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# Evaluation of Jobs Growth Wales

## Final Report

# **Evaluation of Jobs Growth Wales: Final Report**

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Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government.

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## **Glossary of acronyms**

Active Labour Market Policies (ALMP)

Business, Enterprise Technology and Science (BETS)

Black and Minority Ethnic (BME)

Communities First (CF)

Department for Economy, Science and Transport (EST)

Department for Work and Pensions (DWP)

Department of Business, Enterprise, Technology and Science (BETS)

European Social Fund (ESF)

European Regional Development Fund (ERDF)

Full-time equivalent (FTE)

Future Jobs Fund (FJF)

Higher Education Funding Council for Wales (HEFCW)

Human Resource Development Authority (HRDA)

Jobcentre Plus (JCP)

Jobseekers Allowance (JSA)

Jobs Growth Wales (JGW)

Managing agent (MA)

Management information (MI)

Management Information System (MIS)

National Insurance (NI)

National Minimum Wage (NMW)

National Qualifications Framework (NQF)

New Enterprise Allowance (NEA)

Not in Education, Employment or Training (NEET)

Randomised Control Trial (RCT)

Regional Skills Partnership (RSP)

Small Medium Enterprise (SME)

Standard Industrial Classification (SIC)

Standard Occupational Classification (SOC)

United Kingdom (UK)

Wales Council for Voluntary Action (WCVA)

WEFO cross-cutting themes (CCT)

Welsh European Funding Office (WEFO)

The Welsh Government (WG)

Welsh Index of Multiple Deprivation (WIMD)

Work Based Learning Providers (WBLPs)

Work Limiting Health Condition (WLHC)

Youth Entrepreneurship Strategy (YES)



## **Executive Summary**

### **Background, scope and methodology**

1. Ipsos MORI, Wavehill and Wales Institute of Social and Economic Research, Data and Methods (WISERD) were commissioned by the Welsh Government (the WG) in October 2012 to conduct an evaluation of Jobs Growth Wales (JGW).
2. JGW is one initiative forming part of a wider set of WG initiatives to address youth unemployment. JGW, which was partly funded by the European Social Fund (ESF), was launched on 2 April 2012 and initially aimed to create 12,000 new job opportunities between April 2012 and June 2015 for unemployed and job-ready young people aged 16 to 24 that have experienced difficulty in securing employment<sup>1</sup>. It provided participants with a job opportunity for a six month period paid at, or above, the National Minimum Wage (NMW) for a minimum of 25 hours per week up to a maximum of 40 hours per week, or a £6,000 bursary to support them to start their own business. The programme ultimately aimed for its participants to move into sustainable employment or self-employment. The programme was a key manifesto commitment of the Welsh Labour Party and was included in the Programme for Government.
3. While the primary benefits of the programme were focused on supporting young people into employment, there are secondary benefits for the Welsh economy through support to Welsh businesses, particularly small and medium-sized enterprises (SME). Key criteria for employer participation were that businesses declare that the opportunities created are additional to their existing workforce, and that there was the potential for jobs to be sustained at the end of the six month supported period. Therefore businesses had to declare that they had plans for growth that would not be progressed (or would not be progressed at the same rate) without JGW support.

### *Evaluation scope and limitations*

4. Running from October 2012 until May 2016, the evaluation aimed to assess the effectiveness of programme processes, measure the net impact of the

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<sup>1</sup> The programme was originally funded until March 2015, but it was announced in October 2013 that the programme would be extended for another year. WG, 'A budget for jobs and growth: Deputy Minister welcomes £12.5 million to extend flagship Jobs Growth Wales programme', 18 October 2013, accessed online on 20 February 2014 at <http://wales.gov.uk/newsroom/educationandskills/2013/7985117/?lang=en>.

programme, and assess the value for money of JGW, while also satisfying the requirements of the Welsh European Funding Office (WEFO).

