

Employability Fund Formative Evaluation

Executive Summary

January 2016



Introduction

Skills Development Scotland (SDS), in partnership with the Scottish Government (SG) and the Scottish Funding Council (SFC), commissioned SQW to conduct a formative evaluation of the Employability Fund (EF). This document is an executive summary of the findings from this work related to the SDS Employability Fund and is intended to inform continuous improvement of EF, as well as wider policy developments in relation to supporting young people to progress in the labour market.

Methodology

The main stages involved in the evaluation are outlined below:

- Review of background documentation – including EF policy and operational documents and outputs from previous research / analysis undertaken, both for EF and predecessor programmes
- Analysis of performance monitoring data – focusing on the 17,440 EF starts recorded during 2013/14
- Consultations (including face to face, telephone, workshops, electronic survey) with those involved in the design or delivery of EF; SDS staff responsible for making referrals to EF; LEP representatives; EF Providers and participating employers.

Overview of the Employability Fund

Employability Fund (EF) was developed in response to concerns that the existing landscape of provision for pre-employment support in Scotland was too fragmented and not flexible enough to meet the needs of individuals and local labour markets.

The aim of EF is to improve learner progressions along the skills and employability pipeline. The specific objectives of the Fund include supporting activity tailored to meet individuals' needs; a focus on progressing individuals into sustained employment; to be responsive to employer demand; and to complement other funded activity at the local level.

To ensure best fit with local planning for employability support in Scotland, EF provision has been aligned to the Strategic Skills Pipeline (SSP)¹, supporting pre-employment and vocational training related to Stages 2, 3 and 4.

Whilst SDS is ultimately responsible for managing EF, a broad range of stakeholders and partners are involved in delivery. The collective term 'providers' is used throughout this report to refer to all types of providers delivering EF activity, including colleges, local authorities, private and third sector. The design, development and ongoing management of the Fund are supported by input from two LEP Advisory Groups consisting of representatives from local authorities, DWP and Youthlink Scotland.

Process and activities

The 17,150 EF starts that were made available in 2013/14 were allocated across Scotland's 32 local authority areas by SDS based on their relative shares of unemployment. This was considered by consultees to represent a positive move away from historical allocations that were less clearly linked to need.

¹ <http://www.scotland.gov.uk/Publications/2012/09/5609/8>

Feedback from providers suggests that they were generally happy with the level of information provided in advance of EF bidding with almost two thirds of survey respondents rating it as 'useful' or 'very useful'.

In terms of potential improvements to the bidding process, providers requested better information on local labour markets; more guidance on parameters/benchmarks for EF performance; more consideration of past outcome performance; a direct point of contact for queries; and more time to prepare bids. It is noted that several of these issues were addressed in advance of bidding for Years 2 and 3.

SDS Skills Investment Advisers carry out initial scoring of bid submissions, a process which was agreed by the LEP Advisory Group. A co-decision making meeting is then held between two SDS representatives and two other LEP representatives (DWP and the local authority) to moderate and agree on these and to allocate available starts by provider, age and stage accordingly.

This co-commissioning approach was generally well received by all partners involved. However, there were some concerns raised in relation to the extent to which it was genuinely collaborative with SDS taking lead responsibility for scoring and some confusion reported around the extent to which this could be challenged by LEPs. However, it is noted that this approach was discussed and agreed by the LEP Advisory Groups with the consensus being that it would be too much work for local partners to undertake scoring of bids.

Provider suggestions for improvement to the commissioning process include more detailed feedback on bids; awards to be more explicitly linked to past performance; a move to a three-year contracting cycle and early notification of contract awards. Some of these issues were addressed in Years 2 and 3. For example, the scoring framework for Year 2 included consideration of Year 1 performance.

LEPs are responsible for in-year monitoring of EF activity and performance, and for taking decisions on the reallocation of starts accordingly. Success factors identified for those areas where active management was working particularly well include ensuring impartiality; continuity of partners; ongoing monitoring of wider context; and having structured meetings on a regular basis.

