with the trends in the latest available CSO data on job vacancy rates by NACE 2 sector. In Q3 2017, there was a job vacancy rate of 1.1% across all NACE economic sectors. As illustrated in Figure 2.8 below, five sectors had vacancy rates greater than the overall sector-wide vacancy rate.

Figure 2.8: Job Vacancy Rate by Industrial Sector, Q3 2017

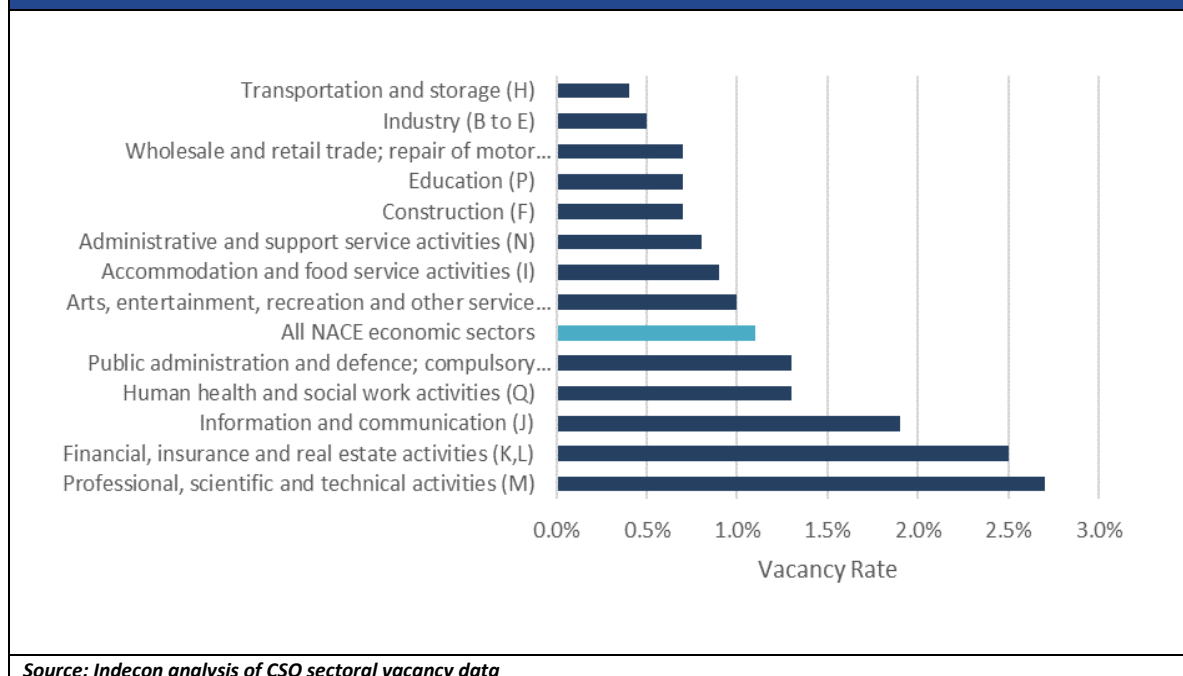
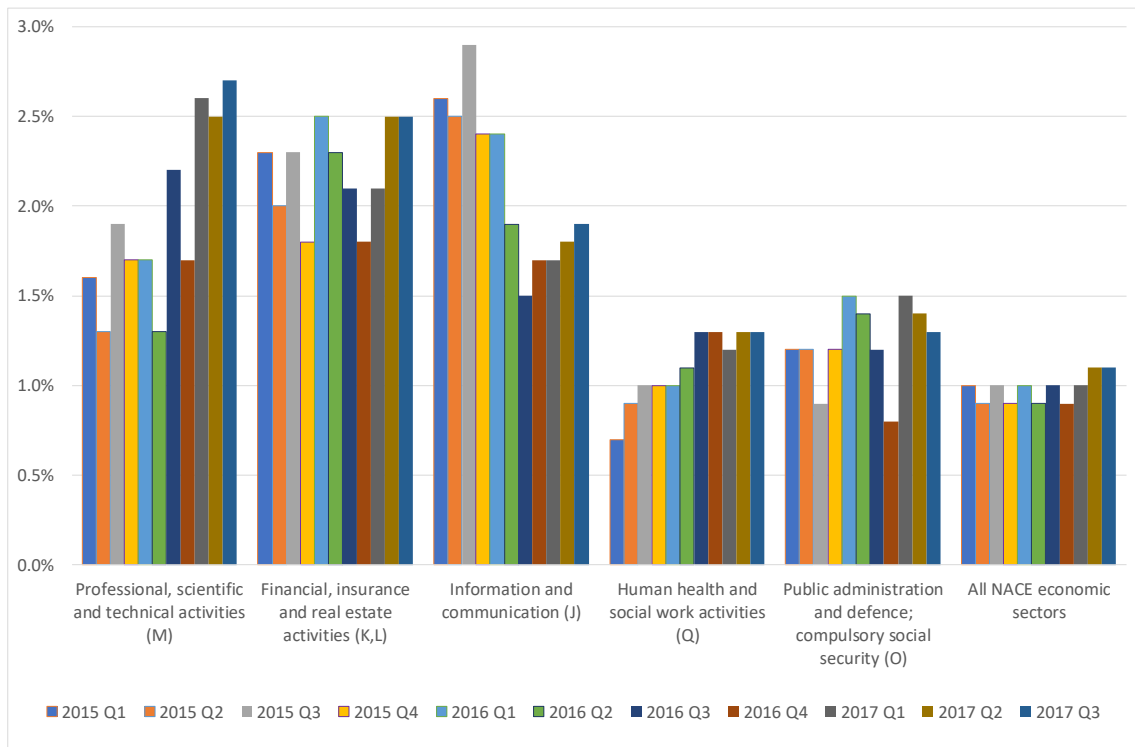


Figure 2.9 overleaf presents the recent trends in average vacancy rates across the five sectors which had the greatest skills shortage (highest vacancy rates) in the third quarter of 2017, indicating an increasing trend in vacancy rates in a number of these sectors as the economy continues to expand strongly.

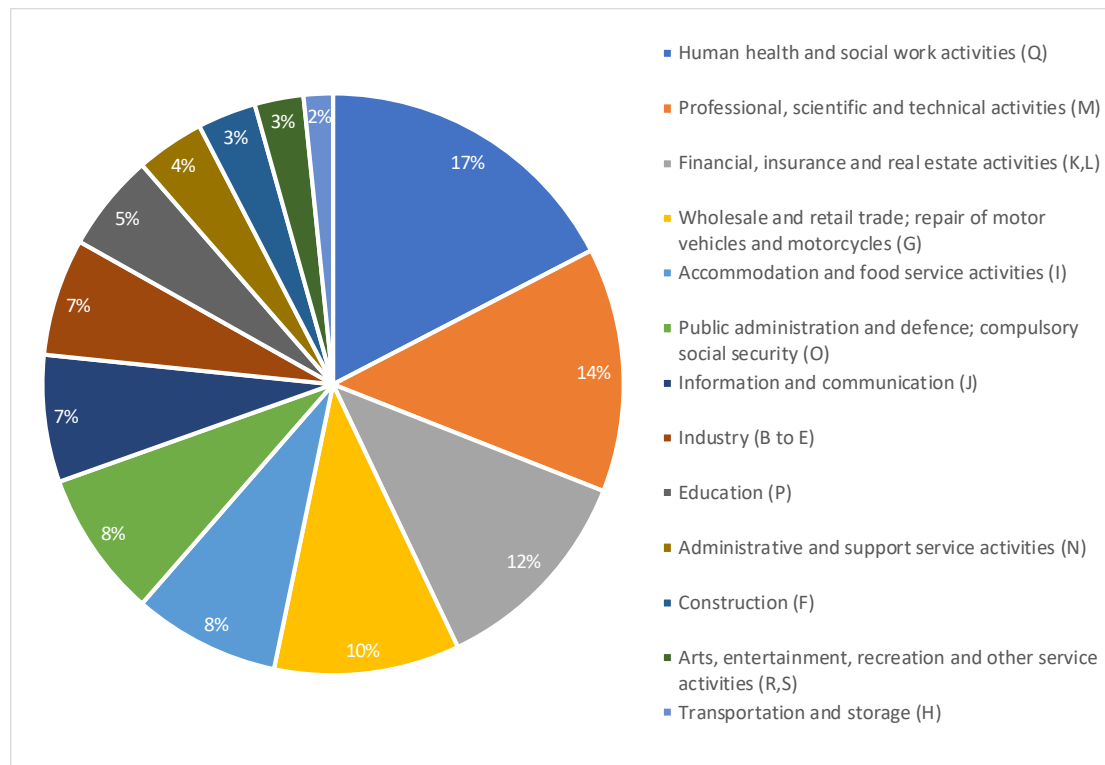
Figure 2.9: Vacancy Rate for Top 5 Industries in Q3 2017, Q1 2016-Q3 2017



Source: Indecon analysis of CSO sectoral vacancy data

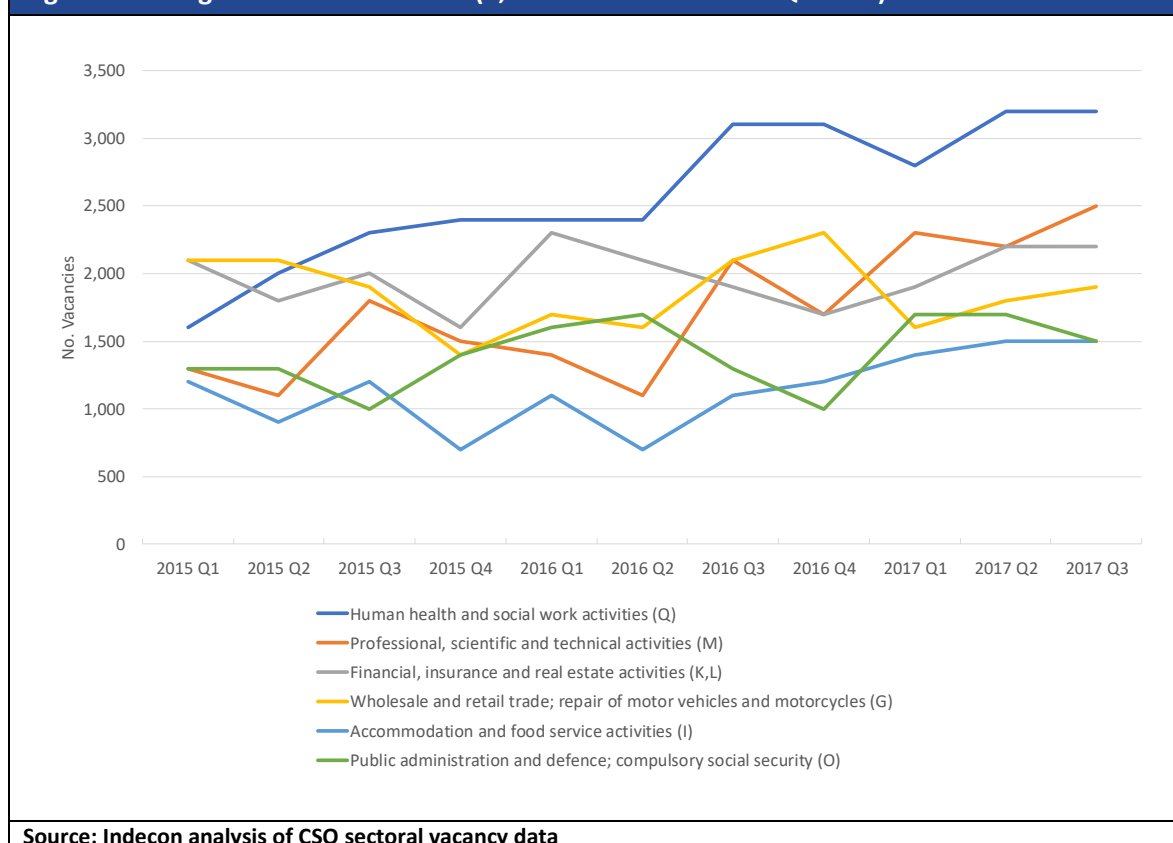
The evidence on the number of job vacancies by sector is presented in Figure 2.10 for the third quarter of 2017. Of the total of 18,300 job vacancies, the largest concentrations were in human health & social work, professional, scientific & technical activities, financial, insurance & real estate, and the retail & wholesale sector.

Figure 2.10: Share of Total Job Vacancies by Industrial Sector, Q3 2017



Source: Indecon analysis of CSO sectoral vacancy data

The following figure illustrates the recent trends in the number of job vacancies for high-demand industries (i.e., those with 1,500+ vacancies in Q3 2017) over the period 2015 to 2017. Health and social work activities sector has experienced strong growth in the number of vacancies over this period, while professional, scientific & technical activities and accommodation & food services also both experienced steady growth in vacancies since early 2016.

Figure 2.11: High-Demand Industries (1,500+ Job Vacancies in Q3 2017)

It is important that NTF has the flexibility to respond quickly to the specific areas of greatest skill needs and the changing requirements of the economy. The analysis in this section has highlighted major changes in the labour force and the areas of greatest skill need.

2.5 Summary of Key Findings

This section examined the evolving labour market and skills context in which the National Training Fund operates. The findings from the analysis are as follows:

- ❑ The Irish economy and labour market have experienced dramatic changes since the economic recovery commenced in 2012/13. Most notably, since 2012 there has been a dramatic decline in unemployment, with the unemployment rate falling from 16% in the beginning of 2012 to 6.1% in January 2018. The number of unemployed persons has more than halved over the same time period, falling to 143,700 in January 2018 compared to approximately 356,000 in January 2012.
- ❑ Unemployment rates amongst those under the age of 25 are still higher than other age cohorts, which may act as a driver for demand for certain types of training.
- ❑ However, the overall sharp fall in unemployment over the last 5-6 years has important implications for the evolving focus of NTF supported programmes.

- ❑ One of the three core objectives of the NTF is to raise the skills of those in employment. Having fallen to 1.87 million persons in 2012, the accelerating economic recovery saw overall employment increase to over 2 million persons by late 2014 and to 2.22 million by the first quarter of 2018. The greater number of people in employment has implications for the demand for in-employment skills training. There is a risk that unless the NTF responds quickly to changes in the labour market that the investment in programmes which were appropriate to different labour market needs, would not change. The need to avert a situation where particular programme expenditures remain static regardless of labour market conditions was highlighted in the 2017 DPER paper analysing further education and training programmes.
- ❑ The labour force has expanded by 146,700 persons between the beginning of 2013 and the first quarter of 2018. The number of persons aged 15 or over who are not in the labour force, which includes students undertaking education or training, has increased by 62,700 or 4.5% over this period. Each of these groups have requirements for training programmes which could be supported by the NTF.
- ❑ In relation to sectoral patterns of employment, the areas in which the recent growth in employment has been focussed have been in construction, industry, accommodation & food services, education, administrative & support services, and information & communication – with these six broad sectors accounting for almost two-thirds of the overall level of job creation that has taken place since the beginning of 2013.
- ❑ The National Skills Strategy has identified skills shortages for professionals and associate professionals across sectors in the areas of ICT, science and engineering, as well as a shortage of ICT talent more generally in areas such as software, data analytics, financial services and distribution. There are also professional skills shortages in sectors such as financial services, health (medical practitioners and nurses) and construction (surveyors). The construction, freight transport, distribution & logistics sectors have also begun to exhibit skills shortages as the economy have picked up. The Expert Group on Future Skills Needs has also identified skills shortages in the Biopharma hospitality and the food & drink sectors.
- ❑ The above findings are important in assessing the ongoing rationale and relevance of the National Training Fund. Overall, the analysis indicates an increased overall requirement for further education and skills training in the Irish economy, as the population of working age continues to expand. However, the specific focus of this requirement is being re-shaped by the changing composition of the population and the labour force. These developments suggest a continued rationale for appropriately targeted government intervention to address further education and training needs. However, in assessing the specific future role of the NTF in this context, it is necessary to firstly examine the effectiveness and efficiency of the Fund, and its responsiveness and relevance to the needs of the evolving Irish economy and labour market. These aspects are examined later in this report.

3 Review of International Models

3.1 Introduction

In informing the assessment of the NTF and its future role, it is instructive to examine the international experience in this area. This section presents the findings of Indecon’s research on the application of different models of funding of training programmes in other countries. This includes the presentation of short case studies on approaches in a number of EU Member States.

3.2 Overview of European Models

In advance of describing the approaches in specific jurisdictions in detail, it is useful to firstly present an overview of European models of funding of state-supported training provisions. Cedefop, which is the European Centre for the Development of Vocational Training, has compiled a database on financing of adult learning and training. This provides an indication of the range and characteristics of cost-sharing schemes implemented in EU countries to increase participation and private investment in adult training/learning. The database covers cost-sharing schemes providing formal and non-formal education and training for adults aged 25 and over, where at least two parties contribute to the scheme costs, i.e., government (including EU funding), companies/employers, and individuals/employees. The types of instruments and their key features are summarised in Figure 3.1 below.

Figure 3.1: Cost-Sharing Training Funding Models – Summary of Key Features of Alternative Funding Instruments used in EU Member States

Training funds – form of financing which is outside normal government funding channels and which are dedicated to supporting the provision of skills training.
Tax incentives for businesses or individuals – may include tax allowances or tax credits available to taxpayers who participate in defined forms of training/learning.
Grant supports to businesses or individuals – a State subsidy to support an individual’s or a company’s investment in education and training. May take the form of a voucher with a defined monetary value, or ‘individual learning accounts’, which provide a subsidy to support an individual’s learning.
Loan schemes – which allow individuals to borrow against their future income to cover (part of) their training costs. May include mortgage-type (traditional or conventional) loans, or income-contingent loans.
Savings schemes – which promote individual saving to fund future education/training costs. The scheme account holder is usually required to set aside money over time in a savings account. Savings may be matched by contributions from the State and/or employers.
Training leave – granted under regulations to staff on a paid or unpaid basis for purposes of participating in training.
Payback clause – a legal or contractual regulation concerning the repayment of training costs, if the employee decides voluntarily to discontinue the employment relationship with the employer who invested in their training.

Source: CEDEFOP Database on Financing Adult Learning

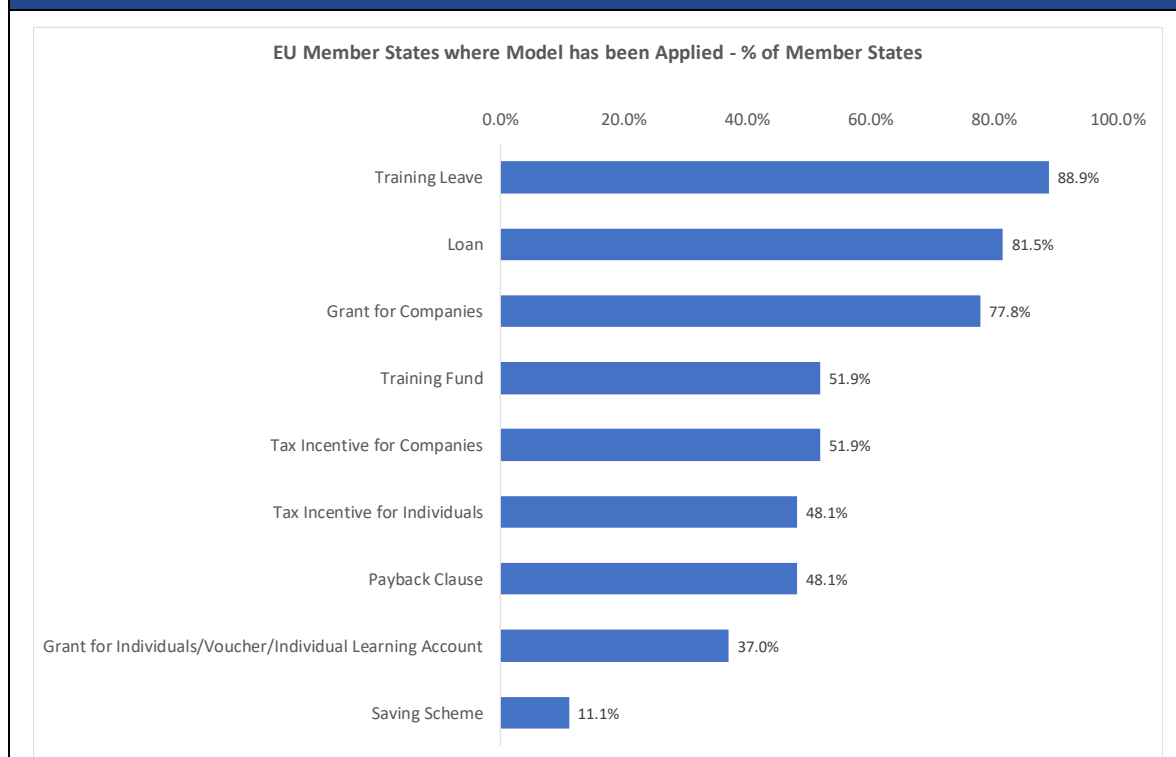
Table 3.1 below presents an overview of cost-sharing/co-funded training schemes which have been applied across 27 EU Member States. In order to finance training, many EU Member States have introduced training funds. It should be noted that as well as the broad initiatives summarised in this table, some training grants are provided for agency assisted companies in Ireland but are not generally available for the enterprise sector.

Table 3.1: Overview of Cost-Sharing Training Schemes in EU Member States										
Country	Training Fund	Tax Incentive for Companies	Tax Incentive for Individuals	Grant for Companies	Grant for Individuals/Voucher/Individual Learning Account	Loan Scheme	Saving Scheme	Training Leave	Payback Clause	
Austria		✓	✓	✓	✓	✓	✓	✓	✓	
Belgium	✓			✓	✓			✓		
Bulgaria				✓		✓		✓	✓	
Cyprus	✓	✓		✓				✓		
Czech Republic		✓	✓	✓				✓	✓	
Denmark	✓				✓	✓		✓		
Estonia		✓	✓	✓		✓		✓	✓	
Finland		✓	✓		✓	✓				
France	✓	✓		✓		✓		✓	✓	
Germany	✓	✓	✓	✓	✓	✓	✓	✓		
Greece	✓			✓		✓				
Hungary	✓			✓	✓	✓		✓	✓	
Ireland	✓	✓	✓							
Italy	✓			✓	✓	✓		✓		
Latvia		✓	✓			✓		✓		
Lithuania		✓	✓	✓		✓		✓	✓	
Luxembourg	✓			✓	✓	✓		✓	✓	
Malta			✓	✓	✓	✓		✓		
Netherlands	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Poland				✓		✓		✓	✓	
Portugal			✓	✓		✓		✓		
Romania		✓		✓				✓	✓	
Slovakia		✓	✓	✓		✓		✓	✓	
Slovenia	✓			✓		✓		✓	✓	
Spain	✓					✓		✓		
Sweden						✓		✓		
United Kingdom	✓	✓	✓	✓		✓		✓		

Source: CEDEFOP Database on Financing Adult Learning
 *The reference period for the above data is 2010-2013. The listing may include schemes which are no longer in place but operated for some time during 2010-2013.

Figure 3.2 below outlines different training co-funding models across the European Union. Training grants for individual employees as well as tax incentives are widely used to support the development of human capital. The evidence shows that in addition to training funds many member states have introduced measures to encourage the expansion of training by enterprises as well as by individuals.