5. The purpose of this report is to provide a final assessment of JGW over the period from the launch of the main stage of the programme<sup>2</sup> on 2 April 2012 to the end of June 2015. This final evaluation largely focuses on the impact on young people participating in the programme, and the extent to which impacts have sustained since the interim assessment in 2013.

#### *Methodological approach*

6. The evaluation has been delivered in three phases: scoping (2012), interim (2013) and final (2015). The impact evaluation has been conducted by adopting a quasi-experimental approach in which labour market outcomes achieved by JGW participants were compared to a matched group of non-participants in order to provide an understanding of the counterfactual. This was the most robust approach the study could adopt without the possibility of a Randomised Control Trial (RCT)<sup>3</sup>.
7. A range of methods, including both qualitative and quantitative approaches, were required to assess the effectiveness of JGW processes and to inform understanding of the impact of the programme during the final evaluation stage. These were:
  - Desk-based research: a rolling literature review of initiatives to get young people back into work; analysis of secondary sources of data on youth unemployment and employment demand in Wales; analysis of JGW monitoring information; a review of key WG policies and strategies related to youth unemployment; a review of skills, training and employment programmes designed to support young people;
  - A stakeholder consultation involving in-depth interviews, conducted face-to-face and by telephone, with stakeholders involved in the design,

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<sup>2</sup> The pilot stage of the programme is not within the scope of this evaluation.

<sup>3</sup> The highest quality impact evaluation findings are usually - though not always - obtained through approaches that compare the outcomes of interest achieved by participants against a comparison sample of non-participants, with the highest levels of robustness usually obtained through RCTs. This involves random assignment of treatment (in this case, a JGW opportunity) across the eligible group. This was not a feasible approach for the JGW evaluation as participants self-select for treatment (through applying for JGW jobs) and employers select from the pool of applicants.

management, delivery and monitoring of JGW and working in related policy areas (12 interviews);

- Qualitative research with employers (25 in-depth telephone interviews) and young people (15 in-depth telephone interviews);
  - Qualitative research with mentors employed by JGW Managing Agents (MAs) (10 in-depth interviews);
  - Follow-up telephone surveys of young people, who had secured jobs through the programme and were interviewed during the interim evaluation (258 interviews);
  - Follow-up survey with a comparison group of applicants who had not been successful and were interviewed during the interim evaluation (255 interviews); *and*
  - Survey of young people who had been assisted by the programme since the interim evaluation assessment in 2013 (425 interviews).
8. There are a number of methodological limitations to this evaluation which are set out in detail in the main report and Annex D.

### **Reflecting on the interim recommendations**

9. At the point of the interim evaluation in 2013 a number of areas were identified as strengths and weaknesses of the programme.
10. **Strengths** included the clear and simple objectives for the programme which linked through to high levels of demand, the extent to which the WG leveraged existing structures in order to act quickly in the face of a potentially critical and long term recessionary impact on young people, and the nature of the application process which was quick and easy for young people to use and linked to the high volumes of applications to the programme at the interim stage.
11. **Areas for improvement** were identified and included streamlining the referral routes from other WG programmes into JGW, better joining up the delivery partners which would aid streamlining of the programme, and working to

reduce the deadweight<sup>4</sup> on the programme as the economic recovery begins to take hold (either by focusing on disadvantaged young people who would be less likely to access a job opportunity, or reduce overall rates of wage reimbursement, as economic pressures on employers ease).

12. Other areas for improvement recommended by the interim evaluation also included aspects which would increase the effectiveness of delivery such as making the tick box to request feedback more prominent on the application system, examining the role of the mentor to improve its effectiveness, and consider discontinuing the graduate strand as it overlapped with other WG programming.
13. In the design of the JGW II programme<sup>5</sup> many of these areas for improvement have been taken up. The only area for improvement in which progress has been more limited is 'working to reduce the deadweight on the programme as the economic recovery begins to take hold'.