Delivery and outputs

There were 17,440 employability opportunities (starts) delivered through EF during 2013/14. The majority of 16 to 17-year-old participants were referred through SDS, whilst DWP was the main referral source for those aged 18 and over. The scale of referrals being made to EF was reported by many providers to be lower than expected, especially at Stage 3 and for 18 to 24-year-olds.

There were two main aspects to the referral process highlighted by consultees as having potential scope for improvement: the eligibility checks and assessments undertaken; and the background information provided on individuals.

Males aged 16 to 17 represent the single largest category of EF participants, accounted for one in every three starts in 2013/14. The majority of EF participants have no previous qualifications. Of those that do, most are qualified at SCQF Levels 3-4 with fewer than 10% holding qualifications at a higher level in 2013/14.

Around half of all EF starts in 2013/14 were taken by individuals that had been unemployed for less than six months and the majority of these went into Stage 3 or Stage 4 provision.

Block starts are the most common intake method for Stage 2 EF provision, whereas roll on/roll off is more common for Stage 4. Stage 3 provision is more likely to be mixed, reflecting the diverse needs of participants in this category. Most EF activity lasts between 11 and 15 weeks, with 13 being the most common. Stage 4 is noticeably shorter, reflecting the closeness of this group to the labour market and the type of provision required.

Feedback from EF participants suggests that the majority found the support received to be useful and the overall quality of training to be good.

There is evidence that EF has led to changes in the way in which employability services are now being delivered, with 84% of providers reporting some level of innovation in their EF delivery and over a third (34%) described their delivery as 'very new/innovative'.

Intermediate outcomes

Around half of EF providers surveyed agreed or strongly agreed that EF was more flexible and responsive to individual and employer need. However, 27% disagreed or strongly disagreed that this was the case and the remaining 26% neither agreed nor disagreed. The general consensus amongst consultees was that there was more scope within EF to tailor provision to meet individual needs than in predecessor programmes, although providers were frustrated that they could not move places across stages during the year.

There is evidence to suggest that EF has helped to bring efficiencies and reduced duplication to the system. In particular, the involvement of LEPs in the commissioning process means that contract awards are being made by those who should be aware of the wider landscape of provision at a local level, although practice remains variable.

Several consultees reported ongoing tension between local and national priorities within EF. Whilst it was recognised that there was generally more scope within EF to shape provision to meet local requirements, this was limited by the centralisation of some aspects of the process, such as the scoring of bids.

Providers were generally in agreement that EF was delivering an approach which is better aligned to local labour market need. Almost half (45%) agreed or strongly agreed that this was the case, whilst just under a quarter (23%) disagreed or strongly disagreed.

Consultees were of the view that the funding model for EF represents a 'radical departure' from predecessor programmes, with a much greater emphasis on the achievement of outputs and outcomes, rather than attendance. However, it appears that a number of providers have taken a very conservative view of the funding. They have designed 13-week courses on the basis of receiving no outcome awards.

There was also some concern that the funding model across the different stages may be skewing behaviour. In particular, that the payment for certified learning was reported by LEP consultees to be driving providers to focus on this, rather than the achievement of job outcomes, as it is easier to achieve.

Also in relation to the funding model, there was concern that the output and outcome payments were generally the same across all stages. Some providers thought this unfair as by definition

those further advanced along the skills pipeline had less distance to travel to attain some outcomes, especially employment.

Feedback from employers

Consultations were carried out with 17 employers that had offered work experience or employment opportunities to EF participants. Due to the nature of how these were sourced (nominated by providers), the sample is likely to be biased towards those employers that have had a positive experience.

The majority of consultees first heard about EF from the training provider, either through their existing contact with them or from direct marketing. Around half of the consultees had worked with the training provider previously and in some cases this relationship was long standing (20+ years).

There is some evidence to suggest that providers have successfully engaged some employers in offering opportunities to young people that might have not have done previously.

Reasons cited for employers getting involved include to fill vacancies and to offer an opportunity to a young person. This social responsibility motivation was evident at both a corporate and individual level.

Most employers consulted with reported being happy with their experience of EF and having no suggestions for improvement. A couple suggested better awareness raising, particularly amongst smaller employers; less paperwork; and more background information on participants.