Figure 3.2: Cost-Sharing Training Schemes in EU Countries – Frequency of Application of Financing Models



Source: Indecon analysis of data from Cedefop Database on Financing Adult Learning

*The reference period for the above data is 2010-2013. The listing may include schemes which are no longer in place but operated for some time during 2010-2013.

3.3 Case Studies on Application of Training Funds in EU

Ireland is one of 14 EU Member States examined where a training fund has been utilised. Training funds are used to support the provision of skills training. Such funds may be set up at national level (with tripartite governance) or sectoral level (with bipartite governance, based on social partner agreements). Typically, such funds receive their (primary) income via a levy on business payrolls. A summary of the key features of training funds operated across EU Member States is presented in Annex 2.

It is instructive to examine in more detail the features of training funds which have operated in different countries. As part of the review of international models, Indecon has undertaken case studies in the United Kingdom, France, Netherlands, Denmark and Cyprus.

United Kingdom

The UK has operated a number of different forms of cost sharing-based training fund. These have included the Construction Industry Training Board's Construction Skills Levy-Grant Scheme, the Engineering Construction Industry Training Board's Levy-Grant Scheme, and the Skillset Film Skills Fund. The key features of these training funds, in terms of their operation/management, eligibility, types of education/training supported, source of funding, and the collection methods applied to raise the funding, are summarised in Box 3.1.

Box 3.1: Case Study 1 – Key Features of Training Funds in United Kingdom			
Instrument(s)	CITB Construction Skills Levy-Grant Scheme	ECITB Levy-Grant Scheme	Creative Skillset Film Skills Fund
Operation/ Management	Construction Industry Training Board (CITB)	Engineering Construction Industry Training Board (ECITB)	Creative Skillset (sector skills council)
Eligible Group	Registered construction firms	Employers registered with ECITB	Individuals, freelancers, enterprises/organisations, HET and FET institutions
Type of Education and Training Eligible	Sector-specific (apprenticeships, training, FET, HET)	Apprenticeship, upskilling, reskilling, graduates	Film-specific training
Source of Funding	Statutory CITB-Construction Skills levy, other sources (ESF, government grant-in-aid, interest, voluntary contributions)	Compulsory levy from sector companies, Funds from other organisations (incl. EU)	Levy raised on production costs of film productions
Collection	0.35% of payroll (PAYE employees). 1.25% on payments to sub-contractors	Compulsory levy: Share of total gross emoluments paid to employees and the total gross payments made in respect of labour-only contractors during the base period. 1.5% for employees/labour-only contractors wholly or mainly working on-site, 0.18% for those working off-site	Voluntary levy collected from UK film producers, based on the payment of 0.5% of the production cost of each film made in the UK
<i>Source: Indecon analysis of data from Cedefop Database on Financing Adult Learning, and UK CITB, ECITB and Skillset data.</i>			

Construction Industry Training Board's Construction Skills Levy-Grant Scheme

The Construction Industry Training Board (CITB) is the Industry Training Board for the construction industry and a partner in Construction Skills, which is the UK's Sector Skills Council for the construction industry. The CITB provides support for registered employers undertaking training and aims to raise the level and quality of training for the construction workforce, for people joining the sector as apprentices, technicians or graduates, and for experienced workers improving their skills and qualifications. The body's objective/mission is to ensure adequate supply of skills to the sector. All construction establishments are obliged by law to be registered with Construction Skills and to be assessed annually for the training levy.

The CITB receives approximately half its income via a levy paid by registered construction employers. All construction employers with a wage bill of £80,000 or more must pay the levy, while small businesses with a wage bill of between £80,000 and £399,999 receive a reduction of 50%. Construction Skills Levy rates and thresholds are submitted to Parliament for formal approval each year. Once the levy order is signed, employers receive a levy assessment. The CITB levy rates are 0.35% on payments to employees through PAYE; and 1.25% on payments to subcontractors taxed under the Construction Industry Scheme (CIS). The income generated by the CITB through the levy in turn supports the part-funding (along with other income generated) of a number of training grants and other supports for construction sector employers. The collected funds are used to support several activities:

- ❑ Training-related activities carried out by enterprises. This includes provision of grants to these enterprises for the purpose of apprenticeships, training plans and other training courses;
- ❑ Identifying and delivering the skills needed;
- ❑ Advising/consulting on training-related activities;
- ❑ Finding placements to enable young people wishing to join the construction industry to acquire the necessary work-based practice;
- ❑ Providing industry forecasting capability; and
- ❑ Developing a sector qualifications strategy.

All registered construction firms are eligible for CITB training grants (and advice/consultancy and support on training issues), including firms which are not liable to pay the training levy. The CITB's annual planning process allows operation of the levy scheme to reflect change in sector priorities within the broad framework of the levy grant scheme.

Engineering Construction Industry Training Board Levy-Grant Scheme

The Engineering Construction Industry Training Board (ECITB) Levy-Grant Scheme is similar to the CITB training scheme, in that the ECITB is also a statutory body established under the Industrial Training Act, but in this case acts on behalf of the engineering construction industry in assessing and collecting a training levy from all employers who operate engineering construction establishments. The ECITB is a centre of excellence for advice, information and skills development for the engineering construction industry. Under the Industrial Training Act, all business establishments operated by employers which are wholly or mainly engaged in engineering construction activities are registered with the ECITB and annually assessed for the industrial training levy.

Levy income and other ECITB funds are used to support approved training-related activities. These include provision of technical courses, supervisory management training courses, project management short courses, interactive training events, and advanced and modern apprenticeships for young people entering the industry. For sector employees and labour-only contractors wholly or mainly working on site in Great Britain or its offshore waters, a training levy of 1.5% is payable on the total gross emoluments paid to employees and the total gross payments made in respect of labour-only contractors during the base period. If the total gross emoluments and total gross payments are less than £275,000 no training levy is payable in respect of site-based workers. For all other employees and labour-only contractors wholly or mainly working in Great Britain, a training levy of 0.18% is payable on the total gross emoluments paid to employees and the total gross

payments made in respect of labour-only contractors during the base period. If the total gross emoluments and total gross payments are less than £1,000,000, no training levy is payable in respect of all other workers. All employers operating establishments on the ECITB's register of leviable establishments are eligible to apply for ECITB training grants and services.

Creative Skillset Film Skills Fund

The Creative Skillset Film Skills Fund is managed and operated by Skillset, which is the sector skills council for the film industry in the UK. Creative Skillset operates a voluntary levy collected from the UK film producers, based on the payment of 0.5% of the production cost of each film made in the UK. This is then invested in training through the Creative Skillset Film Skills Fund, which is the largest fund in the UK dedicated to supporting film-specific training. It supports training programmes, CPD programmes and also individuals via bursaries – grants towards the costs of courses. Training grants can be provided for individuals, freelancers, enterprises/organisations and higher and further education institutions.

Apprenticeship Levy

In addition to the above sector-specific training fund models, since April 2017, employers in the UK with an annual pay bill in excess of £3 million per annum must pay 0.5% of their annual total pay bill each year (minus an annual levy allowance of £15,000) to fund the new Apprenticeship Levy. The levy is paid through the PAYE payroll process and the reckonable pay bill is defined as earnings liable to Class 1 secondary National Insurance contributions. The levy paid by an employer is held in a 'digital fund' account, which the employer can subsequently use to pay for apprenticeship training. A 10% top-up contribution is added to each monthly payment. Funds in the digital fund account remain available for 24 months from the date of payment. Any amount that remains unspent after that period will expire and are reclaimed by the government. Upon payment of the levy, employers can utilise the new Apprenticeship Service as follows:

- Receive levy funding to spend on apprenticeships;
- Manage their apprentices; and
- Make payments to approved training providers.

Employers can only use funds in their apprenticeship account to pay for apprenticeship training and assessment for apprentices that work at least 50% of their time in England, up to the funding band maximum for that apprenticeship. The use of the levy for funding apprenticeships which commenced after 1 May 2017 is the responsibility of the Department for Education and the Education and Skills Funding Agency (ESFA) in England. The ESFA has developed and published a framework of guidance and rules on apprenticeship funding and performance for employers and training providers.³ As apprenticeships are a devolved policy, separate arrangements operate in Scotland, Wales and Northern Ireland.

³ Education and Skills Funding Agency – see: <https://www.gov.uk/government/publications/apprenticeship-funding-and-performance-management-rules-2017-to-2018>.

France

In France, each employer governed by private law is subject to an obligation to finance continuing vocational training. This obligation is calculated according to the size of the company and the amount of the payroll as follows: 0.55% of payroll for companies with fewer than 11 employees; and 1% for companies with 11 or more employees (or 0.8% for companies that manage the personal training account internally). Funds are collected by the OPCA. The key features of training funds are summarised in Box 3.2.

Box 3.2: Case Study 2 – Key Features of Training Funds in France		
Instrument(s)	'Train or Pay'	FPSSP Joint Fund for Professional Career Security
Operation/ Management	Collective agreements	Employer's organisations and representatives of employees
Eligible Group	Private sector companies and employees, target groups	Low-qualified, job-seekers
Type of Education and Training Eligible	Defined by OPCA/sector	Leading to higher qualification or requalification
Source of Funding	Levy on companies	Share of compulsory contribution paid by companies to OPCA/OPACIF, other resources (State, regions, employment centres, European Social Fund)
Collection	Compulsory and optional levy system, ranging 1.15-3.6%	Compulsory contribution
Allocation	Determined by OPCA/sector	Calls for proposals
<p><i>Source: Indecon analysis of data from Cedefop Database on Financing Adult Learning</i> *The reference period for the above data is 2010-2013. The listing may include schemes which are no longer in place but operated for some time during 2010-2013.</p>		

Employer/employee collective organisations (OPCAs) may also receive additional resources from the Fund for the Securing of Career Pathways (FPSP), either for equalization purposes or for the calls for projects for which they have been selected. Once the training funds have been collected, the OPCA advises employers and employees (who can apply directly for the approved OPCAs under the individual training leave) and allows the financing of the training deemed necessary for the accomplishment of the objectives of the companies and maintaining or changing the skills of employees.

Netherlands

In the Netherlands, the majority of Onderwijs en Ontwikkeling (O&O) Training and Development Funds, or 'O&O-fondsen', were created in the 1980s and 1990s. Various sectors in Dutch industry operate such funds. The key features of the funds are set out in Box 3.3 overleaf.

Box 3.3: Case Study 3 – Key Features of Training Funds in the Netherlands	
Instrument(s)	Onderwijs en Ontwikkeling (O&O) Training and Development Funds
Operation/ Management	Collective labour agreements
Eligible Group	Contributing companies, target groups
Type of Education and Training Eligible	Dependent on specific fund. Two examples of O&O funds are the Opleidings - en Ontwikkelingsfonds voor het Metaalbewerkingsbedrijf (OOM) fund, and the Opleidingen Ontwikkeling Flexbrabche (STOOF) fund
Source of Funding	Companies, European Social Fund, Other sources (Interest, investment returns, voluntary contributions)
Collection	Most funds: levy paid by companies. Levy set in collective agreement. Typically ranges from approx. 0.5-2% of total wage bill
Allocation	O&O board decides on distribution based on yearly plan, method of payment and eligible costs are decided by social partner managing the fund
<i>Source: CEDEFOP Database on Financing Adult Learning</i>	

The Dutch O&O funds are a joint initiative of employers and employees of Dutch SMEs. Their primary purpose is to promote training activities in industry. The funds are set up based on collective agreements. The O&O funds are created and governed by employers and employees on a bipartite basis. The funds are designed to stimulate training and employability policies in companies and react to training requests, mostly from individual companies. The use of collected funds is broadly determined by the collective agreements, with the O&O boards typically deciding training requirements as part of an annual plan.

O&O funds are mainly focused on their own sector. While the precise forms of training provided vary depending on the specific fund, a common feature has been an increased level of focus given to transferable learning. The majority of training is certified by institutes acknowledged by the Dutch Minister of Education.

Most of the O&O funds operate on the basis of a levy which is paid by member companies. The levy rates are set under the respective collective agreements and typically range from 0.5% to 2% of the total wage bill. The levies are usually compulsory for the member enterprises.

Denmark

Box 3.4 summarises the main features of the Employer's Reimbursement Fund and the Sectoral training funds which operate in Denmark. While there have been some reforms to Denmark's vocational education and training system (the last of these reforms was implemented in 2015),⁴ the types of training funds available remain largely similar in structure, management, and application.

Box 3.4: Case Study 4 – Key Features of Training Funds in Denmark		
Instrument(s)	Employer's Reimbursement Fund	Sectoral training funds (Educational development funds, Competence development funds)
Operation/ Management	National	Collective agreements between various social partners
Eligible Group	All companies	Employees, unemployed
Type of Education and Training Eligible	Short courses, work-related skills, apprentice training	Depends on fund
Source of Funding	Levy on employers	Contributing companies
Collection	All employers pay fixed amount per full-time employee	Contributing companies pay a fixed amount per employee per year or a percentage of each hourly wage per employee per year
Allocation	Reimbursement for wages employee/apprentice received during training, other expenses (travel, posting abroad)	Depends on fund
<p><i>Source: Indecon analysis of data from Cedefop Database on Financing Adult Learning</i> *The reference period for the above data is 2010-2013. The listing may include schemes which are no longer in place but operated for some time during 2010-2013.</p>		

The Employer's Reimbursement Fund is a nationally-managed training fund designed to support apprenticeships. This training fund is the basis of the second part of Denmark's dual-system for apprenticeships: the first part of the apprenticeship system is college-based, and the second part is practice-based. This fund is managed by the Ministry of Education. The Ministry is advised by various social partners, including companies, vocational colleges, teachers, students, and trade committees. Together, these groups help determine the structure and framework for training programmes, with an aim to tailor these programmes to the respective sector and local area in order to respond to labour market needs. The Employer's Reimbursement Fund is funded via a levy on employers. All companies (public and private) are required to contribute a fixed amount per full-time employee each year to this fund.

⁴ See: <https://www.apprenticeship-toolbox.eu/denmark>

The sectoral training funds (STF), in contrast, are established via collective agreements between various social partners. There are two broad types of sectoral training funds in Denmark: *Uddannelsesfonde* (educational funds) and *Kompetenceudviklingsfonde* (competence development funds). Despite the difference in names, these two types of STFs are similar in the way the function and the types of activities they perform. There are however, some differences in the organisation and management of STFs across the private and public sector.⁵

Cyprus

In Cyprus, the Human Resource Development Fund (HRDF) operates at national level and is managed by Human Resource Development Agency (HRDA). The main features of the HRDF are summarised in Box 3.5.

Box 3.5: Case Study 5 – Key Features of Training Fund in Cyprus	
Instrument(s)	Human Resource Development Fund
Operation/ Management	National
Eligible Group	Contributing entities, target groups
Type of Education and Training Eligible	VET, post-secondary non-tertiary general education, apprenticeship, firm/sector-specific, transferable skills
Source of Funding	Levy on companies, European Social Fund, Funds generated by HRDA
Collection	Compulsory levy (0.5% of company payroll)
Allocation	Applicants that best meet pre-determined criteria, reimbursement
<i>Source: Indecon analysis of data from Cedefop Database on Financing Adult Learning</i>	
*The reference period for the above data is 2010-2013. The listing may include schemes which are no longer in place but operated for some time during 2010-2013.	

The HRDA is a semi-government organisation with a tripartite board of directors (representatives of government, employers and trade unions) appointed by Council of Ministers. Social partners also participate in various HRDA committees and bodies. The HRDA budget is drafted according to the guidelines suggested by the Minister for Labour and Social Insurance and finally approved by the Council of Ministers. Financial activities and management of HRDA are subject to the full control and audit of the Accountant General. Priorities for HRDA are set in the form of guidelines in cooperation with the competent government services and social partners. The HRDA is not a training provider. Instead it approves and subsidises training programmes implemented by public and private institutions, such as colleges and training institutions, as well as in enterprises.

⁵ CEDEFOP Database on Financing Adult Learning, Op. Cit.

Under the HRDF, companies pay a compulsory levy (regulated by law) of up to 1% of payroll, with the levy collected through the social insurance mechanism. The fund supports the provision of training grants/subsidies, the availability and level of which are dependent on company size. A variety of training schemes are subsidised by the HRDF. Programmes are generally submitted to HRDA in advance for approval. Applicants that best meet the predetermined criteria are given a subsidy. In some cases, the value of the subsidy is based on a specific percent of costs of programme (fees, transportation, accommodation, etc.). In other cases, the value of subsidy typically determined by project/enterprise characteristics, e.g., level and duration of programme, size of enterprise, type of training.

3.4 Summary of Key Findings

This section presented Indecon's research on the application of different models of funding of training programmes in other countries. The key findings were as follows:

- ❑ Ireland is one of 14 EU Member States examined where a training fund model has been utilised to support training provision.
- ❑ The international experience highlights that many member states have used training funds to support the development of human capital via Higher Educational and training programmes and also to provide enterprise grants to incentivise training expenditures within individual firms.
- ❑ The approach to governance of training funds, and the level of employer input to these funds, varies significantly across countries. The evidence suggests that where a separate agency manages ring-fenced training funds, enterprise inputs via board or other representation is the norm. Where funds are used to support a central government expenditure programme, this is more difficult. However, in most of the cases examined, significant inputs from enterprises are secured concerning the prioritisation of training funds.

4 Overview of NTF Funding and Expenditures

4.1 Introduction

This section presents an overview of the trends in, and broad characteristics of NTF income and expenditures.

4.2 Trends in NTF Income and Expenditure

Overall developments in NTF income and expenditure

A breakdown of NTF income is presented in Table 4.1, in respect of the outturn for 2017 and the projection for 2018 based on the Revised Estimates 2018. The NTF is primarily resourced by a levy on employees' earnings in respect of employees in Class A and Class H employments, which represents approximately 75% of all insured employees (this was reduced in 2011 to 0.35% for certain employees as part of the Government's Jobs Initiative). The Government, as part of Budget 2018, increased the rate of the NTF levy by 0.1% in 2018 to 0.8%, and a further 0.1% will apply in 2019 and 2020. The latter two increases are, however, subject to reforms in how the NTF is managed, evaluated and reported upon. The NTF levy is collected through the PAYE/PRSI system and funds are transferred monthly to the Department of Education and Skills by the Department of Social Protection. Any expenditures from the NTF are sanctioned by the Department of Public Expenditure and Reform. The National Training Fund Act provides that where there is a shortfall in the Fund in any financial year, the amount of that shortfall may be paid into the Fund from money provided by the Oireachtas. The NTF levy accounted for €405.1 million or almost 99% of the overall NTF income in 2017, with the balance provided mainly by €4.2 million in European Social Fund (ESF) support and €354,000 from the European Globalisation Adjustment Fund. The Revised Estimates project that NTF income will increase to €558.9 million in 2018, as resulting from the combined impacts of the strong growth in employment and incomes, and the increase in the levy rates announced in the Budget.

Table 4.1: Composition of National Training Fund Income – 2017-2018

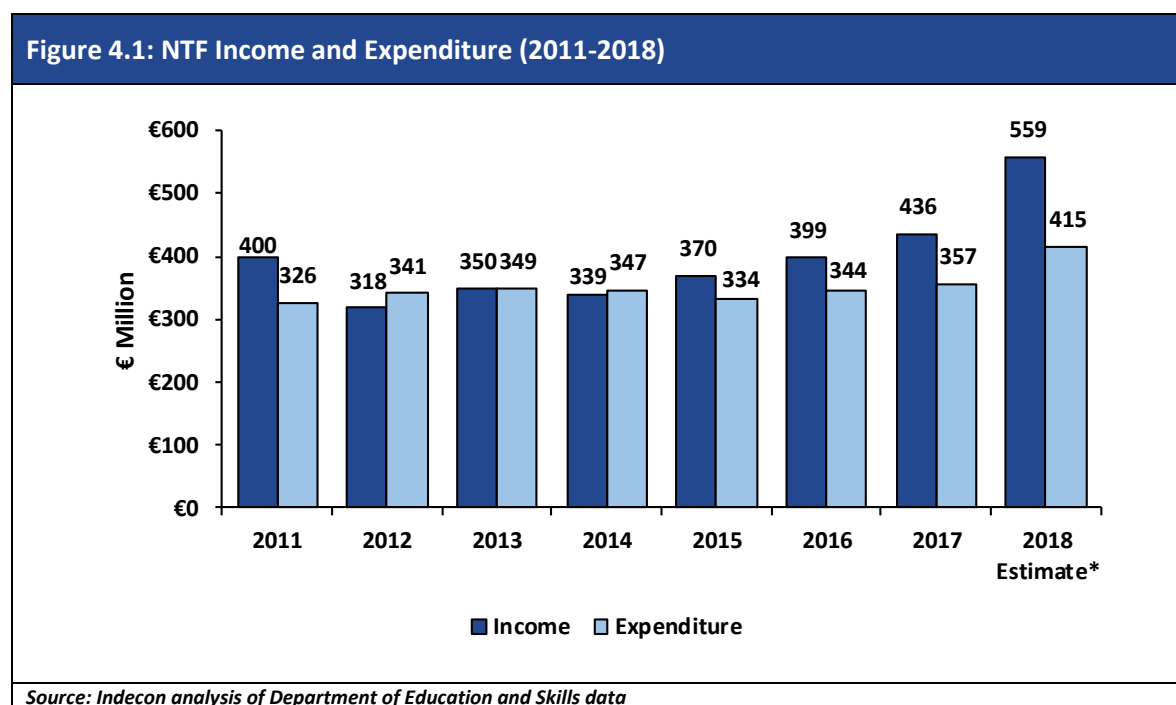
Component/Source	2017 Actual - € '000	2018 Estimate - € '000
National Training Fund Levy	431,000	553,756
European Social Fund	4,206	5,000
European Globalisation Adjustment Fund	354	-
Investment and Interest Income	6	137
Total NTF Income	435,566	558,893

Source: Department of Public Expenditure and Reform, Revised Estimates 2018

Figure 4.1 below charts the overall trend in NTF income and expenditure over the period 2011-2017. On an historical basis, the NTF's income has increased in each of the last six years, and particularly since 2015, as the Irish economic and labour market recovery and employment growth have strengthened. This has also in part been influenced by the allocation of PRSI funds. The evidence also shows that the growth in overall Fund expenditure has lagged behind income, giving rise to an increasing surplus. With expenditure totalling €357 million relative to income of €431 million, this annual surplus reached €78.5 million in 2017. The Revised Estimates project that NTF expenditure will increase to €415 million in 2018, relative to projected income of €559 million, implying a projected annual surplus of €143 million. Is it worth noting here that the expenditure ceiling is set at Budget time, and decisions on expenditures the NTF must be taken when all Government expenditure is being considered, as a result of budgetary policy and EU fiscal rules.

Surpluses in the NTF have helped maintain expenditures during the recession. However, the gap between income and expenditure has implications for the reform of the NTF. The 2018 Revised Estimates project a cumulative surplus carried forward of €460m in 2018.

While the NTF surplus is not a focus for this review, the gap between income and expenditure has implications for the NTF in future periods and a need over time, subject to EU fiscal rules to use this surplus to support the funding tap in the Higher Education sector and to address skill gaps in the Irish labour force. Surpluses in the NTF have, however, helped maintain expenditures during the recession.



Allocation of NTF funding across recipient agencies/bodies

When the NTF was established, the Fund was ringfenced to fund conventional training, with the primary focus being on training activity delivered by FÁS (When FÁS was dissolved its statutory functions were transferred to a number of bodies. Currently some of the training activities are now provided by the ETBs, which are funded by SOLAS), with training delivery being fully funded by the NTF (while pay and other administration costs were funded by the Exchequer). However, over time, the scope of the NTF have evolved. The recent developments in relation to the allocation of NTF funding across recipient agencies/bodies are described in Table 4.2.