### **Key findings from the final evaluation**

*Economic context for intervention has changed in recent years however there was a strong rationale for intervention when JGW was conceived.*

14. Young people in Wales were disproportionately affected by the recession; unemployment rates rose more rapidly among 16 to 24 year olds in Wales between 2009 and 2012 than for both similarly aged individuals across the UK, and faster than older age groups within Wales also. Graduates had also experienced a greater rise in unemployment, at UK level. There was considerable concern (based on information available at the time of programme development) that these impacts in the short term would lead to scarring impacts for younger people in the long term. This was the context in which JGW was designed and implemented, providing a strong rationale for public intervention in order to mitigate against this risk.
15. Given the pressured environment in which JGW was conceived, there was a requirement for the project to be developed quickly, whereby main features of the programme were largely decided at a political level. The project team

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<sup>4</sup> 'Deadweight' refers to outcomes which would have occurred without intervention.

<sup>5</sup> JGW II, the successor programme to JGW, is funded by the 2014-2020 ESF programme. It was launched in June 2015.

developed the more detailed design of the project considering different approaches for the support provided through JGW (e.g. length of job opportunity, amount of wage subsidy). The design of JGW drew on lessons from the Future Jobs Fund (FJF) and the pilot phase of the programme, as well as wider evidence available from other work experience programmes in the UK.

16. A review of the wider literature suggests that the WG's policy response was broadly in line with the activities of other nations (in particular those of other EU countries and the US) attempting to respond to youth unemployment. Many sources identify some benefits from wage subsidy programmes; however, these may not always represent the best value for money. Furthermore, these types of active labour market policies (ALMP) are shown to be less effective (with higher levels of deadweight) when targeting criteria is broad, and unemployment levels are at a high level.
17. Overall, national statistics and other data sources indicate that economic recovery has now taken hold in Wales; levels of unemployment among young people are beginning to return to pre-crisis levels (consistent with the more experienced older generations), and the 'gap' between young people and older generations reducing somewhat. Despite this recovery for young people in Wales, however, performance continues to lag behind that seen in the UK overall, suggesting a continued need for intervention.
18. JGW is strongly aligned with other WG programming, its eligibility criteria were designed to avoid overlap with UK mainstream provision and it is the largest financial investment in tackling youth unemployment in Wales.
19. JGW is one of a large number of programmes which have been identified as targeting young people in Wales to assist them into work. Its job opportunities, wide scale of eligibility and a high level of subsidy make JGW distinct from the other programming. It is aligned with both key WG strategies and has close strategic and operational links with key programmes designed to address issues of youth unemployment and unemployment more widely.
20. However, the alignment of the programme with mainstream provision developed on a UK wide basis by the Department for Work and Pensions (DWP) has created challenges. Addressing youth unemployment has become

an increasing priority for mainstream provision and has led the development of comparable initiatives (most notably the Youth Contract and the New Enterprise Allowance). In both instances JGW offers far greater investment per individual (either as a wage reimbursement or a bursary) and would therefore appear a more attractive route to those beneficiaries eligible for both the WG and DWP initiatives.

*JGW has performed well against its core objective of creating job opportunities for young people in Wales, and exceeded most of its ESF targets for post-JGW outcomes.*

21. JGW has filled 14,984 jobs including 392 business start-ups supported across the three years of delivery, and has achieved 135 per cent of its combined (final agreed) target for jobs filled/businesses supported.
22. Performance at a strand level was however variable. The private sector strand over-performed against targets, the third-sector and self-employment strand performed less well against their original targets and there were some issues with the third-sector supported strand referring young people who were not job ready to the programme. That said, close monitoring of the strand and MA level performance allowed the WG's central management team to flexibly reallocate jobs targets across the programme to successfully manage risk around under achievement of targets for the programme as a whole.
23. The programme had targets associated with its ESF funding, for participation and post-JGW outcomes (employment, further learning, and other positive outcomes). All of these were comfortably exceeded, with the exception of the Convergence region employment target, against which an achievement of 88 per cent was recorded.