Conclusions and recommendations

The introduction of EF represents a major change to the way in which employment support services are funded and delivered in Scotland. The Fund was still relatively new at the point of the evaluation, especially given the scale and nature of change that it represented. In particular, the new model has required somewhat of a culture shift on the part of local and national partners, as well as providers, which takes time to embed.

Despite this, feedback on the operation of EF was generally positive and good progress was considered to have been made across a range of fronts. A number of potential issues had already been considered and/or addressed, suggesting that the Fund has been subject to continuous improvement and development since launch.

The evidence gathered through the evaluation points to a number of recommendations for consideration in the future development of EF, as well as future programmes of this type, and these are outlined below.

Recommendation	Action undertaken by SDS
Some of the implementation issues highlighted through the evaluation can be partly attributable to the relatively short lead-in time available to set up and deliver EF. In future, longer lead-in times to establish and implement national programmes and funds of this type should help mitigate against some of these issues.	This has been fed back to Scottish Government.

Recommendation	Action undertaken by SDS
<p>The lack of clarity found in relation to several aspects of EF delivery and processes suggests a need for a review of the mechanisms for communicating these, both internally within SDS and externally to LEP partners and providers.</p>	<p>EF procurement processes have been reviewed and more detailed guidance for EF bidders has been introduced for 16/17. A national presentation for all co-decision makers was issued for 16/17. All information and guidance documents including the EF Rules, Frequently asked questions and EF Referring Organisation contacts are published on the SDS website (Provider Central)²</p>
<p>The funding model should be reviewed, with consideration given to increasing the support available for Stage 2 participants and reviewing the scale and nature of outcomes they are likely to achieve given the depth and range of issues and potential barriers they may be facing.</p>	<p>Ongoing analysis of delivery data to identify the journey of EF participants at each Stage and any potential barriers to progression. The results will be considered when reviewing the funding model on an annual basis.</p>
<p>The scoring framework for provider bids should be reviewed with a view to identifying the extent to which it is acting as a disincentive for new providers; and the extent to which it is positively encouraging innovation.</p>	<p>The scoring framework has been reviewed and amended within the procurement process for 16/17.</p>
<p>There is a requirement for more proactive in-year management of EF allocations on the part of LEPs to ensure an appropriate spread of starts by age and stage throughout the year, whilst also ensuring that there are none left over at the end of the year, particularly in areas where there has been unmet demand.</p>	<p>A reallocation process was developed and implemented for mid year 15/16 and will be reviewed and refined for 16/17.</p>
<p>In many areas, EF is still operating in isolation from other funded provision at the local level and so further work is required on the part of LEPs to better integrate EF delivery within the wider landscape of provision and ensure that it is focused on addressing gaps in the Strategic Skills Pipeline.</p>	<p>Maintaining an overview of the local Strategic Skills Pipeline is one of the aims of the LEP. This is reinforced via the LEP Advisory Groups and through the ongoing development of Provider Forums. The ongoing promotion and development of local Youth Employability Activity Plans (YEAPs)³ will assist with the integration of EF with the wider landscape of provision.</p>
<p>The LEP Advisory Groups should reconsider the roles of the different partners in scoring EF bids on the basis of the feedback received in relation to this.</p>	<p>This has been considered and incorporated in the review and implementation of the EF procurement process for 16/17.</p>

² <https://www.skillsdevelopmentscotland.co.uk/for-training-providers/employability-fund/>

³ <http://www.employabilityinscotland.com/policy-and-partnership/local-employability-information/>

Recommendation	Action undertaken by SDS
<p>In advance of an impact evaluation of EF, a baseline of participant outcomes should be developed, drawing on evidence from predecessor programmes. This will enable assessment of the extent to which EF has resulted in improved outcomes for participants. Consideration might also be given to setting a target for the scale of improvement that would be expected within a given timescale.</p>	<p>Full data for the first 2 years of EF delivery will be available from the end of December 2015. A full analysis of this data will be undertaken to inform future delivery and funding models.</p>
<p>Providers should be asked to supply contact names and details of employers that they are working with to secure work experience placements and job outcomes for EF participants. This will ensure accountability and also provide a resource for future research and evaluation work.</p>	<p>Recording employer information forms part of the implementation plan for the new Financial Information Processing System (FIPS).</p>