Table 4.2: NTF Funding Provision by Recipient Agency/Organisation - € Million (2015-2017)						
Recipient	2015		2016		2017	
	€ Million	%	€ Million	%	€ Million	%
SOLAS - ETBs	275.6	82.5%	285.3	82.9%	288.2	80.7%
HEA	27.4	8.2%	28.3	8.2%	36.6	10.3%
Skillnet Ireland	16.2	4.9%	16.2	4.7%	18.2	5.1%
DEASP	7.4	2.2%	7.1	2.1%	6.7	1.9%
Enterprise Agency Training Grants (IDA Ireland and Enterprise Ireland)	6.5	2.0%	6.5	1.9%	6.5	1.8%
The Wheel	0.4	0.11%	0.4	0.1%	0.4	0.11%
Expert Group on Future Skills Needs	0.3	0.10%	0.2	0.06%	0.3	0.10%
EGF	0.0	0.0%	0.2	0.05%	0.1	0.03%
Engineers Ireland	0.1	0.02%	0.1	0.02%	0.1	0.02%
Total	333.9	100%	344.2	100%	357.1	100%

Source: Indecon analysis of Department of Education and Skills data

An important recent feature has been the broadening of the scope of the Fund, with the introduction of new programmes involving other agencies and stakeholders as well as SOLAS, and with an increased role outside of the traditional training focus. The NTF now channels funding to programmes delivered across ten different government departments, agencies and other bodies. These include the Higher Education Authority's Springboard programme, in addition to mainstream Higher Education programmes. This is evident in the finding that while SOLAS remains the largest recipient of NTF funding – accounting for over 80% of funding allocated from the NTF in each of the last three years – for the first time in 2017, the HEA benefitted from over 10% of NTF funding allocated. Of note is the very small percentage of the NTF which is allocated to enterprise training grants.

It is also instructive to examine the role or contribution of the NTF in the overall expenditures of agencies/bodies on these programmes. The analysis in Table 4.3 overleaf indicates that the NTF funded just under three-quarters of the overall level of expenditure on NTF-supported programmes delivered across the beneficiary agencies/bodies, while the NTF contribution ranged between 29%

and 100% of individual programme spend across these agencies/bodies. At individual programme level, the analysis also indicates that within SOLAS, 100% of programme expenditures on apprenticeships and on the SST programme were funded by the NTF, while just over half of expenditure on the VTOS programme is NTF-funded. In 2018 all HEA apprenticeship and some full areas of labour market focussed Higher Education provision was funded by NTF in line with the evolving strategic direction of the NTF.

Table 4.3: Role of NTF Funding in NTF-supported Training Programmes – 2017

NTF Funding Recipient Agency/Body and Programme	Total Expenditure on Programme – 2017 - € (A)	NTF Funding Component – 2017 - € (B)	NTF Funding % ((B) / (A))
SOLAS	318.1	288.2	90.6%
<i>Of which:</i>			
VTOS	71.9	39.3	54.6%
Apprenticeships	60.9	60.9	100.0%
SST	54.8	54.8	100.0%
HEA	87.2	36.7	42.1%
<i>Of which:</i>			
Springboard	26.8	26.8	100.0%
HEA Apprenticeships	23.4	4.3	18.4%
Labour Market Focused Higher Education Provision	37.0	5.6	15.1%
Skillnet Ireland	31.6	18.2	57.5%
DEASP	8.8	6.7	76.1%
Enterprise Agencies	20.7	6.5	31.4%
The Wheel	0.5	0.4	79.5%
Engineers Ireland	0.3	0.1	29.3%
EGF	0.1	0.1	100.0%
Total	467.3	356.8	76.4%
Source: Indecon analysis of DES data.			
Note: Total SOLAS expenditures are based on SOLAS funding provision. Engineers Ireland estimated expenditure based on income for CPD accreditation. There is a further €0.34 million expenditure on the EGFSN bringing total NTF expenditure to €357.1m.			

As well the introduction of new programmes, a feature of the recent movement away from the earlier, more ringfenced operation of the NTF has been the institutional change that has taken place in the Further Education and Training sector. This has included bringing responsibility for exchequer-funded further education activity together with NTF-funded training, at Government Department level, and at the level of SOLAS and the Education and Training Boards (ETBs).

Another feature has been a review of the approach to allocation of funding to programmes in the Further Education and Training and Higher Education sectors as between NTF and exchequer sources. This is evident in the re-balancing of funding from the Exchequer to the NTF, which was announced in Budget 2018, amounting to €55 million and relating to a transfer of skills-related Higher Education funding from the Exchequer (comprising €18 million to apprenticeship activity in the HE sector and €37 million to labour-market focused HE provision). There has also been a move to fund some training activity with a less immediate labour market focus to the Exchequer.

In addition, since Budget 2018, the Government has signalled an expansion of the future role of the NTF through the recent announcement of an increased employer contribution as part of new funding arrangements for Higher Education, which is designed to recognise the role of Higher Education in delivering skills and talent for enterprise, and in supporting innovation and productivity gains.

Learners on skill-focussed HE and labour market focussed FET programmes are an important source of skills. NTF funding of such programmes is consistent with the recommendations of the 2016 report of the Expert Group on Future Funding for Higher Education (the 'Cassells report') which, inter alia, recommended that "a structured contribution from employers [should be] a core element of future functioning for Higher Education."⁶

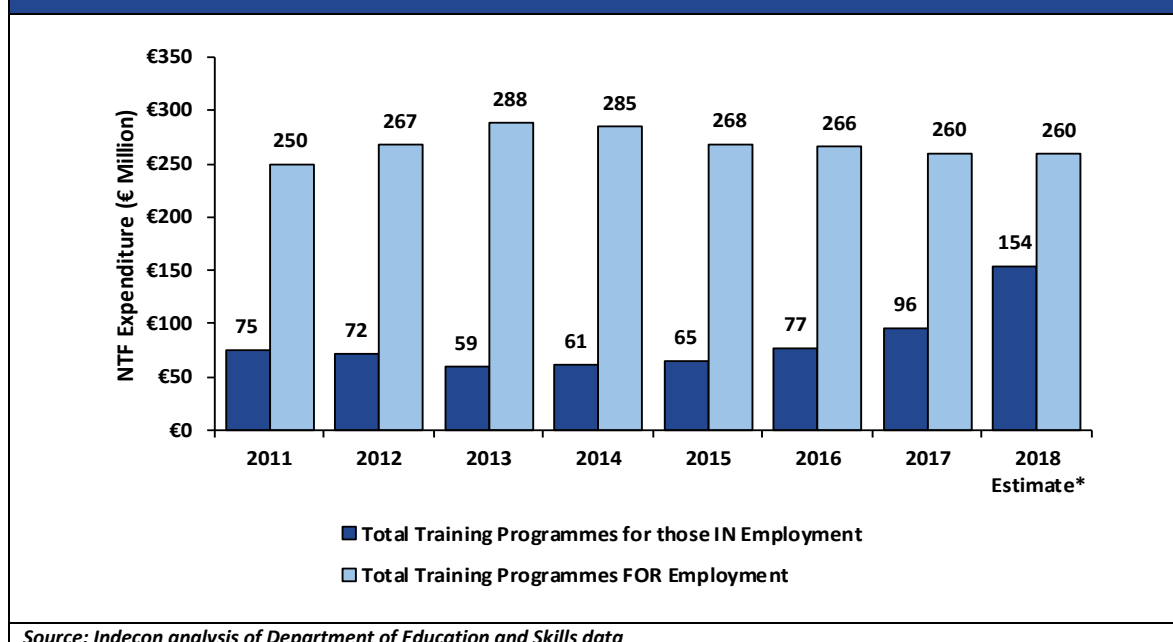
These developments highlight an important issue in relation to the strategic focus of the NTF, namely whether the focus of the Fund, which is primarily employer-funded, should be on programmes which are closer to the labour market and whether programmes which have no direct labour market focus should obtain any funding from the NTF or such expenditures may be more appropriately funded by the Exchequer.

NTF expenditure on in-employment versus for-employment supports

In assessing the ongoing relevance of the NTF's core objectives, an issue concerns the balance of resources deployed towards programmes which provide training for individuals who are already in employment versus supports for jobseekers and other persons who are seeking employment. Figure 4.2 overleaf describes the historical division of NTF expenditures between programmes which are designed to upskill those in employment and resources which are allocated to supports for those seeking employment. NTF expenditure has traditionally been predominantly focused on provision of supports for jobseekers, where overall expenditure saw a recent peak of €288 million in 2013. As the economic recovery has strengthened, spending on programmes for jobseekers has started to decrease, but still accounted for €260 million in 2017, despite overall unemployment levels falling sharply. Spending growth on supports for those who are in employment has accelerated, but from a much lower base. As noted earlier this classification does not take account of the complexities of the labour market. For example, some individuals who are receiving funding for employment training may be unlikely to enter the labour force in the short term while others in this category (for example Higher Education learners) may be developing skills which are essential to future labour force needs. It is however indicative of the focus of the NTF.

⁶ *Investing in National Ambition: A Strategy for Funding Higher Education*, Report of the Expert Group on Future Funding for Higher Education, July 2016. See: <https://www.education.ie/en/Publications/Policy-Reports/Investing-in-National-Ambition-A-Strategy-for-Funding-Higher-Education.pdf>.

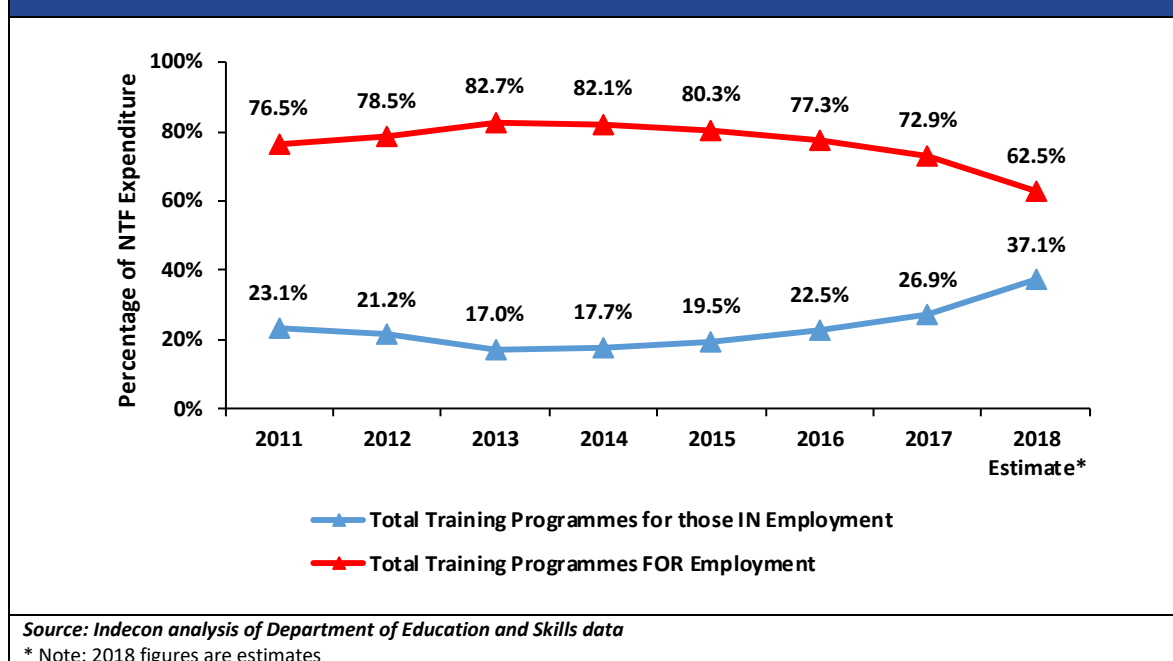
Figure 4.2: NTF Expenditure for Employment and for those in Employment (2011-2018)



Source: Indecon analysis of Department of Education and Skills data

Examined in proportionate terms, Figure 4.3 below indicates that the percentage of NTF expenditure allocated to supports for persons seeking employment has fallen, while the proportion of expenditure on supports for those in employment has increased. The extent of change is however not fully reflective of the changes in the labour market. (Of note is that many of those benefiting from “for employment” programmes are undergraduate students and other people who are currently classified as economically inactive).

Figure 4.3: NTF Expenditure for Employment and for those in Employment (2011-2018)



Source: Indecon analysis of Department of Education and Skills data

* Note: 2018 figures are estimates

Table 4.4 below presents the levels and percentage breakdown of NTF expenditure on training programmes for those in employment and for those seeking employment, as well as on the provision of information/research on skills requirements. Increasing the resources allocated to in-employment programmes will be important in ensuring that the skills of the workforce are aligned with the needs of the fast-growing economy and in demonstrating the relevance of the NTF to the enterprise sector. In this context, the Government is starting to re-balance spending to significantly increase the level of NTF supports in this area, with a 60% increase in expenditures for in-employment programmes, to reach an estimated €154 million in 2018. This is expected to increase the proportion of NTF funding allocated to in-employment skills provision to 37.1% in 2018 (from 26.9% in 2017). Despite these changes funding for those who classified acquire skills for the purposes of taking up employment still accounts for the majority of NTF supports (62.5% in 2018).

Table 4.4: National Training Fund Expenditure (2011-2018)								
	2011	2012	2013	2014	2015	2016	2017	2018 Estimate*
Total Training Programmes for those IN Employment	75.3	72.3	59.4	61.3	65.0	77.5	96.0	154.0
<i>Percentage of Total</i>	23.1%	21.2%	17.0%	17.7%	19.5%	22.5%	26.9%	37.1%
Total Training Programmes FOR Employment	249.6	267.4	288.5	284.8	268.2	266.0	260.3	259.6
<i>Percentage of Total</i>	76.5%	78.5%	82.7%	82.1%	80.3%	77.3%	72.9%	62.5%
Provision of Information on Skills Requirements/Regional Skills Fora	1.4	1.1	0.9	0.8	0.7	0.6	0.8	1.9
<i>Percentage of Total</i>	0.4%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%	0.4%
Total Expenditure	326.3	340.9	348.8	346.9	333.9	344.2	357.1	415.4
<i>Source: Indecon analysis of Department of Education and Skills data</i>								
* Note: 2018 figures are estimates								

A breakdown of NTF-funded expenditures on in-employment training programmes is presented in Table 4.5 below. SOLAS and HEA training programmes for those in employment accounted for €69.9 million of NTF-funded expenditure in 2017. These programmes also represent the largest component of the planned increase in overall expenditure in 2018 on training supports for persons in employment. These comprise of funding for important areas of apprenticeships and Skillnet Ireland enterprise training networks. In employment training supports from the NTF also include agency training grants to firms as well as support for regional skill development. However, these latter two areas represent only a very small percentage of overall NTF funding.

Table 4.5: NTF-funded Expenditure on In-Employment Training Programmes (€ Million)								
	2011	2012	2013	2014	2015	2016	2017	2018 Estimate*
Apprenticeship (SOLAS and HEA)	54.2	52.5	39.6	39.6	42.6	55.1	69.9	122.0
Training Networks Programmes - Skillnet Ireland	11.6	11.5	11.0	11.9	12.6	12.6	16.4	19.5
Training Grants to Industry (IDA Ireland and Enterprise Ireland)	6.2	5.8	5.8	6.5	6.5	6.5	6.5	6.5
Workplace Basic Education Fund (SOLAS)	2.8	2.2	2.5	2.8	2.8	2.8	2.8	3.0
Traineeship for those in Employment (SOLAS)	-	-	-	-	-	-	-	1.5
Community & Voluntary Organisations (The Wheel)	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Continuing Professional Development (Engineers Ireland)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Regional Skills Innovation	-	-	-	-	-	-	-	1.0
Total Training Programmes for those IN Employment	75.3	72.3	59.4	61.3	65.0	77.5	96.0	154.0
<i>Source: Indecon analysis of Department of Education and Skills data</i>								
Note: 2018 figures are estimates								

In proportionate terms, the analysis in Table 4.6 overleaf indicates that SOLAS and HEA training programmes in employment accounted for the largest proportion (73%) of overall NTF expenditures on training programmes for persons in employment in 2017.

Table 4.6: NTF-funded Expenditure on In-Employment Training Programmes - % Breakdown								
	2011	2012	2013	2014	2015	2016	2017	2018 Estimate*
Apprenticeship (SOLAS and HEA)	72.1%	72.6%	66.6%	64.6%	65.6%	71.1%	72.8%	79.2%
Training Networks Programmes - Skillnet Ireland	15.4%	15.9%	18.5%	19.5%	19.4%	16.3%	17.1%	12.7%
Training Grants to Industry (IDA Ireland and Enterprise Ireland)	8.2%	8.0%	9.8%	10.6%	10.0%	8.4%	6.8%	4.2%
Workplace Basic Education Fund (SOLAS)	3.7%	3.0%	4.3%	4.6%	4.3%	3.6%	2.9%	1.9%
Traineeship for those in Employment (SOLAS)	-	-	-	-	-	-	-	1.0%
Community & Voluntary Organisations (The Wheel)	0.5%	0.5%	0.6%	0.6%	0.6%	0.5%	0.4%	0.3%
Continuing Professional Development (Engineers Ireland)	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Regional Skills Innovation	-	-	-	-	-	-	-	0.6%
Total Training Programmes for those IN Employment	100%	100%	100%	100%	100%	100%	100%	100%
<i>Source: Indecon analysis of Department of Education and Skills data</i>								
Note: 2018 figures are estimates								

As is the case with expenditure on training programme for those in employment, SOLAS/ETB programmes also account for the largest portion of expenditure for those seeking employment. As shown in Table 4.7 overleaf, €218.5 million was spent on SOLAS training programmes for the unemployed in 2017, with Springboard+ the second largest in terms of programme expenditure (€26.8 million of expenditure in 2017). Springboard+, however, is now also open to those in employment. The estimates for 2018 project a decrease in expenditure on these programmes to €182.5 million, as demand for jobseeker training continues to decline. The figures also show a shift toward using NTF employment levy to contribute a small element of overall funding for Higher Education.

Table 4.7: NTF-funded Expenditure on Training Programmes for Persons Acquiring Skills for Purposes of Taking Up Employment (€ Million)								
Programme (NTF Funding Recipient Agency/Body)	2011	2012	2013	2014	2015	2016	2017	2018 Estimate*
Training People for Employment (SOLAS/ETBs)	235.1	243.7	245.5	236.1	218	222.3	218.5	182.5
<i>Of which:</i>								
- Training Programmes for the Unemployed	235.1	243.7	238	222.6	212	216.3	218.5	182.5
- Vocational Training Opportunities Scheme (VTOS)			7.5	13.4	6	6		
Springboard+ (HEA)		12.8	21.7	28.7	27.4	27.8	26.8	30.4
<i>Of which:</i>								
- Springboard+		10.2	18.4	23.7	22.4	20.4	26.8	30.4
- ICT Skills Programme		2.6	3.3	5	5	7.4		
Training Networks Programme - Jobseekers (Skillnet Ireland)		3	3.5	3.8	3.6	3.6	1.8	2.2
European Globalisation Adjustment Fund (EGF)	1.7	0.9	0.4	0.9		0.2	0.1	0.1
Technical Employment Support Grant (DEASP)		4.3	3.8	3.7	3.2	2.9	2.5	3.2
Community Employment Training (DEASP)		1.6	3.6	3.7	4.2	4.2	4.2	4.2
Labour Market Activation Fund (DES)	12.8							
Labour Market Education & Training Fund / Momentum (DES)		1.1	10	8	11.8	5.1	0.8	
Labour Market Focused HE Provision (HEA)							5.6	37
Total Training Programmes FOR Employment	249.6	267.4	288.5	284.8	268.2	266.1	260.3	259.6
<i>Source: Indecon analysis of Department of Education and Skills data</i>								
Note: 2018 figures are estimates								

As can be seen in Table 4.8, the percentage of NTF expenditure on training provision for those wishing to take up employment accounted for by SOLAS training programmes for the unemployed has fallen over time, from 94.2% in 2011 to 83.9%. Springboard+ accounts for over 10% of expenditure, with this expected to increase further to almost 12% in 2018.

Table 4.8: NTF-funded Expenditure on Training Programmes for Persons Acquiring Skills for Purposes of Taking Up Employment - % Breakdown								
Programme (NTF Funding Recipient Agency/Body)	2011	2012	2013	2014	2015	2016	2017	2018 Estimate*
Training People for Employment (SOLAS/ETBs)	94.2%	91.1%	85.1%	82.9%	81.3%	83.5%	83.9%	70.3%
<i>Of which:</i>								
- Training Programmes for the Unemployed	94.2%	91.1%	82.5%	78.2%	79.0%	81.3%	83.9%	70.3%
- Vocational Training Opportunities Scheme (VTOS)	-	-	2.6%	4.7%	2.2%	2.3%	-	-
Springboard+ (HEA)	-	4.8%	7.5%	10.1%	10.2%	10.4%	10.3%	11.7%
<i>Of which:</i>	-							
- Springboard+	-	3.8%	6.4%	8.3%	8.4%	7.7%	10.3%	11.7%
- ICT Skills Programme	-	1.0%	1.1%	1.8%	1.9%	2.8%	-	-
Training Networks Programme - Jobseekers (Skillnet Ireland)	-	1.1%	1.2%	1.3%	1.3%	1.4%	0.7%	0.8%
European Globalisation Adjustment Fund (EGF)	0.7%	0.3%	0.1%	0.3%	0.0%	0.1%	0.04%	0.04%
Technical Employment Support Grant (DEASP)	-	1.6%	1.3%	1.3%	1.2%	1.1%	1.0%	1.2%
Community Employment Training (DEASP)	-	0.6%	1.2%	1.3%	1.6%	1.6%	1.6%	1.6%
Labour Market Activation Fund (DES)	5.1%	-	-	-	-	-	-	-
Labour Market Education & Training Fund / Momentum (DES)	-	0.4%	3.5%	2.8%	4.4%	1.9%	0.3%	0.0%
Labour Market Focused HE Provision (HEA)	-	-	-	-	-	-	2.2%	14.3%
Total Training Programmes FOR Employment	100%	100%	100%	100%	100%	100%	100%	100%
<i>Source: Indecon analysis of Department of Education and Skills data</i>								
Note: 2018 figures are estimates								

4.3 Outputs of NTF-funded Programmes

Table 4.9 overleaf presents an overview of recent developments in relation to NTF-funded programme outputs by funding recipient agency/body, measured in terms of the number of beneficiaries supported in each programme which is fully or partly funded by the NTF.

Table 4.9: Summary of Number of Participants/Beneficiaries Supported by NTF-funded Programmes			
NTF Funding Recipient Agency/Body	2015	2016	2017
SOLAS (Various in-employment and for-employment training)	74,692	74,668	73,402
Skillnet Ireland	48,923	50,328	51,900
Department of Employment Affairs and Social Protection (Community Employment Training and Technical Employment Support Grant)	33,393	31,913	25,433
HEA (Springboard+ / ICT Skills, Apprenticeship, Labour Market Focussed HE)	8,184	11,062	14,373
Engineers Ireland (CPD Training)	18,957	20,829	17,304
Enterprise Agencies (Training to Industry)	8,643	9,627	14,198
The Wheel	2,323	3,832	4,330
European Globalisation Adjustment Fund	15	66	32
Source: Department of Education and Skills data			
Note: * Participants/beneficiaries on programs are counted in different ways according to the methodologies used by their funding bodies, and it is therefore not appropriate to sum the above figures across different programmes.			