*Employers were able to recruit quicker in a time of economic uncertainty than they would have otherwise without the JGW subsidy.*

24. There were an equal proportion of JGW employers that did, and did not, have some intention of recruiting staff, or planned to recruit in the absence of the programme. Although this was the intention for some, both waves of research showed that financial restrictions would have delayed, or in some instances prevented, the desired recruitment and so the JGW programme accelerated the process of recruitment for many companies. For those that had no intention

of recruiting staff, the JGW programme offered the opportunity to create additional jobs. Employers interviewed for this final evaluation re-confirmed that the main benefit of the programme was to help their business to grow at an uncertain time when it was difficult to commit to recruitment. Employers suggested they were able to achieve cost savings and the recruit helping to deliver the existing workload.

25. Evidence from employers at both the interim and final evaluations stages indicated that in some cases JGW employees needed a moderate amount of training to perform the tasks that formed part of their job. This added an additional cost to their businesses but would be anticipated when hiring someone often in their first employed position. Training costs were seen as being the biggest costs incurred by employers as part of the programme.
26. Most, but not all, employers interviewed as part of the final evaluation stated that the programme would have no impact on their attitudes towards employing young people, but this was primarily because they already had positive attitudes to employing young people.

*Young people gained valuable work experience, improved their job-related skills and the majority were in paid work within two months of completing their temporary opportunity.*

27. The programme has led to positive employment outcomes for participants. Following completion of their six month JGW job the majority of participants were in productive employment either with their JGW employer or another organisation (including apprenticeships). Furthermore, the majority of those who did not find paid work immediately did so within two months of completion of their JGW job opportunity.
28. The main benefits reported by programme participants were gaining work experience and improved job-related skills which would help them secure future employment. Some of the young people had been out of work for long periods of time, and others had very little work experience prior to their temporary job opportunity. Getting the opportunity to participate in work and obtain practical experience via JGW enabled many young people to gain confidence and belief in themselves that they can work and achieve many benefits. This was deemed important to progressing further in their work with

their JGW employer, or with other employers in the future. Indeed, over half of participants (56 per cent) who secured employment following their temporary job felt it was unlikely they would have found the job without their JGW work opportunity. Some participants from the self-employment strand felt that without the programme they would not have a business or be in employment. They explained how the bursaries provided a 'cash-injection' to help with set-up costs and a security net in case things did not go as planned.

29. The majority of participants received at least some form of training on the programme, and the vast majority were satisfied with the training they received. Some participants reported receiving specific training that offered them the chance to gain qualifications. For the self-employment strand there were some incidences of recipients receiving training (e.g. workshops on the administrative side of running a business). The programme is therefore helping young people's employability by building up their CVs through providing both work experience and some formal training.
30. The majority of JGW jobs have been in occupations which are associated with lower skill levels and low wages such as elementary positions and administrative and secretarial occupations. However, among the second cohort of young people there was an increase in the proportion of job opportunities in associate professional and technical occupations. Overall the profile of employment is largely similar for participants who gained employment after completing the programme. Most were working full-time hours in one job and this pattern did not change across the two phases of research.
31. Wage data indicates that participants earned a higher wage at their post JGW job compared to their temporary job (£6.77 versus £5.95). Three in ten (31 per cent) expected to have received lower pay if they had not participated in JGW (compared to 16 per cent who expected their pay to be higher). On the whole participants were overwhelmingly positive about their future employment prospects and the majority felt that JGW contributed to this to at least some extent.