As the definition of participants/beneficiaries varies across agencies/bodies and programmes, caution is required in attempting to compare or aggregate figures. Of importance, however, is the alignment of programme outputs with the needs of the economy and the labour market, and the effectiveness of programmes in delivering positive progression outcomes for participants. A more detailed analysis of NTF-supported training delivered by SOLAS, Skillnet Ireland and HEA programmes is presented in Sections 5-7 of this report. However, examination of the recent developments *within* the main agencies and programmes indicates steady participation levels in SOLAS/ETB programmes and expanding participation levels in Skillnet Ireland and HEA programmes, driven in part by increased employment opportunities across the Irish economy. The Community Employment Training and Technical Employment Support Grant programmes delivered by the Department of Employment Affairs and Social Protection have seen declining beneficiary numbers in part reflecting falling unemployment. The numbers of participants benefitting from training provided by the industrial development agencies (IDA Ireland and Enterprise Ireland) have expanded strongly over the last three years.

4.4 Summary of Key Findings

This section presented an overview of the trends in, and broad characteristics of NTF income and expenditures. The key findings and implications are as follows:

- ❑ The NTF is primarily resourced by a levy on employers (presently 0.8% of reckonable earnings in respect of employees in Class A and Class H employments, which represents approximately 75% of all insured employees).
- ❑ The NTF's income has increased in each of the last six years, and particularly since 2015, as the Irish economic and labour market recovery and employment growth have strengthened. This has also in part been influenced by the allocation of PRSI funds. However, growth in overall Fund expenditure has lagged behind income, giving rise to an increasing surplus. The 2018 Revised Estimates project a cumulative surplus carried forward of €460m.
- ❑ Surpluses in the NTF have helped maintain expenditures during the recession. The gap between income and expenditure has implications for the NTF in future periods, and there is a need over time, subject to EU fiscal rules, to use this surplus to support the funding gap in the Higher Education sector and to address skill needs in the Irish labour force. This is of importance as the enterprise sector benefits significantly from the Higher Education outcomes both in terms of skills and research.
- ❑ Over time, the scope of the NTF has broadened, with the introduction of new programmes involving other agencies and stakeholders as well as SOLAS, and with an increased role outside of the historical focus on FÁS/SOLAS training. The NTF now channels funding to seventeen programmes/expenditure lines delivered across ten different government departments, agencies and other bodies.
- ❑ While SOLAS remains the largest recipient of NTF funding, its share of overall NTF expenditure has fallen to 80%, as new programmes have been supported by the Fund. These include HEA programmes, which for the first time in 2017, have benefitted from over 10% of NTF funding allocated.
- ❑ There has also been a change in the allocation of funding to programmes in the Further Education and Training and Higher Education sectors as between NTF and exchequer sources. This is evident, for example, in a re-balancing of funding from the Exchequer to the NTF, which was announced in Budget 2018, amounting to €55 million and relating to a transfer of skills-related Higher Education funding from the exchequer.
- ❑ In addition, since Budget 2018, the Government has signalled an expansion of the future role of the NTF through the recent announcement of an increased employer contribution as part of new funding arrangements for Higher Education, which is designed to recognise the role of Higher Education in delivering skills and talent for enterprise, and in supporting innovation and productivity gains.
- ❑ An important issue concerns the balance of resources deployed towards programmes which provide training for individuals who are already in employment versus supports for jobseekers and other persons who are seeking employment. As the economic recovery has strengthened, spending on programmes for jobseekers has started to decrease. However, it remains the case that the majority (62.5%) of NTF funding is allocated to programmes which are focussed on providing skills to individuals for the purposes of taking up employment, despite overall unemployment levels falling sharply. By contrast, spending growth on supports for those who are in employment has accelerated, but from a much lower base.

- Indecon’s analysis indicates that the core objectives of the NTF remain valid but there are key issues relevant to consideration of the appropriate future strategic focus of the NTF. These include the need to ensure an appropriate balance of resources deployed between in-employment versus for-employment programmes; and to focus on skills which are required by the enterprise sector. There is also merit in specific interventions which are targeted at the needs of employers and to help workers most at risk from Brexit.

5 Evaluation of NTF-supported Expenditures – SOLAS

5.1 Introduction

This section evaluates the NTF-supported training programmes funded by SOLAS, which is the largest recipient of NTF funding. It is important to note that the majority of the SOLAS-funded programmes are provided by Education and Training Boards (ETBs).

5.2 Assessment of Effectiveness and Efficiency

Table 5.1 below shows NTF expenditure on SOLAS-funded programmes which are fully or partly funded by the NTF. There have been slight increases in NTF expenditure in 2016 and 2017 on these programmes, with NTF expenditure on SOLAS/ETB programmes reaching €288.2 million in 2017. Whilst there are some programmes that are partly funded by the NTF, the majority of programmes that receive NTF funding are fully funded by the NTF.

Table 5.1: Total NTF Expenditure on NTF-funded SOLAS/ETB Programmes (€ Million)			
	2015	2016	2017
In Employment	45.4	57.5	68.4
For Employment	229.8	227.4	219.3
Provision of Information on Skills Requirements	0.4	0.4	0.5
Total	275.6	285.3	288.2
<i>Source: DES NTF Expenditure Report</i>			
Notes: Planned funding provision for VTOS in 2017 was €71.9 million, with the programme being partly funded by NTF and partly by the Exchequer. The above figures only include the NTF expenditure.			

Table 5.2 shows most of the expenditure was accounted for by 'for employment programmes', with the remainder on in-employment training. There has however been an increase in the percentage of expenditure on in-employment training from 16.5% in 2015 to 23.7% in 2017 due to the increase in the number of apprenticeships funded.

Table 5.2: Total NTF/Exchequer Expenditure on NTF-funded SOLAS/ETB Programmes - %			
Programme Theme (Percentage Breakdown)	2015	2016	2017
In Employment	16.5%	20.1%	23.7%
For Employment	83.4%	79.7%	76.1%
Provision of Information on Skills Requirements	0.1%	0.2%	0.2%
<i>Source: DES NTF Expenditure Report</i>			
Notes: Planned funding provision for VTOS in 2017 was €71.9 million, with the programme being partly funded by NTF and partly by the Exchequer. The above figures only include the NTF expenditure.			

Table 5.3 contains a detailed breakdown of SOLAS funding provision for NTF-funded programmes. Data may differ for some programmes from NTF expenditure, due to programmes like VTOS being partly funded by both NTF and from exchequer funding and also due to operational costs which may not be captured by individual programme costs.

VTOS is the programme with the highest funding provision. This is followed by Specific Skills Training and Apprenticeship Training. The funding provision for the only in-employment programme namely Apprenticeship Training has grown since 2015, reflecting the increase in funding provision for training in employment. The data also shows the significance of expenditure on specialist training programmes for people with disabilities.

Table 5.3: SOLAS Funding Provision for NTF-funded Programmes (2015-2017) (€ Million)				
Programme	Mainly caters for	2015	2016	2017
Apprenticeship Training	Apprentices	35.5	43.8	53.4
VTOS	Jobseekers	69.5	71.8	71.9
Specific Skills Training	Jobseekers	57.0	57.8	54.8
Specialist Training Programmes	People with Disabilities	47.5	46.4	45.7
Community Training Centres	Early School Leavers	35.9	32.8	31.4
Local Training Initiatives	Jobseekers	27.0	26.8	25.3
Traineeships Training	Jobseekers	27.1	25.2	22.5
Evening Training	Mixed	5.9	4.9	5.4
Skills for Work (WBEF)	Employees with basic skills	2.0	2.7	2.8
Bridging & Foundation Training	Jobseekers	6.1	3.7	2.7
Other Programmes (Justice, Library, Online)	Mixed	1.4	1.6	1.9
Provision of Information on Skills Requirements		0.4	0.4	0.5
Total Funding Provision		315.2	317.9	318.1
<i>Source: SOLAS data</i>				
Note: This SOLAS funding provision does not equal NTF expenditure as there are some programme (VTOS) which are only partly funded by the NTF.				

A percentage breakdown of the funding provision for each of the NTF-funded programmes is contained in Table 5.4 overleaf.

Table 5.4: SOLAS Funding Provision Percentage Breakdown for NTF-funded Programmes (2015-2017)			
	2015	2016	2017
Apprenticeship Training	11.3%	13.8%	16.8%
Training in Employment	11.3%	13.8%	16.8%
VTOS	22.1%	22.6%	22.6%
Specific Skills Training	18.1%	18.2%	17.2%
Specialist Training Programmes	15.1%	14.6%	14.4%
Community Training Centres	11.4%	10.3%	9.9%
Local Training Initiatives	8.6%	8.4%	7.9%
Traineeships Training	8.6%	7.9%	7.1%
Evening Training	1.9%	1.6%	1.7%
Skills for Work (WBEF)	0.6%	0.8%	0.9%
Bridging & Foundation Training	1.9%	1.2%	0.9%
Other Programmes (Justice, Library, Online)	0.4%	0.5%	0.6%
Training for Employment	88.6%	86.1%	83.1%
Provision of Information on Skills Requirements	0.1%	0.1%	0.2%
Total Funding Provision	100.0%	100.0%	100.0%
<i>Source: SOLAS data</i>			
Note: This SOLAS funding provision does not equal NTF expenditure as there are some programme (VTOS) which are only partly funded by the NTF.			

The existing performance indicators are focussed on activity levels and do not currently permit a comprehensive assessment of the effectiveness of expenditures. However more detailed information to form an assessment of effectiveness is available for some programmes as discussed later in this section. It is however useful to first examine existing data on activity levels. Table 5.5 overleaf demonstrates that the majority of beneficiaries on NTF-funded SOLAS/ETB training for employment programmes, with 63,967 beneficiaries in 2017 on training for employment programmes. The numbers on training in employment programmes have increased since 2015, with the apprentice population growing from 8,317 in 2015 to 12,849 in 2017.

Table 5.5: Reported Beneficiaries on NTF-funded SOLAS/ETB Programmes			
	2015	2016	2017
Training in Employment	5,598	8,028	9,435
Training for Employment	69,094	66,640	63,967
Total All Programmes	74,692	74,668	73,402

Source: DES data

Table 5.6 indicates the recent numbers of beneficiaries on SOLAS/ETB programmes by individual programme. Evening training had the highest number of beneficiaries, at 14,562 in 2017. This had fallen from the previous two years. Specific Skills Training, Apprenticeship Training and VTOS were the three next highest individual programmes in terms of reported beneficiaries in 2017. These three had the highest funding provision, and whilst Evening Training had a much lower funding provision it has a higher number of beneficiaries because of the nature of the programme (part-time).

Table 5.6: Breakdown of Beneficiaries on NTF-funded SOLAS/ETB Programmes (2015-2017)			
	2015	2016	2017
Apprenticeship Training	5,598	8,028	9,435
Training in Employment	5,598	8,028	9,435
Bridging & Foundation Training	2,231	1,281	1,171
Community Training Centres	2,646	3,167	2,982
Evening Training	17,228	14,688	14,562
Local Training Initiatives	4,071	4,292	3,569
Specific Skills Training	13,693	14,310	14,286
Specialist Training Programmes	3,124	3,687	3,594
Traineeships Training	4,079	4,151	3,482
Other Programmes (Justice, Library, Online)	9,582	9,871	8,895
Skills for Work (WBEF)	3,155	2,958	3,460
VTOS	9,285	8,235	7,966
Training for Employment	69,094	66,640	63,967
Total Funding Provision	74,692	74,668	73,402

Source: SOLAS (FET Services Plan)
 Note: This SOLAS funding provision does not equal NTF expenditure as there are some programme (VTOS) which are only partly funded by the NTF.

Across the majority of the programmes the starter retention rate was above 85% in each of the three years, with Apprenticeship Training having the highest starter retention rate in 2017 (99.6%), followed by Specialist Training Programmes (95.8%) and Skills for Work (WBEF) (94.6%).

Table 5.7: Starter Retention Rate on NTF-funded SOLAS/ETB Programmes			
	2015	2016	2017
Apprenticeship Training	99.0%	98.3%	99.6%
Specialist Training Programmes	90.0%	95.0%	95.8%
Skills for Work (WBEF)	95.0%	95.1%	94.6%
Local Training Initiatives	90.0%	94.6%	94.4%
Traineeships Training	92.0%	92.6%	93.4%
Evening Training	91.0%	93.2%	93.2%
VTOS	91.0%	96.5%	92.5%
Specific Skills Training	92.0%	94.3%	92.5%
Bridging & Foundation Training	89.0%	90.2%	90.7%
Justice Workshops	68.0%	75.2%	89.8%
Community Training Centres	77.0%	91.6%	89.6%
Online Learning Programme	81.0%	54.5%	72.5%
Library Training	95.0%	100.0%	N/A
<i>Source: SOLAS (FET Services Plan)</i>			
Note: The starter retention rate measures the percentage of starters who complete more than 25% of the course.			

Three NTF-funded SOLAS/ETB focused programmes had accreditation rates vary by programme. The percentage accreditation rates are calculated based on the estimated number of learners on accredited programmes who to achieve certification, either QQI full or component awards and/or other (non-QQI) awards. The figures show that the VTOS programme which is the largest for-employment programme supported had accreditation rates of an average of over 80%.

Table 5.8: Accreditation Rates for Beneficiaries on NTF-funded SOLAS/ETB Programmes

	2015	2016	2017
Local Training Initiatives	92.0%	80.2%	83.9%
Community Training Centres	85.0%	83.7%	82.6%
Justice Workshops	96.0%	69.3%	77.0%
Specialist Training Programmes	71.0%	76.3%	74.1%
VTOS	83.0%	89.0%	73.4%
Traineeships Training	92.0%	91.1%	64.8%
Evening Training	56.0%	58.3%	43.4%
Bridging & Foundation Training	70.0%	82.3%	37.7%
Specific Skills Training	83.0%	77.9%	32.9%
Skills for Work (WBEF)	39.0%	36.2%	17.6%
Apprenticeship Training	N/A	N/A	13.1%
Online Learning Programme	30.0%	3.2%	5.2%
Library Training	92.0%	0.0%	N/A

Source: SOLAS (FET Services Plan)
Note: The percentage accreditation rates are calculated based on the above number of beneficiaries (learners) on accredited programmes that are estimated to achieve certification, either QQI full or component awards and/or other (non-QQI) awards, divided by the number of beneficiaries (learners) that will complete their course of study in the year.

From a labour skills perspective an important aspect of effectiveness is the progression of participants to either employment or further education or training. While data on this is not available for all programmes it is instructive to examine the outcome for the largest for-employment programme supported namely VTOS.

VTOS

The evidence in Table 5.9 shows an increase in the progression outcomes to employment for VTOS participants from 16.8% in 2015 to 20.6% in 2017.

Table 5.9: NTF-supported SOLAS/ETB VTOS Programme - Analysis of Progression Outcomes - Employment Progression - 2015-2017

Year	No. of VTOS Completers achieving Employment on Exit	Employment on Exit Rate - % of Completions
2015	842	16.8%
2016	752	18.3%
2017	826	20.6%

Source: Indecon analysis of SOLAS data

Over half of those who completed a VTOS course in 2017 progressed to further education or training, as demonstrated in Table 5.10. The percentage of those who completed VTOS training of progressed to further education and training upon exit increased from 47.8% in 2016 to 54.9% in 2017. The available data shows that participants who completed VTOS training had progressions to either employment or training of 75.5% in 2017.

Table 5.10: NTF-supported SOLAS/ETB VTOS Programme - Analysis of Progression Outcomes - FET Progression - 2015-2017

Year	No. of VTOS Completers Progressing to Further Education or Training (FET) on Exit	FET Progression Rate on VTOS Exit - % of Completions
2015	2,390	47.8%
2016	1,918	46.8%
2017	2,198	54.9%

Source: Indecon analysis of SOLAS data

A number of detailed evaluations of other SOLAS programmes have also been undertaken which examined effectiveness in terms of outcomes as measured by progression to employment or progression to further education. For example, an evaluation of the Momentum programmes which were developed to provide education and training for the long-term unemployed showed a progression of those who complete this programme of 23.6% to full-time employment and 6.3% to part-time employment. Participants on the Community Employment Programme recorded progression rates of 38.7 in 2017.

As well as examining the impacts, it is also necessary to evaluate the cost efficiency of programmes. This should be evaluated compared to impacts when the counterfactual modelling is completed. The NTF expenditure per participant for in-employment programmes was lower in 2017 than in 2015. Unit costs per participant were higher for in-employment programmes than in for-employment programmes. As well as examining the impacts it is also necessary to evaluate cost efficiency of programmes but this reflects differences in the types of programmes included in this analysis, with some of the for-employment programmes being part-time programmes. Table 5.12 overleaf shows that there was NTF expenditure per beneficiary of €3,926 for SOLAS/ETB programmes.

Table 5.11 outlines the major evaluations of SOLAS programmes which we have been completed or are currently in progress.

Table 5.11: SOLAS Programme Evaluations

Evaluation	Internal/External
PLC Evaluation	External
Audit of Hospitality Courses in Further and Higher Education	Internal
Evaluating Further Education and Training Expenditure – Strategic Pilot Initiative Report	External
Momentum 2 Evaluation (2015-2016)	External
Momentum Programme Evaluation	External
VTOS and SST	Underway (External)

Source: Indecon analysis

Table 5.12 below outlines funding provision per beneficiary. The differences between SOLAS funding provision and NTF expenditure have been outline previously (alternative sources of funding, administrative costs, etc.). It is important to note some programmes can have higher costs especially if a high number of instructors are required (i.e., a low pupil: instructor ratio). The nature of more specialised programmes (such as the VTOS and SST) can also lead to higher costs than less specialist courses. Thus, analysing the funding provision per beneficiary over time for a single programme may be more appropriate than comparing funding provision per beneficiary across programmes. As was the case with NTF expenditure per beneficiary, funding provision per beneficiary differences by programme type.

Table 5.12: NTF Expenditure per Reported Beneficiary on NTF-funded SOLAS/ETB Programmes

	2015	2016	2017
In Employment	8,110	7,158	7,249
For Employment	3,326	3,412	3,429
Total	3,690	3,821	3,926

Source: Indecon analysis of DES SOLAS data

A comprehensive evaluation of costs for each of the SOLAS/ETB programmes is outside the scope of this overview report. It is, however, likely that some of the programme costs reflect the specific nature of participants assisted. For example, the specific training programme which is focussed on people with disabilities is likely to require higher tutor-to-learner ratios. The decline in unit costs for apprenticeship training in 2017 compared to 2015 is likely to reflect the increase in participant numbers.

Table 5.13: Funding Provision per Beneficiaries on NTF-funded SOLAS/ETB Programmes (2015-2017)

	2015	2016	2017
Apprenticeship Training	6,343	5,456	5,656
Bridging & Foundation Training	2,712	2,860	2,333
Community Training Centres	13,570	10,367	10,516
Evening Training	343	337	372
Local Training Initiatives	6,642	6,246	7,079
Specific Skills Training	4,160	4,042	3,833
Specialist Training Programmes	15,201	12,583	12,704
Traineeships Training	6,649	6,065	6,453
Other Programmes (Justice, Library, Online)	142	161	212
Skills for Work (WBEF)	631	904	800
VTOS	7,487	8,717	9,031

Source: SOLAS (FET Services Plan)

Note: This SOLAS funding provision does not equal NTF expenditure as there are some programme (VTOS) which are only partly funded by the NTF.

5.3 Assessment of Relevance and Responsiveness

An important issue in considering the cost-effectiveness of SOLAS programmes is whether the programme is aligned with the skill needs of the economy. The following table outlines SOLAS's goals, as described in the SOLAS Corporate Plan. Each goal has one or more three-year target. It is clear from these goals that SOLAS is responsible for funding, planning and co-ordinating Further Education and Training in Ireland, including the management of the National Apprenticeship System, the Momentum programme, the European Globalisation Fund (EGF), eCollege Online Learning, the Safepass Health and Safety Awareness Training Programme, and the Construction Skills Certification Scheme.⁷

Table 5.14: SOLAS Goals		
Goal	Description	Three Year Targets
1	Align skills provided through FET courses with those required by the labour market to improve individuals' employment prospects and lifelong learning needs.	30,500 new apprentice and trainee registrations from 2017-2019 Increase in registration from 6,000 in 2016 to 12,400 in 2019 Increase in learners per annum of 10,000
2	Ensure FET provision is equitable and inclusive, and reflects government policies, leading to enhanced access and participation for individuals who are socially, economically or educationally disadvantaged.	A 10 percent increase in the rate of certification on courses primarily focused on social mobility-skills development that is transversal in nature. A 10 percent increase in people progressing to further or Higher Education from these groups.
3	Ensure FET provision is strategic, responsive, and effective, and provides value for money. Continually improve experiences and outcomes for individuals, employers and communities.	Evaluate six types of FET national provision, and present improvement plans to the Department of Education and Skills A 10 percent increase in stakeholder satisfaction with FET provision
4	Agreed goals, targets and timelines will be set out in individual ETB strategic performance agreements with SOLAS.	Connect policy, strategy and actions with an enhanced, knowledge-based, integrated, outcomes-based planning model. Align new funding model to all national and regional objectives.
5	Employers recognise FET's role in the provision of crucial skills for their business. Individuals value the contribution that FET can make to their careers and their lives.	Create a mechanism for learners and employers to connect, with initial emphasis on apprenticeship. A 10 percent increase in stakeholder satisfaction with FET provision
6	Ensure the SOLAS organisation is effectively equipped to carry out its mandate.	Ensure SOLAS is a high-performing executive agency, respected for its teamwork, innovation, integration and adaptability. An energised, motivated and skilled team is supported by a structure aligned with this plan. Demonstrate best practice as a learning organisation.
7	Continue to provide essential support services to key stakeholders.	All service elements will meet performance standards as agreed with stakeholders.

Source: SOLAS Corporate Plan 2017-2019

⁷ For more information, see <http://www.SOLAS.ie>.

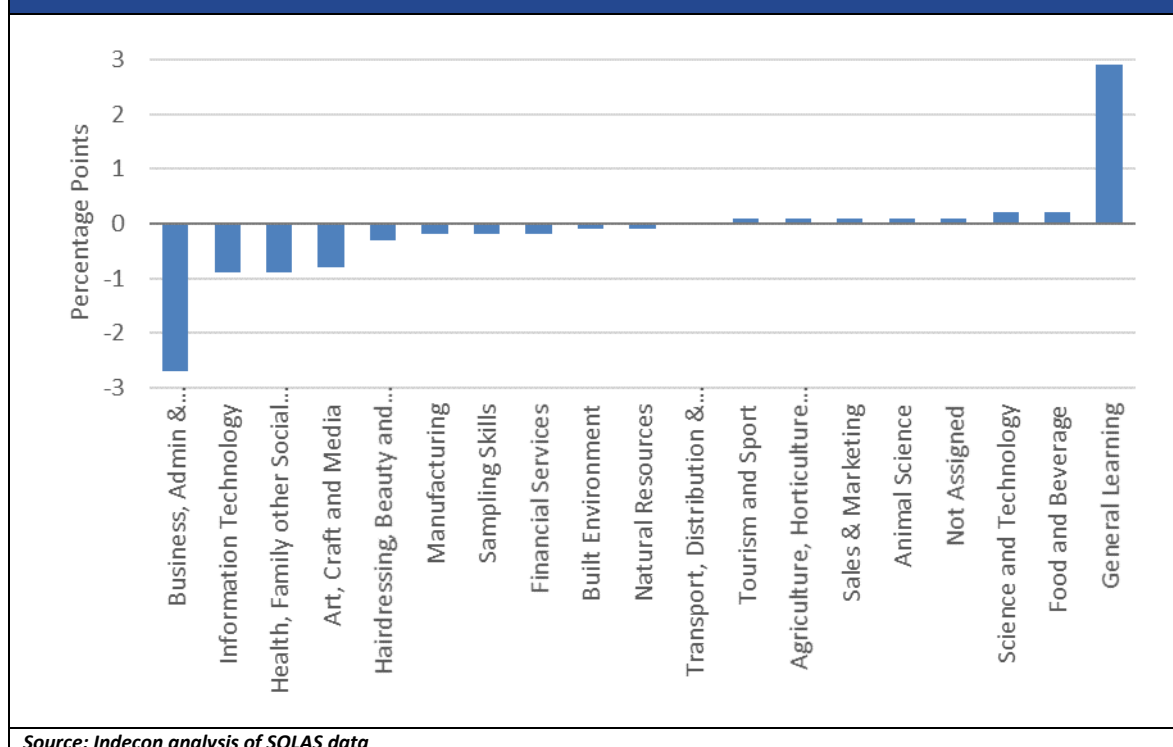
Just under half (46.5%) of SOLAS beneficiaries in 2016 participated in general learning training/courses, as indicated in the following table. These courses tend to be low-intensity, part-time courses with relatively low expenditure and high beneficiary numbers. They also tend to be mostly non-NTF funded courses. The second-most popular courses were in the health, family, other social services sector, representing 13.6% of all SOLAS beneficiaries in 2016. This is followed by courses in the information technology sector (9%), the business, admin & management sector (7%), and art, craft and media (6.5%).

Sector	No. Beneficiaries	Percentage of Total
General Learning	157,714	46.5%
Health, Family and Other Social Services	46,261	13.6%
Information Technology	30,702	9.0%
Business, Admin & Management	23,848	7.0%
Art, Craft and Media	22,126	6.5%
Hairdressing, Beauty and Complementary Therapies	9,249	2.7%
Tourism and Sport	8,984	2.6%
Built Environment	8,287	2.4%
Manufacturing	7,486	2.2%
Agriculture, Horticulture and Mari-culture	4,373	1.3%
Transport, Distribution & Logistics	4,266	1.3%
Food and Beverage	3,308	1.0%
Sampling Skills	3,112	0.9%
Science and Technology	2,949	0.9%
Sales & Marketing	2,417	0.7%
Animal Science	2,086	0.6%
Not Assigned	1,900	0.6%
Financial Services	1,761	0.5%
Natural Resources	354	0.1%

Source: Indecon analysis of SOLAS data

In assessing the changing participation in SOLAS courses over time, there was a general shift in the distribution of course participation by sector between 2015 and 2016. In particular, there was a shift away from courses in the business, admin & management (-2.7 percentage points), information technology (-0.9 percentage points), health, family and other social services (-0.9 percentage points), and art, craft and media sectors (-0.8 percentage points). The increase in beneficiary numbers for general learning courses may also be due to classification changes.

Figure 5.1: Change in Share of SOLAS Beneficiaries by Sector from 2015 to 2016



A summary of the number SOLAS beneficiaries by sector-based course is presented in Table 5.16 overleaf. It is important to note that SOLAS reclassified its sectors in 2017, and therefore some of the 2017 sector-based courses are not directly comparable to those in the previous years. The general learning and core personal courses combined accounted for 46.1% of the total beneficiaries. Similar to previous years, the courses relating to the health, family, other social services sector and the business/administration sector were among the most popular in 2017.

Table 5.16: SOLAS Beneficiaries by Sector (2017)

Sector	Number of Beneficiaries	Percentage of Total
General Learning	75,387	24.8%
Core Personal	64,833	21.3%
Health, Family other Social Services	44,619	14.7%
Business, Administration	21,739	7.1%
Language	9,895	3.3%
Media Graphics Communications	7,401	2.4%
Hairdressing, Beauty and Complementary Therapies	7,322	2.4%
Core ICT	7,318	2.4%
Built Environment	7,237	2.4%
Arts & Crafts	7,112	2.3%
Information Technology	6,941	2.3%
Sport and Leisure	5,822	1.9%
Manufacturing	4,314	1.4%
Transport, Distribution & Logistics	3,712	1.2%
Sales & Marketing	3,509	1.2%
Engineering (Mechanical)	2,844	0.9%
Tourism	2,824	0.9%
Agriculture, Horticulture and Mari-culture	2,642	0.9%
Food and Beverage	2,604	0.9%
Science and Technology	2,346	0.8%
Animal Science	2,125	0.7%
Web Development & Design	2,090	0.7%
Security, Guarding & Emergency Services	2,004	0.7%
Financial Services	1,913	0.6%
Engineering (Transport)	1,084	0.4%
Engineering (Electrical)	1,005	0.3%
Engineering	906	0.3%
Management	831	0.3%
Entrepreneurship	711	0.2%
Research and Education – Training	572	0.2%
Skills Sampling, General Learning & Core Personal	338	0.1%
Engineering (IT)	259	0.1%
Natural Resources	122	0.0%

Source: Indecon analysis of SOLAS data

Apart from general learning, participation in SOLAS courses/training is primarily focused in the areas of health, family/other social services, business and administration, and ICT, which is aligned with some of the sectors where there is greatest need in the economy. The new SOLAS language courses/training is also aligned with the multilingual skill gap identified National Skills Strategy 2025. There is an under-representation of certain high-needs sectors, such as science and technology, financial services, and research and education. However, there is also over-representation of certain sectors that are not identified as being high-growth, high-demand, or having a skills gap, such as hairdressing, beauty and complementary therapies, arts and crafts, and sport and leisure.

5.4 Review of Performance Metrics

Our analysis indicates that most of expenditure on SOLAS programmes are for those who wish to obtain skills for employment but there has been an increase in the percentage of expenditure on in-employment training from 11.3% in 2015 to 16.8% in 2017 due to the increase from 5,598 to 9,435 in number of apprenticeships funded. The issue of reform of the priorities of NTF in terms of support for the training needs of those in employment is discussed in the recommendations.

Our evaluation of the NTF has identified that the existing performance indicators are focussed on activity levels and do not currently present a comprehensive basis for assessing the effectiveness of expenditures in terms of employment or progression to further education or training or other impacts for all of the SOLAS programmes. This is addressed in our recommendations. However, data is available for VTOS which is the largest of the for-employment SOLAS training programmes. This shows an increase in the progression to employment for VTOS participants from 16.8% in 2015 to 20.6% in 2017 and an increase in percentage of participants progressing to either employment or further education and training from 46% to 75.5%.

A number of detailed evaluations of other SOLAS programmes have also been undertaken which examined effectiveness in terms of outcomes as measured by progression to employment or progression to further education. For example, evidence on outcomes of the Momentum programmes, which were developed to provide education and training for the long-term unemployed, showed a progression of those who complete this programme of 23.6% to full-time employment and 6.3% to part-time employment.

An independent impact assessment of SOLAS/VTOS programmes, using counterfactual modelling, is currently underway and will provide further insights into effectiveness. A full evaluation of effectiveness and efficiency requires an econometric counterfactual modelling to identify the net impact of these programmes.

5.5 Summary of Key Findings

This section presented a detailed examination and evaluation of the NTF-supported training programmes delivered by SOLAS/ETBs, which is the largest recipient of NTF funding. The key findings were as follows:

- ❑ Our analysis indicates that most of expenditure on SOLAS programmes are for those who wish to obtain skills for employment but there has been an increase in the percentage of expenditure on in-employment training from 11.3% in 2015 to 16.8% in 2017 due to the increase from 5,598 to 9,435 in the number of apprenticeships funded. The issue of reform of the priorities of NTF in terms of support for training needs of those in employment is discussed in the recommendations.
- ❑ The existing performance indicators are focussed on activity levels and do not currently provide a comprehensive basis for evaluating the effectiveness of expenditures in terms of employment or progression to further education or training or other impacts for all of the SOLAS programmes. However, data is available for a VTOS which is the largest of the for-employment SOLAS training programmes. This shows an increase in the progression outcomes to employment for VTOS participants from 16.8% in 2015 to 20.6% in 2017 and an increase in percentage of participants progressing to either employment or further education and training from 46% to 75.5%.

- ❑ A number of detailed evaluations of other SOLAS programmes have also been undertaken which examined effectiveness in terms of outcomes as measured by progression to employment or progression to further education. For example, evidence on outcomes of the Momentum programmes which were developed to provide education and training for the long term unemployed showed a progression of those who complete this programme of 23.6% to full-time employment and 6.3% to part-time employment.
- ❑ A full evaluation of effectiveness and efficiency requires an econometric counterfactual modelling to identify the net impact of the programmes. An independent impact assessment of SOLAS/VTOS programmes using counterfactual modelling is currently underway and will provide further investigation into effectiveness.

6 Evaluation of NTF-supported Expenditures – HEA

6.1 Introduction

This section contains an analysis of the NTF-supported training programmes delivered by the Higher Education Authority (HEA).

6.2 Assessment of Effectiveness and Efficiency

Expenditure on HEA programmes funded by the NTF increased between 2015 and 2017. This was partially due to the introduction of new post 2016 apprenticeships as part of the HEA's NTF-funded programmes. The total expenditure is expected to increase to over €90m in 2018 with the expansion Labour Market Focused Higher Education Scheme and of the apprenticeship programme that is covered under the HEA's NTF-funded programmes. Two programmes under this new Apprenticeship programme were launched in 2016 with a further three launched in 2017.

Table 6.1: Expenditure on NTF-funded HEA Programmes (€ Million)

	2015	2016	2017
ICT Skills Conversion	5.0	7.4	26.8
Springboard	22.4	20.4	
Total Springboard +	27.4	27.8	26.8
Apprenticeship Programmes	-	0.4	4.3
Labour Market Focused Higher Education	-	-	5.6
<i>Source: HEA and DES data</i>			
Note: Figures for Apprenticeship Programmes above include expenditure on equipment and pre-payments (€2.2 million received by HEA from NTF in December 2017 for 2018 craft apprentices). Actual expenditures (excludes equipment) on students total €420,400 in 2016 and €2,100,750.			

Springboard+ accounted for over 70% of expenditure on NTF-funded HEA programmes, whilst the percentage on Apprenticeship Programmes is expected to rise in 2018. Expenditure on Labour Market Focused Higher Education is also expected to account for a greater percentage of NTF-funded expenditure. This is because expenditure that is currently via Exchequer funding will be transferred to NTF funding from 2018 onwards.

Table 6.2: Expenditure on NTF-funded HEA Programmes Percentage Breakdown

	2015	2016	2017
ICT Skills Conversion	18.2%	26.1%	73.0%
Springboard	81.8%	72.3%	
Total Springboard +	100.0%	98.5%	73.0%
Apprenticeship Programmes	N/A	1.5%	11.7%
Labour Market Focused Higher Education	N/A	N/A	15.3%
Total	100.0%	100.0%	100.0%
<i>Source: HEA and DES data</i>			

Table 6.3 below shows how different NTF-funded programmes have seen their funding evolve over time. Starting in 2016, expenditure on HEA Apprenticeships was partly funded by NTF funding, with the level of NTF support growing in 2017. The total allocation for this programme is expected to transfer completely to NTF funding from exchequer funding in 2018, which is also the case with the Labour Market Higher Education Provision. Both of these programmes are moving from being funded through exchequer funding to being funded via the NTF.

Table 6.3: NTF HEA Expenditure 2014 – 2018						
Programme	Source of Funding	2014	2015	2016	2017	2018
		Spend	Spend	Spend	Spend	Allocation
HEA Apprenticeships	Exchequer	13.1	12.5	14.6	19.1	-
	NTF	-	-	0.4	4.3	32
	Total	13.1	12.5	15	23.4	32
Springboard	Exchequer	-	-	-	-	-
	NTF	28.7	27.4	27.8	26.8	30.4
	Total	28.7	27.4	27.8	26.8	30.4
Labour Market Focused Higher Education Provision	Exchequer	37	37	37	31.4	-
	NTF	-	-	-	5.6	37
	Total	37	37	37	37	37
Total	NTF	28.7	27.4	28.2	36.7	99.4
	Exchequer	50.1	49.5	51.6	50.5	0
	Total	78.8	76.9	79.8	87.2	99.4

Source: DES NTF Expenditure Report

It is clear from Table 6.4 below that the majority of NTF expenditure on HEA programmes falls into the for-employment category. However, there has been an increase in the percentage of expenditure on in-employment programmes. This is expected to rise further in 2018 with the moving of funding of HEA Apprenticeships into NTF funding rather than exchequer funding.

Table 6.4: Percentage Breakdown of NTF Expenditure by Type (HEA)			
	2015	2016	2017
In-Employment	0.0%	1.5%	11.7%
For-Employment	100.0%	98.5%	88.3%

Source: Indecon analysis of DES data

The total number of participants on NTF-funded programmes increased between 2015 and 2017 with the introduction of the post 2016 apprenticeships and the Labour Market Focused Higher Education provision. However, numbers are expected to increase in 2018 with approximately 10,000 students to be funded via the Labour Market Focused Higher Education provision in the following areas: medical devices, tourism and food and languages.

Table 6.5: Participants on NTF-funded HEA Programmes			
	2015	2016	2017
ICT Skills Conversion	1,168	2,070	5,569
Springboard	7,016	8,926	
Total Springboard +	8,184	10,996	5,569
Apprenticeship Programmes	N/A	66	344
Labour Market Focused Higher Education	N/A	N/A	8,497
Total	8,184	11,062	14,410

Source: HEA and DES data

Table 6.6 below shows that over 5,000 of those on Springboard+ in 2015 and over 4,000 of those in 2016 were no longer on the Live Register as of July 2017. A greater number of those on ICT Skills Conversion courses in 2016 were no longer on the Live Register as of July 2017, than those on such courses in 2015.

Table 6.6: Percentage of Participants no longer on Live Register as of July 2017		
	2015	2016
Springboard	73%	60%
ICT Skills Conversion	86%	88%
Total Springboard+	75%	67%

Source: HEA

The data contained in Table 6.7 (overleaf) shows that approximately two-thirds of those on Springboard+ courses in 2015 or 2016 completed their course. The completion rates for ICT Skills Conversion courses marginally exceeded those for Springboard courses in both 2015 and 2016.

Table 6.7: Completion Rate for Springboard+ (2015-2016)

	2015	2016
Springboard	65%	64%
ICT Skills Conversion	69%	65%
Total Springboard+	66%	64%
<i>Source: HEA</i>		

Table 6.8 outlines the progression outcomes of respondents to surveys conducted by Springboard+ course providers. The data contained in the table shows that for those that entered Springboard+ in 2015 63% reported progressing to employment, compared to 34% of respondents who entered in 2011. It is important to note the increase in response rate from 60% to 81% over that time, with there being a possibility that those who progressed to employment being more likely to respond. The improving economic climate is also likely a factor. The percentage of ICT Skills conversion respondents reporting progression to employment has exceeded the Springboard+ progression rate in each year since the beginning of the ICT Skills conversion programme.

Table 6.8: Participants Progressing to Employment as a % of Outcomes Reported (2011-2015)

Year of entry	L8 ICT Skills Conversion	Springboard p/t	All Springboard+	Total Respondents	Response Rate
2011	-	34%	34%	2,911	60%
2012	58%	44%	46%	4,482	70%
2013	69%	55%	56%	4,278	69%
2014	67%	64%	64%	2,772	82%
2015	66%	63%	63%	5,522	81%
Total	64%	56%	57%	19,965	72%
<i>Source: Higher Education Authority</i>					
Note: data is based on 3-6 months following graduation. The source data for these figures is based on data supplied by students to course providers. Not all students respond, and the percentages are based only on respondents.					

Cost per participant increased gradually from 2016 to 2017 for Springboard+, following a fall from 2015 to 2016. (See Table 6.9 overleaf.) The Apprenticeship Programme had a higher unit cost than Springboard+ did and also had a higher cost per participant in 2017. The Labour Market Focused Higher Education Provision had the lowest cost per participant out of the HEA programmes. However, given that 2017 was the first year of the scheme being under NTF funding there is not enough data to identify any trends in cost per participant on this programme.

Table 6.9: NTF Expenditure per Participant on NTF-funded HEA Programmes			
	2015	2016	2017
ICT Skills Conversion	4,281	3,565	4,804
Springboard	3,198	2,290	
Total Springboard +	3,353	2,530	4,804
Apprenticeship Programmes	N/A	6,370	6,843
Labour Market Focused Higher Education	N/A	N/A	659
Total	3,353	3,847	2,397

Source: Indecon analysis of HEA and DES data
 Note: Expenditure per participant on Apprenticeship Programmes removes uses actual expenditure figures which do not include equipment or prepayments. Actual expenditures (excludes equipment) on students total €420,400 in 2016 and €2,100,750.

6.3 Assessment of Relevance and Responsiveness

Springboard+ is a joint initiative that combines Springboard courses and the ICT skills conversion programme. Springboard is an initiative that targets funding of free Higher Education courses to enable jobseekers to upskill or reskill in areas where there are identified labour market skills shortages or employment opportunities. Springboard+ is now also open to those in employment. The ICT skills conversion programme is targeted at jobseekers who already hold a Level 8 or equivalent qualification and have the capacity and underlying aptitude to undergo an intensive full-time programme of study and work experience, to acquire honours degree-level ICT programming skills.

As such, the types of courses offered through the Springboard+ initiative are, by design, aligned with the sectors with high-demand, high-growth and/or an identified skills gap. Evidence on Springboard+ participants by sector, available in Table 6.10, indicates that Springboard+ does fulfil its aim of offering Higher Education courses in areas with skills shortages and employment opportunities. Over the period 2011-2014, the largest proportion of Springboard participants engaged in Higher Education courses in ICT, followed by management/ business/entrepreneurship, manufacturing/biopharmachem, financial services and construction/ green economy. Less than 5% of Springboard participants engaged in courses in other skills sectors over the period. The offering of an ICT skills conversion programme also aligns with the needs of the economy, as the ICT sector has one of the highest job vacancy rates of all sector in Ireland in 2017.

Table 6.10: Springboard+ Participants by Sector, 2011-2014				
HE Sector	2011	2012	2013	2014
ICT	1,892	2,064	1,937	1,407
Management/Business/ Entrepreneurship	1,339	1,176	1,913	1,083
Manufacturing/Biopharmachem	840	1,148	1,134	1,349
Financial Services	349	446	291	333
Construction/Green Economy	535	467	0	82
Other Skills Sectors	25	260	231	65
Total HET Participants	4,980	5,561	5,506	4,319
ICT Skills Conversion Programme	–	704	678	781

Source: HEA

The Labour Market Focused Higher Education Provision introduced in 2017 provides funding to HEIs to cover the cost of delivering Higher Education programmes in the following key skills areas:

- ❑ Medical devices;
- ❑ Tourism and food; and,
- ❑ Languages.

Programmes involving medical laboratory technology, radiology technology and x-ray technology are included under the medical devices skill area. Support for these areas is provide to encourage the study of technologies that are used in the treatment of diseases, as well as in their diagnosis. In terms of tourism and food, the key areas highlighted are catering, hospitality, food serving, hotel services, and hotel and restaurant studies. Foreign languages, translation, interpretation as well as sign language are some of the programmes that would be supported under the languages skill area.

These areas have been identified by the National Skills Council, the Expert Group of Future Skills Needs (EGFSN) or the Skills and Labour Market Research Unit (SLMRU) as some of the areas in which there are skills shortages or needs. This shows a degree of alignment with NTF-funded HEA programmes and the skills needs of the Irish economy.

Figure 6.1 below shows how the percentage of places by NFQ level provided on Springboard has evolved over time since the inception of Springboard. In 2011 there was approximately a 50:50 split between Levels 6/7 and Levels 8/9 with 52.5% of places being provided being for NFQ Levels 8 or 9. This percentage grew in the following years and in 2016 65.1% of places provided were for NFQ Levels 8 or 9, compared to 34.9% for Levels 6 or 7.

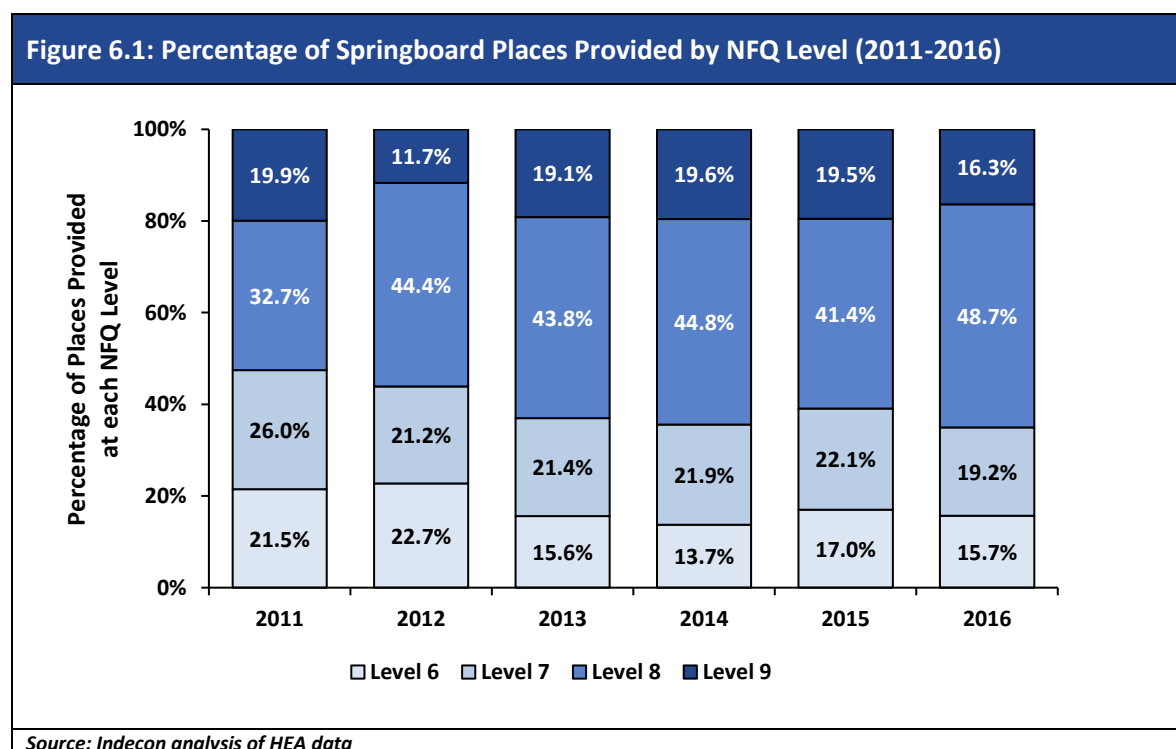


Figure 6.2 presents research by HEA/CSO into the progression outcomes of graduates one year after graduation. It is important to have sight of outcomes from Higher Education as the NTF will be providing funding to the HEA for students as the Labour Market Focused Higher Education Provision moves into the NTF. Over half of those who graduated in 2014 were in substantial employment only a year following graduation, with a further 21% in education and employment.