*There is evidence of a significant net short term employability impact on young people participating in JGW (compared to a matched comparison group) but limited evidence of any longer term gains. The rate of return on investment to the public sector of £1.22 per £1 of WG expenditure compares favourably to the FJF.*



32. The results of the analysis suggest that JGW had a significant short term effect on employability of participants. Six months following initial application for a JGW vacancy, it is estimated that 35 per cent of participants would not have been in work without the programme. Additionally, it is estimated that JGW participants spent an additional 4.6 months in work and 2.1 fewer months claiming benefits over the 27 months following their initial application as a consequence of the programme. Finally, there was no evidence of adverse effects on the employability of older workers as a consequence of the programme.
33. The combined monetary value of these impacts is estimated at a present value of £71.5m and compares to programme delivery costs of £58.5m. This implies a return on investment to the public sector of £1.22 per £1 of WG expenditure on the programme, in the form of additional income for young people and costs savings through reduced benefit payments. This rate of return compares favourably to those associated with the FJF, an analogous scheme with similar objectives delivered between 2009 and 2011 by the DWP (despite JGW delivering less sustainable effects<sup>6</sup>).
34. However, while there was evidence that JGW delivered positive results in the short term, the extent to which the scheme addressed its underlying objective of ameliorating the threat of scarring effects<sup>7</sup> in the longer term has been limited. The results of the evaluation suggest that the impacts of JGW have been primarily short term in nature: 27 months after the initial application for a JGW vacancy, there were no statistically significant differences between the employment rates of JGW participants and the matched comparison group. Additionally, there was no evidence that the programme had a significant effect on the productivity or hours worked by participants. Such effects might have been expected given the underlying aim of the programme to avoid the 'scarring' effects associated with episodes of unemployment caused by recessionary conditions ((though it is not possible to fully discount the possibility that such effects might emerge in the future).

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<sup>6</sup> As established in the impact assessment of JGW conducted by Ipsos MORI as part of this evaluation.

<sup>7</sup> Long episodes of unemployment experienced by young people during such periods lead to negative impacts on earnings that are visible over the course of a lifetime. The technical term for this is 'hysteresis'.

*Actions have been taken to address many of the process effectiveness issues flagged in this and the subsequent evaluation in the redesign of JGW II.*

35. JGW was designed and implemented in a pressurised environment and delivered by a relatively small team who perhaps did not anticipate the volume of work involved in administering the programme. While there have been issues in relation to establishing clear processes, monitoring MAs to an appropriate level and data capture, the delivery team has done well to achieve the level of jobs that have been filled through the programme.
36. Employers generally have positive experiences of the processes employed to deliver JGW including the role of the MA. The majority of employers were able to fill all of the positions they advertised through JGW and at the final evaluation stage cited more satisfaction than at the interim report stage with the quality of candidates they were accessing through JGW.
37. Young people generally found the process of applying for a job straightforward and few reported issues. There were some issues with the self-employment strand specifically where interviewees revealed they found the application challenging initially but most had received support which had been helpful. Young people were also broadly happy with the level of support they received from mentors however it was described as more of a 'light touch monitoring' as opposed to 'mentoring among some MAs.
38. There is a lot for the WG to consider in implementing JGW II but broadly the changes to the model and the process refinements appear to align with feedback from the interim evaluation. In addition, the reduction in MAs from over 20 to six across Wales should enable closer dialogue and management of MAs from the central team.
39. From the evidence collected across the interim and final evaluation, it appears the stranded approach for JGW enabled the WG to test out different routes to employment, but the streamlining to only the private and third-sector strand appears very sensible on balance. The private sector jobs have been crucial to the programme, whereas the graduate strand was felt to overshadow the GO

Wales<sup>8</sup> offer and was also less attractive to employers compared to employing graduates through the other strands with higher wage subsidies.

40. The third-sector supported strand suffered from a lack of clear eligibility criteria and was to some extent at odds with the core principle of the programme in that the programme was for young people who were more work ready. It should be noted though that evidence has not suggested young people on this strand have had a poorer experience.
41. The self-employment strand was discontinued as part of the successor programme JGW II on the basis that the programme would work more efficiently with a more streamlined design, and that business support should be accessed via the European Regional Development Fund (ERDF) rather than ESF. As the study team understands it, there is no alternative start-up bursary available to young people now that the Young Enterprise Allowance through JGW has been discontinued.
42. The improvements made to programme processes for mentoring and screening are in line with findings from the interim evaluation. In relation to the latter; it will be important to get the balance right and consider the approach in the context of the employers allowed to access the programme. For example, small charities may be open with MAs about the funding uncertainty they face (as some have reported that they have been through the qualitative interviews). This may impact on their ability to state that they could sustain the jobs beyond the programme and this should be considered in context by the MAs.
43. Planned links with Regional Skills Partnerships (RSPs) should ensure that the WG is truly getting the most out of the programme increasing the quality and economic relevance of jobs created through the programme.
44. Young people taking multiple jobs through the programme should be minimised as part of JGW II – potentially these young people should be referred back to pre-employment provisions.