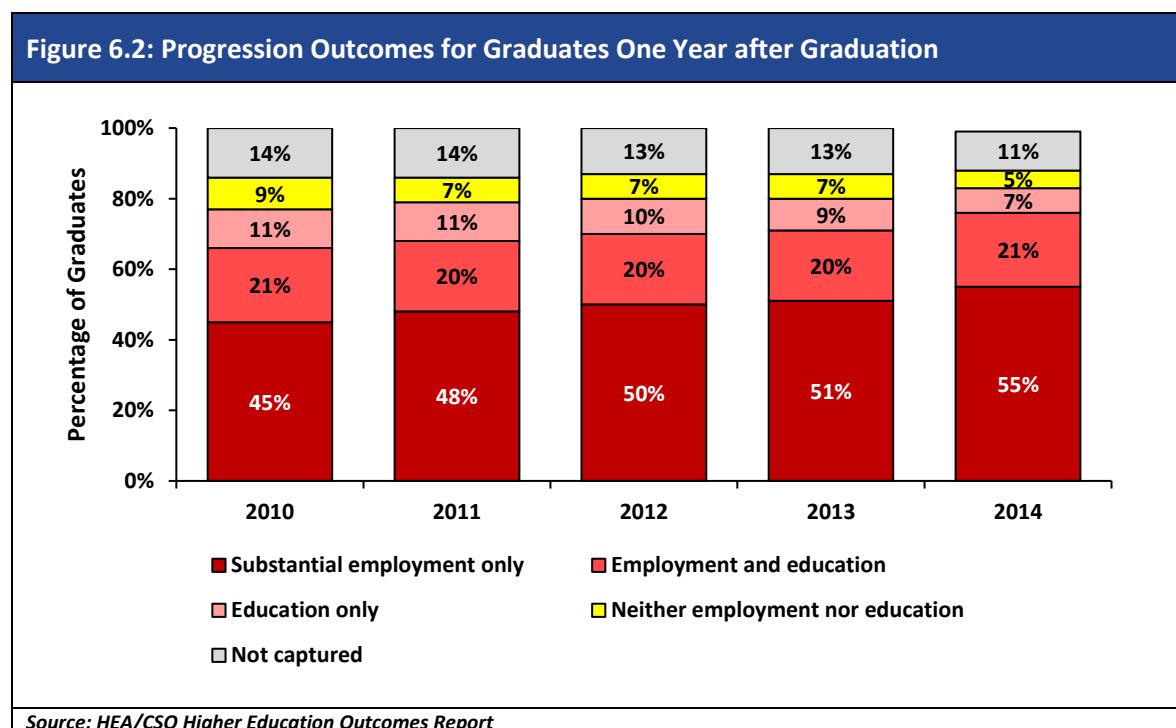


Table 6.11 shows the recent evaluations conducted in relation to NTF-funded HEA programmes. As previously discussed Springboard+ was the only NTF-funded HEA programme prior to 2016. Thus, all of the programme level evaluations that have been conducted on NTF-funded HEA programmes are evaluations of Springboard+. Various trend analyses were completed in relation to Springboard+ before an evaluation of Springboard from 2011-2016 was conducted which assessed the whole programme since 2011 when it was launched.

Table 6.11: NTF-Funded HEA Programme Evaluations	
Evaluation	Internal/External
Stage 1 Evaluation of Springboard	Internal
Stage 2 Evaluation of Springboard (2013)	Internal
Springboard Trend Analysis Part 1 (2014)	Internal
Springboard Trend Analysis Part 2 (2014)	Internal
Springboard Trend Analysis Part 3 (2015)	Internal
Developing Talent, Changing Lives: An Evaluation of Springboard 2011-2016	Internal
Higher Education Outcomes (2018)	Partnered with CSO

Source: Indecon analysis

6.4 Performance Metrics

A full evaluation of effectiveness and efficiency requires an econometric counterfactual modelling to identify the net impact of the programmes. An independent impact assessment of SOLAS/VTOS programmes using counterfactual modelling is currently underway and will provide further insights into effectiveness.

Within the Higher Education sector, the main programme currently funded by NTF is Springboard+ (although partial NTF funding is also provided for HEA apprenticeships and for labour market focused Higher Education provision) Springboard enables jobseekers to upskill or reskill in areas where there are identified labour market skills shortages/employment opportunities. Our analysis also shows Expenditure on HEA programmes funded by the NTF increased between 2015 and 2017. This expenditure is expected to grow in the coming years with the move of programmes such as the Labour Market Focused Higher Education Provision fully into the NTF from exchequer funding. These changes are aligned with the skill needs of the economy.

Evidence on the effectiveness of Springboard can be seen by the fact that progression rates to employment for those who entered Springboard in 2015 were 57% up from 34% for those who entered in 2011. The most recent available data indicates that 63% reported progressing into employment.

6.5 Summary of Key Findings

This section contained an evaluation of the NTF-supported training programmes delivered by the HEA. The key findings were as follows:

- ❑ Expenditure on HEA programmes funded by the NTF increased between 2015 and 2017. This was partially due to the introduction of new post 2016 apprenticeships as part of the HEA’s NTF-funded programmes. This expenditure is expected to grow in the coming years with the move of programmes such as the Labour Market Focused Higher Education Provision fully into the NTF from exchequer funding.
- ❑ Within the Higher Education sector, the main programme currently funded by NTF is Springboard+ (although partial NTF funding is also provided for HEA apprenticeships and for labour market focused Higher Education provision) Springboard enables jobseekers to upskill or reskill in areas where there are identified labour market skills shortages/employment opportunities. Evidence on the effectiveness of Springboard can be seen by the fact that progression rates to employment for those who entered Springboard in 2015 were 57% up from 34% for those who entered in 2011.
- ❑ The types of courses offered through the Springboard+ initiative are, by design, aligned with the sectors with high-demand, high-growth and/or an identified skills gap. Evidence on Springboard+ participants by sector indicates that Springboard+ fulfil its aim of offering Higher Education courses in areas will skills shortages and employment opportunities.

7 Evaluation of NTF-supported Expenditures – Skillnet Ireland

7.1 Introduction

Indecon, in this section, evaluates NTF-funded programmes delivered by Skillnet Ireland.⁸ This involves an examination of expenditures, outputs and outcomes as well as efficiency and an assessment of the relevance and responsiveness of these programmes to the skills needs of the Irish economy.

7.2 Assessment of Effectiveness and Efficiency

Skillnet Ireland is the national agency responsible for workforce learning in Ireland. Table 7.1 shows the breakdown of NTF expenditure between in-employment and for-employment training programmes. There was €18.2 million in NTF expenditure on Skillnet Ireland programmes, an increase of €2 million from the year before.

	2015	2016	2017
In Employment	12.6	12.6	16.4
For Employment	3.6	3.6	1.8
Total	16.2	16.2	18.2

Source: DES NTF Expenditure Report

Table 7.2 shows that the majority of NTF expenditure on Skillnet Ireland programmes has been on programmes for those in employment, with 90% of NTF expenditure in 2017 on those in employment.

	2015	2016	2017
In Employment	78.0%	78.0%	90.0%
For Employment	22.0%	22.0%	10.0%
Total	100%	100%	100%

Source: Indecon analysis of DES data

⁸ Skillnet Ireland is the new brand name for the former Skillnets organisation.

Approximately half of expenditure on each individual Skillnet Ireland programme, was funded via the NTF, due to matching funding from member companies. The Employment Activation Programme is the exception as it is almost fully funded via NTF funding. It is important to note that that the total grant funding element (€15.7m) differs from NTF funding given to Skillnet Ireland in 2017 (€18.2m) due to administrative costs and the timing of expenditures.

Table 7.3: Expenditure on Skillnet Ireland Programmes (2015-2017)						
Programme	2015		2016		2017	
	Expenditure	Grant Funding Element	Expenditure	Grant Funding Element	Expenditure	Grant Funding Element
Training Networks Programme (TNP)	19.0	9.1	19.8	9.0	25.0	11.5
FINUAS (International Financial Services) Programme	1.7	0.8	1.8	0.9	2.1	0.8
Employment Activation Programme (Formerly JSSP)	2.9	2.8	2.3	2.1	2.0	1.8
Management Development (Formerly ManagementWorks)	1.7	1.0	1.6	0.9	1.7	1.0
FSNP (Future Skills Needs Programme)	0.2	0.1	0.2	0.2	0.8	0.7
NCPD (New Certified Programme Development)	0.2	0.1	0.1	0.0		
Total	25.6	13.9	25.9	13.1	31.6	15.7
<i>Source: Skillnet Ireland</i>						
Figures for 2017 are provisional						

The Training Networks Programme (TNP) accounted for almost 80% of expenditure on Skillnet Ireland programmes in 2017, up from below 75% in 2015. The Employment Activation Programme (formerly JSSP) has had a greater percentage of the grant funding than of the total expenditure in each of the three years contained in Table 7.4 overleaf.

Table 7.4: Percentage Breakdown of Expenditure on Skillnet Ireland Programmes (2015-2017)

Programme	2015		2016		2017	
	Expenditure	Grant Funding Element	Expenditure	Grant Funding Element	Expenditure	Grant Funding Element
TNP	74.1%	65.3%	76.7%	69.0%	79.2%	73.4%
FINUAS	6.8%	5.5%	7.1%	6.6%	6.6%	5.2%
Employment Activation Programme (Formerly JSSP)	11.3%	19.9%	8.9%	15.9%	6.2%	11.1%
Management Development (Formerly ManagementWorks)	6.5%	7.5%	6.4%	6.9%	5.4%	6.2%
FSNP	0.6%	0.9%	0.8%	1.2%	2.7%	4.1%
NCPD	0.6%	0.9%	0.2%	0.3%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Skillnet Ireland
Figures for 2017 are provisional

Skillnet Ireland has witnessed an increase in the number of trainees in employment in the Training Networks Programme since 2015, as well as the FINUAS programme. Between 2015 and 2017 the number of in employment trainees in the Training Networks Programme has grown by 11.5%, whilst the number of FINUAS trainees has increased by 37.4% over the same period. As Table 7.5 shows, the number of trainees on the Management Development programme (formerly ManagementWorks) was lower in 2017 than it was in 2015, despite an increase between 2016 and 2017.

Table 7.5: Skillnet Ireland In Employment Outputs (Number of Trainees)

Programme	2015	2016	2017
TNP	39,740	41,335	44,317
FINUAS	1,641	2,402	2,255
Management Development (Formerly ManagementWorks)	847	721	776

Source: Skillnet Ireland
Figures for 2017 are provisional

As can be seen in Table 7.6 below, there has been a decline in the number of unemployed trainees in each of the Skillnets programmes over the last three years, reflecting the change in the labour market over that time. The number of unemployed trainees on the Training Networks Programme is expected to have fallen by 49% between 2016 and 2017, with the number of unemployed trainees on the FINUAS programme also expected to have fallen by just under 50%.

Table 7.6: Skillnet Ireland For Employment Outputs (Number of Trainees)			
Programme	2015	2016	2017
TNP	3,921	3,542	1,799
FINUAS	53	89	45
Employment Activation Programme (Formerly JSSP)	2,721	2,284	1,991
<i>Source: Skillnet Ireland</i>			
Figures for 2017 are provisional			

Table 7.7 overleaf is from the most recently completed evaluation of Skillnet Ireland and shows the overall training activity on Skillnet Ireland programmes in 2016 compared to targets set by the Department of Education and Skills. The data shows that its overall targets, total trainees and training days, were met in 2016. The number of unemployed trainees was lower than its target but that may have been due to changing economic and labour market conditions.

At programme level, the TNP remains Skillnets core programme delivering in-employment training across a wide range of sectors and skill requirements. The TNP predominantly serves smaller firms, with micro-enterprises (1-9 employees) making up almost half of Member Companies in TNP. 97.5% of trainees examined were employed as of May 2017.

TNP trainees have indicated generally high levels of satisfaction with the overall quality of in-employment training provided. TNP Member Companies indicated positive views as to the overall quality of the training provided (96%), while 95% of companies considered the training met their expectations. While the results demonstrated that Skillnets programmes were effective, the analysis indicated the presence of some deadweight at varying levels across Skillnets' programmes.

Table 7.7: Skillnet Ireland Training Outputs versus Target 2016

All Programmes ¹	Department of Education & Skills Target - 2016 ²	Skillnet Ireland End of Year Total - 2016	End of Year Total as % of Target	Department of Education & Skills Target 2015	Skillnet Ireland End of Year total - 2015	Actual 2016 / Actual 2015
Trainees						
Employed Trainees	34,000	44,458	131%	34,000	42,228	5%
Unemployed Trainees	8,000	5,915	74%	8,000	6,695	-12%
Total Trainees	42,000	50,373	120%	42,000	48,923	3%
Training Days						
Employed Training Days	195,000	277,701	142%	195,000	261,282	6%
Unemployed Training Days	55,000	66,733	121%	55,000	60,419	*
Total Training Days	250,000	344,434	138%	250,000	321,701	*
<i>Source: Evaluation of Skillnets TNP, Finuas and ManagementWorks in 2016</i>						
Notes:						
(1) Programmes include TNP, Finuas, JSSP, ManagementWorks.						
(2) Relates to DES targets as set out in Annual Allocation Letter						
* The figures for the number of unemployed training days in 2015 were not directly comparable with the 2016 figures due to fact that the 2016 figures include non-contact training days which are now a standard and integral part of blended learning, especially in the case of accredited programmes.						

Examination of Efficiency

Indecon now examines the cost per trainee of the various Skillnet programmes. It is important to note that approximately half of the expenditure on programmes is funded via the NTF with the rest funded via company matching funding. Thus, cost per trainee is assessed both in terms of overall cost per trainee and State cost per trainee.

Table 7.8 below shows that cost per trainee for the Training Networks Programme rose from €434 in 2015 to €543 in 2017, an increase of 25%. State cost per trainee increased by 20% over the same time period and has been consistently below half of the total cost per trainee due to the level of matching funding.

Table 7.8: Cost per Trainee – Skillnet Ireland Training Networks Programme

	2015	2016	2017
Cost per trainee	434	442	543
State cost per trainee	208	201	250
<i>Source: Skillnet Ireland</i>			
Figures for 2017 are provisional			

Whilst cost per trainee for the FINUAS Programme rose from 2016 to 2017, it still below remained the 2015 level. State cost per trainee also fell between 2015 and 2017 to €356 from €450.

Table 7.9: Cost per Trainee – Skillnet Ireland FINUAS Programme			
	2015	2016	2017
Cost per trainee	1,024	738	913
State cost per trainee	450	347	356
<i>Source: Skillnet Ireland</i> Figures for 2017 are provisional			

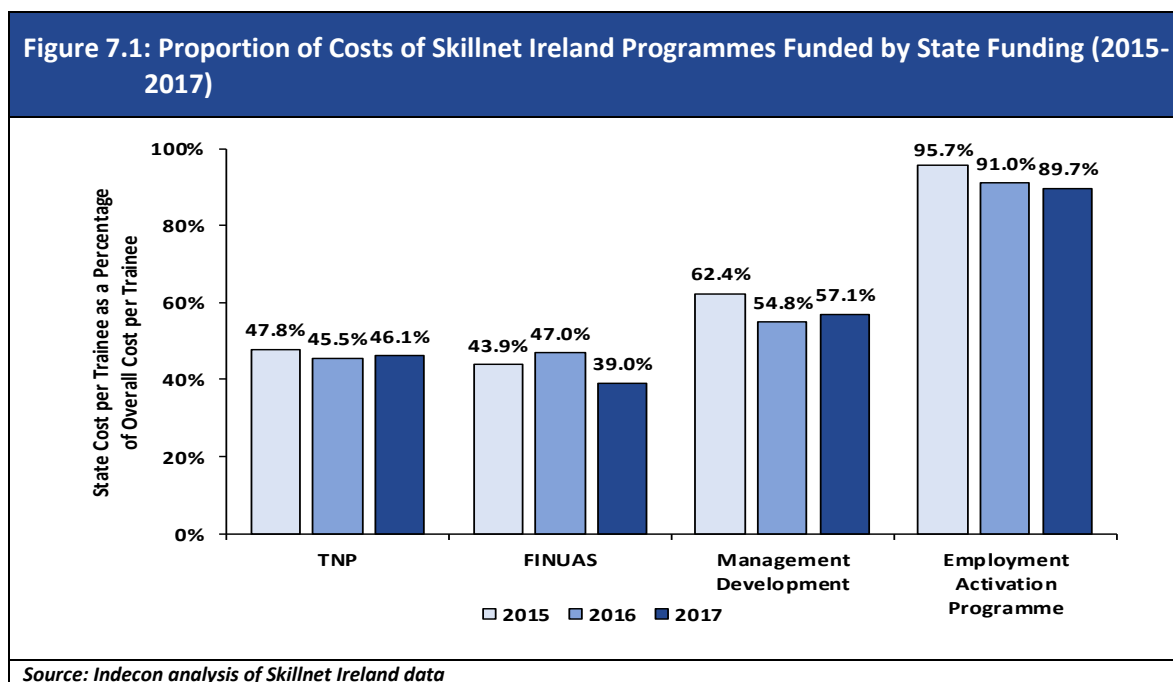
The Management Development programme had a higher cost per trainee than the two previous programmes, but saw a large decrease in 2017, as it became the Management Development Programme instead of ManagementWorks as it had been in previous years. Table 7.10 demonstrates that cost per trainee fell from €2,281 in 2016 to €2,191 in 2017, a fall of 4%. The State cost per trainee fell very marginally to €1,250 in 2017 from €1,251 in 2016. This is because as the State funding level increased the number of trainees also increased.

Table 7.10: Cost per Trainee – Skillnet Ireland Management Development Training			
	2015	2016	2017
Cost per trainee	1,975	2,281	2,191
State cost per trainee	1,233	1,251	1,250
<i>Source: Skillnet Ireland</i> Figures for 2017 are provisional			

The Employment Activation Programme (formerly JSSP) witnessed a decline in cost per trainee in each year, with the State cost per trainee also falling. The State cost per trainee accounts for the majority of the cost per trainee on the Employment Activation Programme. The following table, Table 7.11, shows that there was a fall in cost per trainee of 2.5%, with State cost per trainee falling by 3.8%.

Table 7.11: Cost per Trainee – Skillnet Ireland Employment Activation Programme			
	2015	2016	2017
Cost per trainee	1,064	1,004	979
State cost per trainee	1,018	914	879
<i>Source: Skillnet Ireland</i> Figures for 2017 are provisional			

Figure 7.1 shows that the majority of the costs involved in the Employment Activation Programme are funded via the NTF, with the State cost per trainee accounting for approximately 90% of the cost per trainee in 2017. Less than half of the cost of the TNP and FINUAS programmes is supported by NTF funding however.



7.3 Assessment of Relevance and Responsiveness

The overall strategic goals of Skillnet Ireland are set out below in Table 7.12. These goals are from Skillnet Ireland’s Statement of Strategy 2016-2019. Central to their goals are meeting the skills needs in the Irish economy and sustaining national competitiveness through up-skilling and the improvement of training provided.

Table 7.12: Skillnet Ireland Strategic Goals	
	Description
Goal 1	We will make training effectiveness, impact and relevance core to Skillnet Ireland activities. We will promote continuous improvement in the learning experiences provided to enterprise through our networks and be a model for training excellence in an enterprise context.
Goal 2	We will play a pivotal role in maintaining a supply of the specific skills and future skills that impact the growth potential of Irish enterprise.
Goal 3	We will drive increased participation of employers in our proposition. In doing so, we will be a key enabler in sustaining national competitiveness through the up-skilling of those in employment.

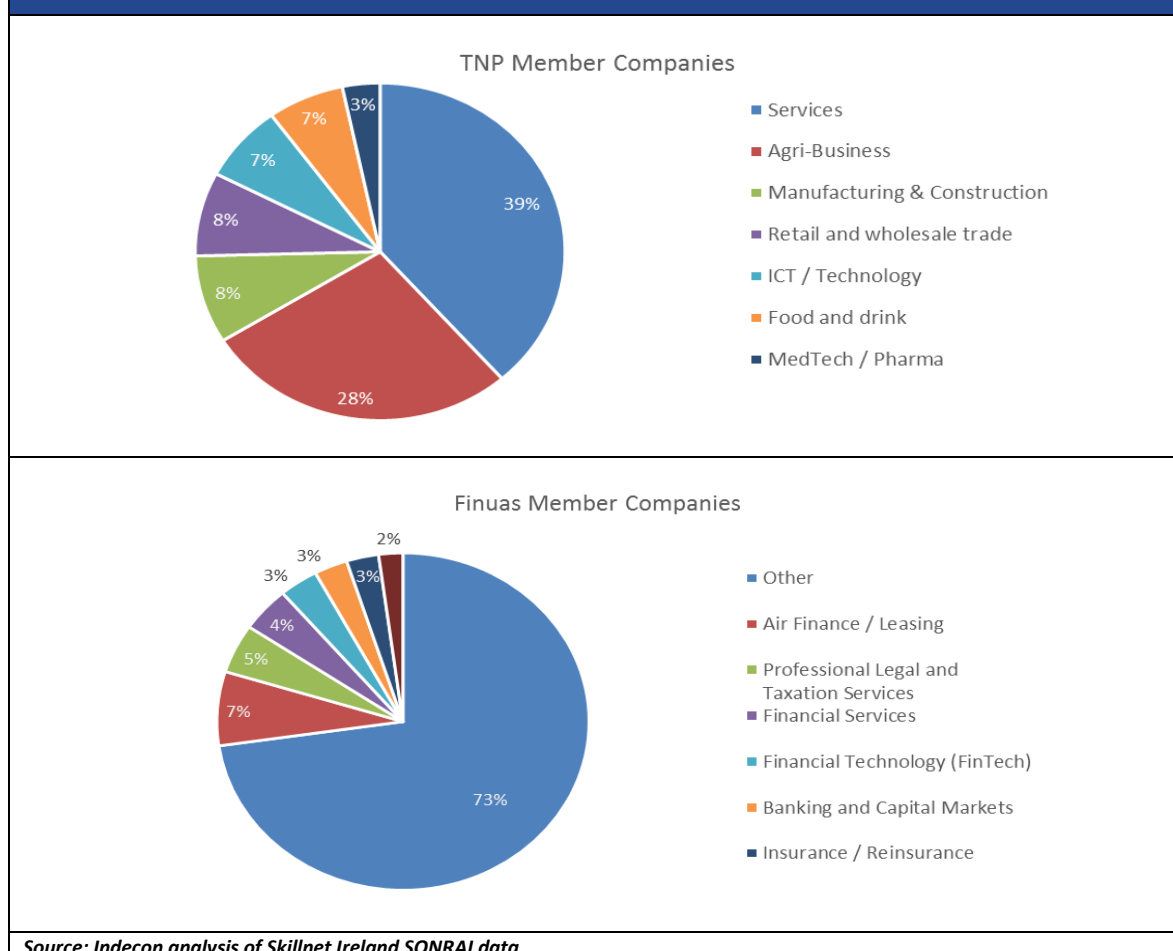
Source: Skillnet Ireland Statement of Strategy 2016-2019

Skillnet Ireland funds and facilitates training and upskilling through training networks of private sector companies that operate in the same sector/region and have similar training needs, as well as delivering free training to unemployed people. The member companies are directly involved in designing and delivering the training programmes. Skillnet Ireland manages various programmes, including the Training Networks Programme (TNP), the Finuas Networks Programme, the Employment Activation Programme (formerly JSSP) and Management Development (formerly ManagementWorks).

As member companies are directly involved in designing and delivering the training programmes, there is alignment between the training programmes and the needs of the companies. However, there is still a need to assess whether Skillnet Ireland services align with the needs of the broader economy. The following figure provides a breakdown of the 2016 TNP and Finuas member companies by sector.

In general, the TNP member companies operate in sectors with skills shortages. A majority of TNP member companies operate in the services and agri-business sectors, with approximately 30% of companies operating in other sectors. Both the services and agri-business sectors have been identified as high-needs sectors. There are also TNP member companies representing other high-needs sectors such as ICT/technology, medtech/pharma and manufacturing and construction.

Figure 7.2: TNP and Finuas Member Companies by Sector (2016)



Finuas is a training programme specifically designed to address the skills gap in the international financial services sector. As such, the programme is aligned with the needs of the economy by design. Finuas companies represent various areas within the international financial services sector, including professional legal and tax services, financial technology, banking and capital markets.

7.4 Performance Metrics

In 2016, Skillnets was allocated €16.2 million from the National Training Fund. Skillnets operated 63 networks across the TNP, Finuas and ManagementWorks programmes,

Skillnets achieved a matching company funding rate of 53.8% relative to state funding of the TNP, Finuas, ManagementWorks and FSNP/NCPD programmes, implying that the state funding component for these programmes was 46.2%.

Skillnets substantially exceeded its overall training activity targets, as set by the Department of Education and Skills, for 2016. The key achievements were as follows:

- Total Trainees = 50,373 in 2016
- Total Training Days = 344,434
- In-Employment Training Days = 277,701
- 66,733 training days to 5,915 Unemployed/Jobseeker Trainees
- At programme level, the TNP remains Skillnets core programme delivering in-employment training across a wide range of sectors and skill requirements.
- The TNP served predominantly smaller firms, with micro-enterprises (1-9 employees) making up almost half of Member Companies in TNP.
- 97.5% of trainees examined were employed as of May 2017.
- TNP trainees have indicated generally high levels of satisfaction with the overall quality of in-employment training provided, however relatively lower levels of satisfaction were seen in relation to the ability of the training to foster networking with employees from other companies (61.8% very satisfied or satisfied).
- TNP Member Companies indicated strong levels of their views as to the overall quality of the training provided (96%), while 95% of companies considered the training to meet their expectations.
- Brexit-related outcomes were associated with high degrees of uncertainty by Member Companies. 42% of firms had already seen an impact from exchange rate fluctuations after the Brexit referendum in June 2016.
- Skillnets provides a broad range of relevant, free training to unemployed people through a number of key programmes.

The available evidence indicated that if a typical JSSP participant in 2016 found work and remained in employment for greater than 5.2 months, this would represent a net positive benefit for the Exchequer. Through our examination of the 2015 trainee cohort, the break-even point in terms of months in employment was estimated at four months. The evidence from the research among the 2015 cohort of trainees is that individuals who have found employment have typically been at work for between 12-13 months, suggesting that the programme is likely to have returned a significantly positive exchequer contribution.

7.5 Summary of Key Findings

Indecon presents a summary of the key findings of this chapter below:

- ❑ NTF funding has supported approximately half of the expenditure on Skillnet programmes since 2015. The majority of expenditure has been on the Training Networks Programme which caters for employed and unemployed trainees.
- ❑ In general, the TNP member companies operate in sectors with skills shortages. A majority of TNP member companies operate in the services and agri-business sectors, both of which have been identified as high-needs sectors. Finuas is a training programme specifically designed to address the skills gap in the international financial services sector.
- ❑ Annual external evaluations of Skillnet programmes have been conducted since the start of the programme in 2012. These evaluations have looked at the expenditure, output and cost effectiveness of each Skillnet programme as well as surveying participants to assess outcomes from these programmes. Specific value-for-money assessments were also conducted in relation to JSSP.
- ❑ At programme level, the TNP remains Skillnets core programme delivering in-employment training across a wide range of sectors and skill requirements. The TNP predominantly serves smaller firms, with micro-enterprises (1-9 employees) making up almost half of Member Companies in TNP. 97.5% of trainees examined were employed as of May 2017.
- ❑ TNP trainees have indicated generally high levels of satisfaction with the overall quality of in-employment training provided. TNP Member Companies indicated positive views as to the overall quality of the training provided (96%), while 95% of companies considered the training met their expectations.

8 Assessment of NTF Governance and Oversight

8.1 Introduction

This section examines oversight, evaluation and monitoring processes in place for the NTF. Particular focus is given to the following important aspects:

- ❑ Monitoring and evaluation arrangements in place, including targets and performance criteria associated with programmes supported through the Fund;
- ❑ Adequacy of the evidence base and performance criteria on which expenditure decisions are taken; and
- ❑ Issue of how to address employer input to strategic direction and prioritisation of investments.

8.2 Monitoring and Evaluation Processes

The overall framework of monitoring and evaluation for the NTF is set out in the Department of Education and Skills' Oversight Strategy for the NTF, which was prepared internally within the Department in 2015. The Oversight Strategy outlines three audit recommendations which are:

- ❑ Comptroller and Auditor General's recommendation that all recipients of NTF funding have a formal, annual evaluation process;
- ❑ The Department of Education and Skills' recommendation that oversight and internal evaluations should include:
 - Monitoring and reporting of expenditure (including annual accounts);
 - Periodic evaluations and reviews;
 - Individual Service Level Agreements (SLAs) to encompass an appropriate level of oversight; and
- ❑ Department of Public Expenditure and Reform (DPER) recommendation that NTF funding should align with the SOLAS performance model and that achievement of this alignment should be shown to DPER each year.

It was noted that implementation of the Oversight Strategy would require the following:

- ❑ Cooperation and agreement of the bodies funded by the NTF;
- ❑ A level of oversight of the evaluation process by NTF management;
- ❑ A schedule of evaluations; and
- ❑ Possible funding for the evaluations.

The strategy indicates that, in the 2015 NTF grant letters:

“[E]ach body was informed that the Department was developing a strategy for periodic reviews/evaluations of NTF funded programmes and would follow up with each body. Following the adoption of the strategy, each of the funded bodies should be informed of the requirements of the oversight strategy in respect of each programme.”

Based on these criteria, the strategy set out a schedule of evaluations for the subsequent five years, with the DPER sanction requiring regular evaluations of programmes with at least one annually (excluding Momentum which has now ceased and Springboard+). This schedule is presented in Table 8.1.

Table 8.1: Schedule of Evaluations Undertaken on NTF-Funded Programmes			
Year	Programme	Body	NTF Funding €m
2015	Training Networks Programme	Skillnet Ireland	16.200
2016	VTOS	SOLAS	6.000
2018	Community and Voluntary Organisations	The Wheel	0.375
2018	Community Training Centres (Youthreach)	SOLAS	42.000
2016	Technical Employment Support Grants and Community Employment Training	Department of Social Protection	7.400
2017	Springboard	HEA	22.438
2017	Training Grants for Industry	DJEI (Enterprise Ireland/IDA Ireland)	6.500

Source: Indecon, based on NTF Oversight Strategy

Table 8.2 overleaf outlines evaluations of NTF-funded programmes that have been conducted or are underway.

Table 8.2: NTF-Funded Programmes Evaluations		
Body	Evaluations	Internal/External
SOLAS	PLC Evaluation	External
	Audit of Hospitality Courses in Further and Higher Education	Internal
	Evaluating Further Education and Training Expenditure – Strategic Pilot Initiative Report	External
	Momentum 2 Evaluation (2015-2016)	External
	Momentum Programme Evaluation	External
	VTOS and SST	External Underway (External)
Skillnet Ireland	Annual evaluations conducted	External
HEA	Stage 1 Evaluation of Springboard	Internal
	Stage 2 Evaluation of Springboard (2013)	Internal
	Springboard Trend Analysis Part 1 (2014)	Internal
	Springboard Trend Analysis Part 2 (2014)	Internal
	Springboard Trend Analysis Part 3 (2015)	Internal
	Developing Talent, Changing Lives: An Evaluation of Springboard 2011-2016	Internal
Higher Education Outcomes (2018)	Partnered with CSO	
IDA	Evaluation of IDA Training Grants 2005-2010	DBEI
	Regular evaluation of training programmes	Internal
Enterprise Ireland	Evaluation of Lean Business Offer	DBEI
	Regular evaluation of training programmes	Internal
DEASP	Ongoing programme, training and financial monitoring	Internal
	Evaluation of Employment Support Schemes	Internal
	Review of Social Protection Employment Supports Expenditure	External
The Wheel	Evaluation of leadership development programmes and participants upon completion	Internal
	Surveys of users of web-based supports	Internal
	Evaluation of training links programme to be commissioned when the programme is complete	External
Engineers Ireland	Audits with employers	Internal
EGF	Regular European Commission evaluation	External
	Ex-post evaluation of the European Globalisation Adjustment Fund (EGF)	External

Source: Indecon analysis

Other non-programme-specific evaluations include DPER and CEEU evaluations of Labour Market Activation and Training and of Further Education and Training Expenditure by Education Training Boards.

8.3 Performance Metrics/KPIs and Target Setting

We have undertaken a preliminary review of performance metrics/KPIs and associated targets based on information available at this stage.

A summary of key high-level KPIs is presented below. Targeted outputs in relation to training for the unemployed have been reduced since 2016, while the targets in relation to supports for persons in employment have been increased or new targets introduced since 2016, reflecting the developments in policy and in the labour market. Of importance is that performance metrics are focussed on activity levels, and do not include metrics which measure progression outcomes achieved by programme participants.

Table 8.3: National Training Fund – Department of Education and Skills Key High Level Metrics				
Metrics	2014 Target	2015 Target	2016 Target	2017 Target
Provision of Springboard + places (including ICT Skills)	5,000	6,100	5,825	5,500
Provision of Skillnet Ireland Training and Education places to the unemployed	8,000	8,000	8,000	2,500
Provision of Skillnet Ireland Training and Education places to those in employment	32,000	32,000	40,000	43,000
Provision of training to Unemployed Persons via training centre network, online training and the MOMENTUM* programme	72,500	77,455	60,000	52,000
Provision of Further Education and Training to beneficiaries	270,000	369,523	330,000	320,000
Provision of new Apprenticeship Schemes			2	13
No of Apprenticeship registrations on existing programmes			3,390	4,147
No of Apprenticeship registrations on new programmes			82	800
No of Traineeships on existing programmes			2,400	2,400
No of Traineeships on relaunched programmes			100	200
Source: Revised Estimates 2017				
Note: *Momentum was discontinued at the end of 2016.				

8.3.1 Indicators and Targets

In addition to examining the high-level metrics for the NTF which are monitored by the Department of Education and Skills, it is also instructive to review the range of indicators utilised by NTF-funded agencies/bodies.

SOLAS has the following targets for apprenticeships and traineeships, with a target of 1,500 registrations on new apprenticeships set for 2018. These targets are measurable and can be assessed against their future performance to ascertain whether SOLAS is meeting its targets.

Table 8.4: SOLAS Apprenticeship and Traineeship Targets & Indicators 2018		
Programme type	Targets	Indicators
Apprenticeship	1,500 new registrations on new apprenticeships 4,697 new registrations on craft apprenticeships	Cumulative 25 new apprenticeships Increase number of new registrations
Traineeship	900 new enrolments on new traineeships 3,000 new enrolments on existing traineeships	A cumulative 10 new traineeships Learners continue to avail of existing traineeship opportunities

Source: DES NTF Expenditure Report 2018

In terms of the SOLAS Workplace Education Fund, there is a target to increase participation from its 2017 level. Table 8.5 below shows that the target is to increase participation from the 3,460 participants in 2017.

Table 8.5: SOLAS Workplace Education Fund targets & indicators 2018		
Programme type	Targets	Indicators
Skills for Work initiatives for employees to be run through the ETBs.	Increased uptake in participation from 2017 figure of 3,460	Increased demand for service.

Source: DES NTF Expenditure Report 2018

As can be seen in Table 8.6 overleaf, the HEA's target for new apprenticeship provision is to reach 3,413 new registrations by 2020. This includes a target of reaching 700 new registrations by the end of 2018. In terms of the craft apprenticeship provision, the HEA targets an increase in expected block provision of 15% between 2017/18 and 2018/19.

Table 8.6: HEA Apprenticeship Targets & Indicators 2018

Programme type	Targets	Indicators
New Apprenticeship Provision	Cumulative Total Target of 3,413 planned new registrations by 2020 (700 by end of 2018)	Number of providers to increase to 12 in 2018
Craft Apprenticeship Provision	Increase in expected block provision in 2018/19 over 2017/2018 of c15%.	Increased demands in trades driven mainly by electrical recruitment requirements.

Source: DES NTF Expenditure Report 2018

The target total number of students for the HEA's Labour Market Focused Higher Education Provision is approximately 10,000 students, as shown in Table 8.7. Almost half of these will be focused in the area of languages, with almost 40% in the areas of tourism and food. The HEA will assess these numbers each year to ensure that the numbers reflect identified skills needs and skills shortages.

Table 8.7: HEA Labour Market Focused Higher Education Provision Targets & Indicators 2018

Programme type	Targets	Indicators
Medical Devices	C 1,400 students	The numbers associated with the identified skills areas will be monitored on an annual basis by the HEA.
Tourism & Food	C 3,800 students	
Languages	C 4,800 students	

Source: DES NTF Expenditure Report 2018

In terms of Springboard+, Table 8.8 outlines the target for the academic year 2018/19. There is a target of 7,500 places for the academic year 2018/19 for Springboard+.

Table 8.8: HEA Springboard+ Targets & Indicators 2018

Programme type	Targets	Indicators
Springboard + will be open to both unemployed persons and those in employment	7,500 Places will be available over the academic year 2018/19	Expansion of eligibility criteria

Source: DES NTF Expenditure Report 2018

Table 8.9 sets out targets for Skillnet Ireland in terms of employed and unemployed trainees, as well as the number of participating firms and training days.

Table 8.9: Skillnet Ireland Targets and Indicators 2018		
Programme type	Targets	Indicators
<ul style="list-style-type: none"> • Provision of Life Sciences • Provision in Shared Services / Global Business Services • Brexit and International Financial Services (IFS) • Growth in Provision of Work-Based Learning in the Retail sector • General Skills Gaps within ICT • Provision in Data Analytics, “DevOps” and Cyber security • Demand from Software & Design Sectors • Skills Needs within Hospitality 	<ul style="list-style-type: none"> • 55,000 Employed Trainees • 3,000 Unemployed Trainees • 16,000 Participating Firms • 400,000 Training Days 	<ul style="list-style-type: none"> • Number of Employed Trainees • Number of Unemployed Trainees • Number of Programmes Delivered • Number of Training Days Delivered • Number of Participating Firms • Type / Classification of Programmes Delivered • Accredited Programmes Delivered • Participant Details – Age, Educational Base, Skills Base, occupational Category, Gender • Progress on Actions Assigned to Skillnet Ireland in Government Skills and Sectoral Strategies
<i>Source: DES NTF Expenditure Report 2018</i>		

Table 8.10 overleaf contains a list of the programme evaluations conducted on NTF-funded Skillnet programmes. It shows that there have been annual evaluations of Skillnet programmes since 2012. The 2017 evaluation is currently underway and it is an external evaluation of Skillnet programmes, with each evaluation conducted thus far being an external evaluation.

Table 8.10: NTF-Funded Skillnet Ireland Programme Evaluations

Evaluation	Internal/External
Evaluation of Skillnet Ireland Programmes 2012	External
Evaluation of Skillnet Ireland Programmes 2013	External
Evaluation of Skillnet Ireland Programmes 2014	External
Evaluation of Skillnet Ireland Programmes 2015	External
Evaluation of Skillnet Ireland Programmes 2016	External
Evaluation of Skillnet Ireland Programmes 2017	External (Underway)

Source: Indecon / Skillnet Ireland

IDA's targets include supporting 60 companies and a total of 10,500 trainees, whilst Enterprise Ireland has targets for each of its programmes. (See table below.)

Table 8.11: Enterprise Agency Training Grants – Indicators and Targets – 2018

Programme type	Indicators	Targets
<p>IDA</p> <p>The main objectives of companies in availing of training grants are:</p> <ul style="list-style-type: none"> (i) to alleviate skills deficits; (ii) to introduce new processes or new products; and (iii) to raise value added. <p>Companies ranked the following as the main impacts of the grant:</p> <ul style="list-style-type: none"> (i) improved competitiveness; (ii) increased productivity; (iii) increased Irish status in the company globally; and (iv) Improved sustainability in Ireland. 	<ul style="list-style-type: none"> • The 2018 projection is based on an estimate of grants payable to client companies that were approved by IDA for Training Grant assistance over the last seven years. • Training plans in line with the IDA's transforming agenda. • When a client company submission represents value for money. 	<ul style="list-style-type: none"> • 60 Companies supported • 10,500 trainees
<p>Enterprise Ireland</p> <ul style="list-style-type: none"> • Leadership 4 Growth 2018 • Go Global 4 Growth Programme 3 • ISP Programme 2018/2019 • Innovation 4 Growth • HPSU Founders forum • SPRINT • Online Learning Portal • Programme Alumni Events • Connectivity Portal • IPO Programme • Open University Programme 	Take up from client companies	<ul style="list-style-type: none"> • 30 Forecast Attendees • 75 Forecast Attendees • 90 Forecast Attendees • 45 Forecast Attendees • 63 Forecast Attendees • 50 Forecast Attendees • 100 Forecast Attendees • 15 Forecast Attendees • 25 Forecast Attendees

Source: DES NTF Expenditure Report 2018

DEASP have targets for both their Training Support Grants (TSG) and Community Employment (CE) programmes, as outlined in the table below.

Table 8.12: NTF-supported DEASP TSG and CES Supports – Indicators and Targets – 2018		
Programme type	Indicators	Targets
<p><u>Training Support Grants (TSG):</u> Case Officers, throughout the network for DEASP Intreo Centres will work with clients on the Live Register to assist them in accessing the labour market.</p>	Where skills gaps are identified the TSG is one of the instruments that will be used to assist clients.	7,500
<p><u>Community Employment Scheme (CE):</u> DEASP have developed a web-based Individual Learner Plan which allows participant learning needs to be identified, requested, approved by DEASP, delivered and recorded.</p>	New CE eligibility criteria introduced in July 2017 increases access to training and educational opportunities for a wider range of CE participants.	19,000

Source: DES NTF Expenditure Report 2018

The targeted number of companies for the Regional Skills Innovation programme is 600, with half of these to be Enterprise Ireland client companies. (See Table 8.13.)

Table 8.13: NTF-supported Regional Skills Innovation ‘Skills for Growth Initiative’ – Indicators and Targets – 2018		
Programme type	Indicators	Targets
<p>Department of Education & Skills: Skills for Growth Initiative</p>	Based on employee numbers in enterprises participating in the Skills for Growth workshops to date, this will provide skills needs information in relation to some 30,000 employees.	300 Enterprise Ireland Client Companies 300 other companies will participate

Source: DES NTF Expenditure Report 2018

The Regional Skills Fora aim to engage with 700 companies in 2018. (See table below.)

Table 8.14: NTF-supported Regional Skills Fora – Indicators and Targets – 2018		
Programme type	Indicators	Targets
Continued support of the network of nine Regional Skills Fora and continued engagement with enterprise at a regional level	<ul style="list-style-type: none"> • 60% of engagement by RSFMs to be with SMEs. • 20% of engagement with enterprise to be specifically in the area of skills needs assessments 	<ul style="list-style-type: none"> • Engagement with 700 enterprises nationally.
<i>Source: DES NTF Expenditure Report 2018</i>		

The EGFSN targets the provision of advice on the skills needs of the Irish economy. (See table below.)

Table 8.15: NTF-funded Expert Group on Future Skill Needs – Indicators and Targets – 2018		
Programme type	Indicators	Targets
EGFSN: The Expert Group provides policy advice. This is based on research which can be done by staff internally or by consultants hired for the purpose.	Provision of reports as per agreed work programme	Providing quality advice on current and future skills needs
<i>Source: DES NTF Expenditure Report 2018</i>		

The Wheel has a target of reaching 4,400 beneficiaries via its events and programmes in 2018. (See table below.)

Table 8.16: NTF-supported Programmes Delivered by The Wheel – Indicators and Targets – 2018		
Programme type	Indicators	Targets
<ul style="list-style-type: none"> • Events directly connected with the implementation of new GDPR regulations • Delivering Events in a geographically diverse a way as possible – assisted by the regional development programme • Focus of training delivery to ensure training is as relevant as possible 	Increased participation of 70 persons	4,400 beneficiaries
<i>Source: DES NTF Expenditure Report 2018</i>		

A target of 16,888 beneficiaries has been set for Engineers Ireland in 2018. (See table below.)

Table 8.17: NTF-supported Engineers Ireland Training/CPD Activities – Indicators and Targets – 2018		
Programme type	Indicators	Targets
<ul style="list-style-type: none"> • Structured CPD Framework • Marketing the benefits of a CPD framework for orgs • Accreditation against CPD Standard • Re-accreditation against CPD Standard • Mid-Accreditation Term Review Meeting • Networking & Benchmarking • Knowledge Sharing • Specialist Management Learning & Development Programme 	<ul style="list-style-type: none"> • Launch the new / revised CPS Standard & support guide • Make a minimum of 10 presentations • Conduct 6 no accreditation audits • Conduct 52 no re-accreditation audits • Conduct 32 mid accreditation term review meetings • Reward & recognition of best in class • Deliver 2 knowledge sharing events - complimentary regional best practice CPD events • Increase capacity to facilitate delivery of more programmes nationally 	<ul style="list-style-type: none"> • 16,888 Projected beneficiaries
<i>Source: DES NTF Expenditure Report 2018</i>		

The European Globalisation Fund aims to submit proposals for new programmes to the EU authorities in 2018. (See table below.)

Table 8.18: European Globalisation Fund – Indicators and Targets – 2018		
Programme type	Indicators	Targets
Possible Future EGF programmes	Proposals for new programmes may be formulated during the year and a submission(s) made to the EU authorities for approval	Discussions with all the key EGF stakeholders including the affected workers and NEETs if applicable

Source: DES NTF Expenditure Report 2018

8.4 Employer Engagement

A key issue in relation to oversight of the NTF concerns the ability of employers to input to decision-making with regard to the strategic direction of the Fund and to the prioritisation of resource allocation from the Fund to different areas of education and training.

It is noteworthy that the National Training Fund Act explicitly provides the Minister with the ability to consult with representatives of employees and employers with respect to the NTF but a formal ongoing structured mechanism for specific NTF inputs is not currently in place.

While recognising legislative requirements for public expenditure, measures to enhance employer input to the governance and prioritisation of NTF investments should be implemented.

Increasing the depth and range of employer engagement has been an area which the Department has focussed on in recent years. Employers have opportunities to advise on the prioritisation of investment, to contribute to sectoral studies, to influence programme development, to discuss two company-level skill needs can be met, to help shape work-ready graduates and apprentices, to gain assistance with skills formation at company and sectoral level and to partner on research.

Currently employer input can be made through the National Skills Council, the Apprenticeship Council and the Expert Group on Future Skills Needs. Employers are also involved in consultations on a range of specific policy and strategy initiatives. Regional engagement between employers, education and training providers has been supported by the creation of the nine Regional Skills Fora. Individual HE and FET providers also have direct links with employers.

Indecon's analysis indicates that there are significant channels for employment engagement and these have been enhanced in recent periods. There is however a need for significant measures to be introduced to enhance employers' inputs to the prioritisation of the National Training Fund. This relates to dialogue with enterprises concerning the merits of adjustments to specific programme expenditures supported by the NTF. There is also a need for employer inputs on the type of programmes that could be funded as well as the mode of delivery. This dialogue however must be informed by evidence on skills gaps and the impact of initiatives.

8.5 Summary of Key Findings

- This review examined the oversight, evaluation and monitoring processes in place for the NTF. Our analysis indicated that while monitoring and evaluation arrangements are in place, including targets and performance criteria associated with individual programmes supported through the Fund; these focus more on activity levels than on outcomes. In addition, no overall NTF evaluations have been completed prior to this review.
- There is therefore a need for enhancement of the evidence base to monitor the impact of the NTF. Reforms are also needed in terms of the refinement of performance criteria on which expenditure decisions are taken.
- In terms of governance and oversight, this is undertaken as part of the wider estimates process and expenditure reviews. While employer inputs are obtained as part of wider departmental employment engagement, there is no structured approach currently in place to secure employer inputs on specific prioritisation decisions on NTF expenditures. Given the increased level of employer contribution to the NTF significant changes are appropriate to secure enhanced employer inputs.

9 Recommendations

9.1 Introduction

Based on the detailed analysis of the evidence on developments in the Irish labour market and the alignment of the NTF with the skill needs of the economy, in this section we outline a series of recommendations for reform of the NTF. These independent recommendations have taken account of best practice from international experience, as well as the valuable inputs from a wide range of stakeholders consulted as part of this review. Our recommendations are structured under four headings, as follows:

- **Reform of the Future Direction of the NTF.**
- **Utilising NTF to Support Investment in Higher Education.**
- **Enhancing Enterprise Engagement and Input to NTF Priorities.**
- **Improvements in Monitoring/Evaluation of the NTF.**

9.2 Reform of the Future Direction of the NTF

In the table below, we outline four recommendations on the proposed reform of the future direction of the NTF. These are designed to align the NTF more directly with the changing skill requirements of the Irish labour force, and to enhance the impact and effectiveness of NTF in achieving its objectives.

1.	There is a need to set a new direction for the NTF as a strategic national asset, to focus on investment in close-to-labour market skill requirements, and in targeted interventions to support enterprise training and preparing individuals to take up employment opportunities.
2.	Part of the NTF surplus should be prioritised to support additional HE/FET expenditures and the development of labour market skills, subject to the availability of fiscal space for this purpose.
3.	There should be an increased focus on supporting in-company training underpinning increased productivity and innovation capacity particularly in SMEs, including through introducing a new innovative pilot initiative to reflect refocused objectives of the NTF.
4.	There should be a reallocation of NTF funding of FET for employment programmes below NFQ Level 5 to the Exchequer and substitute these with close-to-labour market programmes.

There is a need to set a new direction for the NTF as a strategic national asset, to focus on investment in close-to-labour market skill requirements, and in targeted interventions to support enterprise training and preparing individuals to take up employment opportunities.

Indecon accepts that there is a rationale for support of the NTF programmes but many of these represent expenditures which often relate to more basic education, training and skills development. These have a significant and important social dimension which in our opinion are more appropriately funded by the Exchequer rather than by an enterprise training fund. The NTF at present provides partial funding for a diverse range of investments which constrains evaluation of the precise impacts of NTF. While maintaining some flexibility is appropriate, focussing on more targeted discrete

programmes related to close-to-labour market skill requirements should be a central part of the reform of the NTF. Consideration could be given in due course to reflecting this change in approach in legislative changes if it was considered necessary to refine the statutory objectives of the NTF.

Part of the NTF surplus should be prioritised to support additional HE/FET expenditures and the development of labour market skills subject to the availability of fiscal space for this purpose.

Our analysis suggests that NTF can play an important and effective role in contributing to future funding needs of Higher Education / FET and in the development of close-to-labour-market skills. While building up some surpluses in the NTF is valid to provide flexibility to support programmes in recessionary periods, adjustments to reduce the scale of the projected surplus is appropriate as soon as fiscal space permits. This is because of the funding gaps evident in Higher Education and the need to urgently address specific skill shortages in the Irish economy. Indecon believes that the proposed new focus on HE expenditures and close-to-labour-market skills is aligned with the NDP National Strategy.

There should be an increased focus on supporting in-company training underpinning increased productivity and innovation capacity particularly in SMEs, including through introducing a new innovative pilot initiative to reflect refocused objectives of NTF.

Training investment by individual enterprises would be closely matched with the skills and productivity needs of such companies. Measures which incentivise an expansion of such investment at enterprise level including in particular SMEs would represent a clear manifestation of the proposed refocused objectives of the NTF. Our analysis of international models has shown that training grants in other countries have been effectively used as part of national training programmes and national training funds are frequently structured as levy /grant programmes or train or pay initiatives. This could also contribute to wider Brexit assistance measures by supporting the training of workers and the promotion of research and innovation in small firms which are vulnerable to negative Brexit developments.

Given the need to maximise the impact of scarce resources Indecon acknowledges the importance that any such measures are designed in a way to minimise deadweight and to increase human skill formation compared to what would have occurred in any case. A pilot initiative is therefore proposed. Deadweight could be reduced by restricting any supports to increases in training expenditures compared to levels invested in previous years and to also focus on supporting training in SMEs where minimal training has taken place. Indecon notes that the broader focus of our recommendations will support enterprise training and that this initiative is only one small part of the proposed overall strategic direction for the NTF.

There should be a reallocation of NTF funding of FET for employment programmes below NFQ Level 5 to the Exchequer and substitute these with close-to-labour-market programmes.

The proposed reallocation of funding for those seeking employment below certain NFQ levels to the Exchequer reflects the need for the NTF to reflect the changes in labour market skill requirements. There is however justification for NTF to continue to help enterprises with lower skilled employees to build and develop skills, under the regional skills programme. This should include Skills for Work and the new FET Policy Framework for Supporting Skills Development of those in Employment (This is aligned with National Skills Strategy and the Upskilling Pathways Strategy. Funding for disadvantaged learners, and for persons who are seeking work with qualifications below the NFQ Level 5, should continue to be funded by the Exchequer on social inclusion grounds.

9.3 Utilising NTF to Support Investment in Higher Education

In the next table we summarise our recommendations on using NTF to support the need for increased investment in Higher Education.

5.	NTF should be deployed to support close-to-labour-market skills programmes in areas of identified skills needs.
6.	In principle, the NTF should fund complete programmes rather than partially funding wider expenditure. In HE, the NTF should fund all of some programmes as was the case for 2018 rather than providing small levels of partial funding for a much wider range of HE programmes. These funded programmes should be clearly identified each year.
7.	NTF should fund SME upskilling as a target theme in Higher Education competitive funding programmes.

NTF should be deployed to support close-to-labour-market skills programmes in areas of identified skills needs.

The Higher Education sector is central to developing human capital without which the viability or expansion of the enterprise sector would be threatened. As noted by the leading US Nobel Prize winning economist, Kenneth Arrow, in a review of economic growth policy for Ireland: “Universities are now moving into a more important role in increasing labour productivity than in the past”. Arrow also noted that “graduate education plays a special role in facilitating the acquisition of advanced technologies”.⁹ Using the NTF to provide additional resources to help meet the funding requirements for the Higher Education sector is consistent with the recommendations of the Cassells report of the Expert Group on Future Funding for Higher Education. It also recognises the role of the Higher Education system in meeting the skills needs across all sectors of the economy. We therefore recommend an increase in the percentage of NTF funds which is allocated to the Higher Education sector in areas of identified skills needs.

In principle, the NTF should fund complete programmes rather than partially funding wider expenditure. In HE, the NTF should fund all of some programmes as was the case for 2018 rather than providing small levels of partial funding for a much wider range of HE programmes.

NTF should be used to support the continued development of skills focussed funding for Higher Education to meet the national and regional skills needs of enterprises. This was also recommended in the recent review of the Higher Education funding model. However, rather than providing very small partial funding to a range of diverse programmes there is a strong case for using NTF to fund all of the expenditure on specific programmes. This was for the first time implemented in 2018 and this principle should apply to additional NTF funding for Higher Education and for all NTF programmes subject to appropriate flexibility which may be required in some instances to align programme expenditures with NTF funding levels. This proposal however would enable the impact of NTF expenditure to be identified and would enhance wider understanding and support for NTF. The NTF

⁹ See Arrow, K. J., Stanford University, Economic Growth Policy for a Small Country, in Gray, A. W. (ed), *International Perspectives on the Irish Economy*, Indecon, 1997, ISBN 0 953131807

should also support new ring-fenced targeted initiatives. This would be consistent with seeking additional employer contributions and would help demonstrate the use of the additional resources.

NTF should fund SME upskilling as a target theme in Higher Education competitive funding programmes.

One specific area which should be considered as part of the reform of NTF prioritisation is to provide additional NTF funding for the upskilling of SMEs. This could be a target theme in Higher Education competitive funding programmes as recommended in the review of the Higher Education funding allocation model.

9.4 Enhancing Enterprise Engagement and Input to NTF Priorities

In the next table we outline our recommendations for significant changes in the extent and nature of enterprise engagement and input to decisions on NTF prioritisation.

8.	While recognising legislative requirements for public expenditure programmes, measures to significantly enhance enterprise input to governance and prioritisation of NTF investments should be implemented.
9.	Greater information sharing and coordination across programmes should be introduced to increase employer buy-in.
10.	A structured process should be implemented to facilitate NTF-focussed inputs from employers, employees and representative bodies prior to annual expenditure decisions.
11.	Consideration should be given to establishing an NTF Advisory Group, chaired by an employer representative, to submit recommendations to the National Skills Council on NTF priorities.

While recognising legislative requirements for public expenditure, measures to enhance enterprise input to the governance and prioritisation of NTF investments should be implemented.

Increasing the depth and range of enterprise engagement is an area which the Department of Education and Skills has focussed on in recent years. Employers have opportunities to advise on the prioritisation of investment, to contribute to sectoral studies, to influence programme development and to guide assistance with skills formation at company and sectoral level. Currently enterprise input can be made through the National Skills Council, the Apprenticeship Council and the Expert Group on Future Skills Needs. Employers are also involved in consultations on a range of specific policy and strategy initiatives. Regional engagement between employers, education and training providers has been supported by the creation of the nine Regional Skills Fora. FET and HE also have direct links with enterprises. There is however a need for significant measures to be introduced to enhance employers' inputs to the prioritisation of the National Training Fund.

Despite the various channels in which employers can make wider impact to education and training issues, given the levels of enterprise funding to the NTF, it is appropriate that a very different approach involving the development of mechanisms to significantly enhance employer inputs to the governance and prioritisation of NTF investments are implemented. In a number of countries examined the

training fund model has been structured through vehicles where all of the decisions on prioritisation of expenditure are made by employers and employee representatives. We recognise the legislative requirements for accountability for public expenditure programmes even where these are funded by enterprise levies, but a new approach to significantly enhance enterprise input should be implemented. Specific measures to achieve this objective are recommended below.

Greater information sharing and coordination across programmes should be introduced to increase employer buy-in.

The diversity of programmes funded by the NTF acts as a barrier to the dissemination of information to enterprises who fund the NTF on what areas are assisted. The recommended strategic reforms on the direction of the NTF will be of assistance to enhance enterprise knowledge on the programmes supported and their impacts. This however needs to be supported by greater information sharing and co-ordination across programmes. Recipient organisations receiving funding should also highlight and brand NTF as the source of funding. The approaches used by European Commission to demonstrate the extent of structural funds is a useful model to consider. While this may require changes to highlight to recipients the source of funding this issue was previously addressed as part of EU Structural Funds.

A structured process should be implemented to facilitate NTF-focussed inputs from employers, employees and representative bodies prior to annual expenditure decisions.

In view of the importance of securing meaningful inputs from enterprises, whether via employers, employees or their representative bodies, Indecon recommends that a structured approach is implemented to facilitate securing enterprise views on NTF expenditure decisions. This could be modelled on the pre-Budget annual submission process which is implemented prior to taxation decisions by the Minister for Finance.

Consideration should be given to establishing an NTF Advisory Group, chaired by an employer representative, to submit recommendations to the National Skills Council on NTF priorities.

Indecon believes there is a need for a permanent resourced structure to optimise enterprise engagement into NTF priorities. One option to achieve this would be to establish an NTF Advisory Group to make recommendations on NTF priorities. This should be chaired by an employer's representative. This committee should be provided with sufficient information and resources to develop evidence-based recommendations in order to maximise the effectiveness and impact of NTF expenditures. The Group should be fully informed on all related EGFSN including Brexit Skills research as well as other labour market information.

9.5 Improvements in Monitoring and Evaluation of NTF

In the following table we outline recommendations to improve the monitoring and evaluation of the NTF.

Table 9.4: Recommendations on Improvements in Monitoring/Evaluation of NTF

12.	The Department of Education and Skills should organise and publish an NTF evaluation report on an annual basis, to include counterfactual modelling of the programmes' impacts.
13.	Performance metrics should be expanded to support enhanced monitoring of outcomes of all NTF-funded programmes. Metrics should include measures which track progression outcomes including: <ul style="list-style-type: none"> - Progression to employment - Educational progression, including certification achieved - Employment placement and sustainment following programme participation. - Completion rates
14.	Priority should be given to drive continued enhancement of data to inform evaluation of NTF.

The Department of Education and Skills should organise and publish an NTF evaluation report on an annual basis, to include counterfactual modelling of the programmes' impacts.

The analysis in the independent review represents the first time an overall research-based evaluation of the NTF has been completed. While there are on-going evaluations of programmes supported by NTF funding these has not been brought together in an integrated manner. Effective monitoring and evaluation of NTF is essential to ensure the best use of resources. The overview of the available evidence undertaken in this report has suggested that a number of key programmes funded by NTF are effective in enhancing skill development and are of critical importance for the Irish economy. Other programmes, however, have wider social objectives and might not be justified on labour market skill criteria.

There is therefore a need for an improvement in monitoring and evaluation. This should be similar to the type of evaluations completed for EU-funded structural fund programmes with a separate technical assistance measure being funded by NTF, subject to it being legally permissible. This would encompass a formalised monitoring and evaluation of effectiveness and efficiency of the expenditures. Indecon believes that this should be the responsibility of the Department of Education and Skills with the support from the Department of Public Expenditure and Reform. Specifically, we recommend that the Department should organise and publish an NTF evaluation report on an annual basis. The publication of annual assessments of the impacts of NTF and how the programmes are aligned with skill needs of the economy should be widely distributed to employers and other stakeholders. This should where feasible include counterfactual econometric modelling of programme impacts on a phased basis and could be managed by the Department's new evaluation unit.

Performance metrics should be expanded to support enhanced monitoring of outcomes of all NTF-funded programmes.

In order to have the evidence base to inform the views of enterprises and policymakers on the prioritisation of NTF expenditures, there is a need for new performance measures to be developed. Expanded performance measures should focus not just on activity levels but on outcomes and impacts. Given the diverse nature of skill challenges facing Ireland, this should include a range of metrics, including:

- Progression to employment

- Employment placements
- Education progression outcomes
- Certification achieved
- Completion rates

Priority should be given to drive continued enhancement of statistical data to inform evaluation of NTF.

There have been significant enhancements in recent years in the availability of statistical data made available by CSO and government departments. Such information is necessary to inform the evaluation of education and training programmes. Indecon recommends that a priority should be given by government departments and agencies and by the CSO to continue the enhancement of data to enable an evaluation of the impact of NTF.

9.6 Overall Conclusion

The independent recommendations set out in this report will require a significant reform of the direction and governance of the NTF. These are designed to enhance the effectiveness of the NTF and to reflect the requirements for increased funding for Higher Education and for targeted labour market-focussed skills development.

Annex 1 List of Organisations Consulted

List of Organisations which Provided Inputs to Review
1. AONTAS
2. American Chamber of Commerce Ireland
3. Chambers Ireland
4. Department of Business, Enterprise and Innovation
5. Department of Education and Skills
6. Department of Employment Affairs and Social Protection
7. Dundalk Institute of Technology
8. Education and Training Boards Ireland
9. Engineers Ireland
10. Enterprise Ireland
11. Expert Group of Future Skills Needs
12. Fáilte Ireland
13. HEA
14. Ibec
15. IDA
16. Irish Congress of Trade Unions
17. Irish Universities Association
18. National Adult Literacy Agency
19. SOLAS
20. Small Firms Association Skillnet Ireland
21. Technological Higher Education Association
22. The Wheel

Annex 2 Additional Details on Training Fund Models Utilised in EU

Key Features of Training Funds used in EU Member States							
Country	Instruments	Operation/ Management	Eligible Group	Type of Education and Training Eligible	Source of Funding	Collection	Allocation
Belgium	Sectoral training funds	Collective agreements	Companies in sector			Levy (amount of contribution agreed in the sector's collective labour agreements)	Reimbursement to the company, some STF have a training institute
Belgium	Training fund for household/personal services	National	Companies providing household/personal services	Training courses on household/personal-related tasks	Federal Government		Companies with accreditation number given specific training budget on an annual basis, reimbursement
Cyprus	Human Resource Development Fund	National	Contributing entities, target groups	Secondary VET, post-secondary non-tertiary general education, VET, CVET, apprenticeship, firm/sector-specific, transferable skills	Levy on companies, European Social Fund, Funds generated by HRDA	Compulsory levy: 0.5% of company payroll	Applicants that best meet pre-determined criteria, reimbursement
Denmark	Educational and competence development funds, sectoral training funds	Collective agreements (social partners)			Companies	Fixed amount per employee per year, percentage of each hourly wage per employee per year	

Key Features of Training Funds used in EU Member States – <i>Continued</i>							
Country	Instruments	Operation/ Management	Eligible Group	Type of Education and Training Eligible	Source of Funding	Collection	Allocation
Denmark	Employer's Reimbursement Scheme (AER)	National	All companies	Short courses, work-related skills, skilled and unskilled workers	Levy on employers	All employers, fixed amount per full-time employee	
France	Train or Pay	Collective agreements	Private sector companies and employees, target groups	Defined by OPCA/sector	Levy on companies	Compulsory and optional levy system, ranging 1.15-3.6%	Determined by OPCA/sector
France	FPSSP Joint Fund for Professional Career Security	Employer's organisations and representatives of employees	Low-qualified, job-seekers	Leading to higher qualification or requalification	Share of compulsory contribution paid by companies to OPCA/OPACIF, other resources (State, regions, employment centres, European Social Fund)		Calls for proposals
Germany	Sectoral training fund (construction sector), Sectoral training fund (roofing trade sector)	N/a	N/a	N/a	N/a	N/a	N/a

Key Features of Training Funds used in EU Member States – <i>Continued</i>							
Country	Instruments	Operation/ Management	Eligible Group	Type of Education and Training Eligible	Source of Funding	Collection	Allocation
Greece	Account for Employment and Vocational Training (LAEK)	National	Contributing companies/entities, employees insured with the social security fund	Vocational training, in-house training, training by external staff in company or external provider's facility, training programmes abroad	Levy on companies/entities	Levy 0.45% of total employee cost	Training costs are reimbursed after training, disbursed on first-come, first-serve basis
Hungary	Vocational Training Contribution/Training sub-fund of the National Employment Fund	National	All companies (except certain public/non-profit companies), target groups	Sector-specific, transferable, internal and external, HET, foreign language training	Training sub-fund of the LMF, European Social Fund	1.5% of gross wage bill	Disbursed through calls for tenders and individual decisions of the Minister
Ireland	National Training Fund	National (social partners, public administration)	Employed, unemployed, job-seekers, target groups	Depends on the programme/initiative	Levy on companies	Compulsory levy 0.7% of earnings of employees	Department of Education and Skills decides training support policies and allocation of NTF funds to different agencies/programs. Typically involves a system of annual calls and competing proposals
Italy	Joint interprofessional funds for continuing training	Collective agreement (social partners, public administration)	Contributing companies, target groups	Sector-specific, transferable	levy on payroll, European Social Fund	Compulsory levy 0.3% of payroll	levy-grant scheme: public calls for proposals for training plans, allocation to company without public call

Key Features of Training Funds used in EU Member States – <i>Continued</i>							
Country	Instruments	Operation/ Management	Eligible Group	Type of Education and Training Eligible	Source of Funding	Collection	Allocation
Luxembourg	Sectoral training fund for temporary work	Employer organisations and trade unions	Contributing entities	Temporary workers, Permanent Employees	Contributors: temporary work agencies	Levy regulated by social partner agreement (0.6% of annual payroll of temporary work agency)	Levy-grant scheme
Luxembourg	Banking Training Institute	Employer organisations, Bank and Bankers Association Luxembourg	Contributing companies	Firm-specific	Member companies	Member fees	
Luxembourg	Institute for training in construction sector	no information					
Netherlands	Training and Development Funds	Collective agreements	Contributing companies, target groups	Depends on the fund	Companies, European Social Fund, Other sources (Interest, investment returns, voluntary contributions)	Most funds: levy paid by companies. Levy set in collective agreement. Ranges from 0.5-2% of total wage bill	O&O board decides on distribution based on yearly plan, method of payment and eligible costs are decided by social partner managing the fund

Key Features of Training Funds used in EU Member States – <i>Continued</i>							
Country	Instruments	Operation/ Management	Eligible Group	Type of Education and Training Eligible	Source of Funding	Collection	Allocation
Slovenia	Training Fund	no information	Contributing companies		Companies	Levy: 1% of gross salary of employees on private, small companies from craft sector, that signed an agreement establishing training fund	
Spain	Fund of the metal sector for training, qualifications and employment	Collective agreement			Levy on participating companies, Other sources (Tripartite Foundations, ministries, other institutions)		
Spain	Construction labour fund	Collective agreement			Levy on participating companies, Funds from the Tripartite Foundations		
Spain	Tripartite Foundation for Training in Employment	National (business organisations, trade unions, public administration)	Employed, unemployed, target groups	Firm/sector-specific and general	Vocational training levy, European Social Funds, regional government funds	compulsory levy: 0.7% of payroll	Demand-driven schemes: 'continuing training credits'; Supply-driven schemes: public subsidies according to annual or multiannual calls by public administration

Key Features of Training Funds used in EU Member States – <i>Continued</i>							
Country	Instruments	Operation/ Management	Eligible Group	Type of Education and Training Eligible	Source of Funding	Collection	Allocation
Spain	Basque fund for continuing vocational training	National (business organisations, trade unions, public administration)					
United Kingdom	Construction Industry Training Board/Construction Skills levy-grant scheme	Construction Industry Training Board	Registered construction firms	Sector-specific (apprenticeships, training, FET, HET)	CITB-Construction Skills levy, other sources (ESF, interest, voluntary contributions)	0.6% of payroll	
United Kingdom	ECITB levy-grant scheme	Engineering Construction Industry Training Board	Employers registered with ECITB	apprenticeship, upskilling, reskilling, graduates	Compulsory levy from sector companies, Funds from other organisations (incl. EU)	Compulsory levy: Share of total gross emoluments paid to employees and the total gross payments made in respect of labour-only contractors during the base period. 1.5% for employees/labour-only contractors wholly or mainly working on-site, 0.18% for those working off-site	
United Kingdom	Skillset film skills fund	Skillset	Individuals, freelancers, enterprises/organisations, HET and FET institutions	film-specific training	levy raised on production costs of film productions	Voluntary levy collected from UK film producers, based on the payment of 0.5% of the production cost of each film made in the UK	

Source: CEDEFOP Database on Financing Adult Learning