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<sup>8</sup> Graduate Opportunities Wales (GO Wales) aimed to help HE students and graduates to find work, or work experience, and to encourage Welsh businesses to use Welsh graduates to meet their higher level skills needs. The project ended in 2014. See <http://www.gowales.co.uk/>.

*Cross-Cutting WEFO Themes and Welsh Language Scheme are delivered against. Performance in this regard could be enhanced beyond the minimum.*

45. Elements of the JGW programme were designed to address each of the WEFO cross cutting themes (CCT) (environmental sustainability and equal opportunities and gender mainstreaming). While there were no discrete targets for Green Jobs approximately eight per cent of JGW jobs<sup>9</sup> created were classified in this way, this may be an overestimate of achievements however due to poor classifications within the management information (MI). In relation to equal opportunities and gender mainstreaming, the evaluation found that JGW addressed this in a number of ways. The programme met its targets for the proportion of participants who were disabled or had a Work Limiting Health Condition (WLHC), who were from Black and Minority Ethnic (BME) groups, or who were lone parents. The only exception was the lone parents target in the Competitiveness area, against which the underachievement was slight (1.5 per cent of participants, according to the MI, compared to a target of 1.6 per cent)<sup>10</sup>.
46. Applicants who are further from the labour market and need additional support accounted for seven per cent of all JGW jobs across the three years of delivery. It is understood that activity around, and monitoring of, WEFO CCT, will now be conducted centrally across all ESF programmes, presenting the opportunity for a more proactive approach or consideration of new processes to drive outcomes in this regard.
47. Evidence indicated that while JGW adheres with the WG's Welsh Language Scheme, more could be done to proactively embrace the scheme as part of JGW II. Welsh language skills are higher among young people, and may represent a competitive advantage to them in the workplace. Collection of data related to the language needs of vacancies could give further insight into where opportunities exist for young people.

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<sup>9</sup> This figure is for the pan-Wales programme. Isolating the jobs identified as being ESF-eligible, the figure is 7 per cent.

<sup>10</sup> East Wales - covers 7 local authority areas in East Wales: Cardiff, Flintshire, Monmouthshire, Newport, Powys, Vale of Glamorgan and Wrexham.

## *Conclusions and considerations for JGW II*

48. Jobs Growth Wales was the WG's mitigation action/insurance policy against the potentially serious recessionary impacts on the future employment prospects of its young people. The design and implementation of the scheme was quickly established against a backdrop of slower moving mainstream policy provision. There were a number of challenges during the delivery, and the programme was delivered with a minimal overhead/central cost. Despite this, regular reviews and flexibility in the targeting approaches has meant that the scheme has delivered a substantial volume of jobs for young people in Wales over the last three years.
49. Over the period of the programme's delivery both the economic context and labour market opportunities in Wales and the UK have shown substantial improvements, more so than would have been anticipated at the outset to the recession in the view of the evaluation team. As such the rationale for such high levels of investment in youth unemployment is not as strong now as it was pre-2012. This said there still are differences between how Wales compares to the broader UK in this regard and so extra support provision to young people in Wales could still be justified.
50. Young people who have participated in the programme and employers alike are generally positive about their experience. Young people have gained valuable experience, improved their confidence and acquired broader employability skills from their JGW opportunity. Employers were able to recruit at an uncertain time when they may have held off making an investment in staff.
51. While the Return on Investment for the programme is relatively modest (a return for the public sector of £1.22 for every £1 of WG expenditure) this does compare favourably with other similar programmes such as the FJF. The analysis undertaken suggests that there is no evidence that the focus on employment for young people has had any negative effects on the employment prospects of older people in the Welsh labour market.
52. Given the significant shift in the economic context and in particular unemployment rates of young people in Wales it may be worth WG reconsidering the level of investment needed to deliver a positive employment

outcome for young people in Wales. This may involve some or a number of the following:

- A review of the full suite of interventions targeting young people into employment in Wales to determine where investment could best help to achieve a positive outcome at reduced levels of deadweight.
- A reduction in the subsidy offered to employers in Wales who provide a six month job for JGW participants.
- A reduction in the number of job opportunities created through the programme in line with the reduction in need.
- A change in the targeting for the programme, which prioritised providing job opportunities for those who are further from the labour market and from disadvantaged backgrounds.

53. Other minor enhancements to the current design for JGW II which should be considered include:

- Reviewing the feedback mechanism so that it is clearer and easier for young people to request feedback as to why they have been unsuccessful in their job application.
- Ways in which the programme could more proactively engage with and monitor progress against WEFO CCT and the Welsh Language scheme<sup>11</sup>.
- Giving careful consideration to specific rules around employer eligibility and ensuring that the business or organisation's particular context is fully understood by the assessor. This would help to both ensure that certain employers such as charities are not disadvantaged or excluded whilst also helping to minimise the possibility of employers taking advantage of the programme.
- Embedding mechanisms to encourage MAs to provide better quality management information within a quicker timeframe to the WG so that the programme monitoring is enhanced.

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<sup>11</sup> Statutory standards replaced the Welsh language scheme in March 2016. The standards stipulate how organisations should use the Welsh language.

- How the central team could more effectively use change controls to record how the programme targets have changed and why this has been deemed necessary.

# 1 Background, evaluation scope and methodology

## Background

- 1.1 Ipsos MORI and Wavehill and Wales Institute of Social & Economic Research, Data & Methods (WISERD) were commissioned by the Welsh Government (WG) in October 2012 to conduct an evaluation of Jobs Growth Wales (JGW). The programme, which was partly funded by European Structural Funds (ESF)<sup>12</sup>, was a WG programme to address youth unemployment. JGW was launched on 2 April 2012 and originally aimed to create 16,000 new jobs over a four-year period<sup>13</sup> for unemployed but job-ready young people aged 16 to 24 that had experienced difficulty in securing employment. It provided participants with a job opportunity for a six month period paid at, or above, the National Minimum Wage (NMW) for a minimum of 25 hours per week up to a maximum of 40 hours per week, or a £6,000 bursary, paid in instalments, to support them to start their own business. The programme ultimately aimed for its participants to move into sustainable employment or self-employment. It was a key manifesto commitment of the Welsh Labour Party and was included in the Programme for Government.
- 1.2 While the primary benefits of the programme were focused on supporting young people into employment, there were secondary benefits for the Welsh economy through support to Welsh businesses, particularly Small to Medium Enterprises (SMEs). Key criteria for employer participation were that businesses declared that the opportunities created were additional to their existing workforce, and that there was the potential for the job/s to be sustained at the end of the six month supported period. Therefore, businesses had to declare that they had plans for growth that would not be progressed (or would not be progressed at the same rate) without JGW support.
- 1.3 JGW was launched on 2 April 2012 and ran from April 2012 to the end of June 2015 at which point it stopped filling posts. These timings were as originally intended; a one-year extension to the programme was announced in October 2013<sup>14</sup> which would have

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<sup>12</sup> ESF funding for the programme totalled £27,850,148 broken down as approximately £23.7m ESF convergence and £.2m ESF RCE (source: final WEFO payment letters). This compares against total expenditure on JGW of £64,576,946 (source: management information provided to the study team on 18.08.15).

<sup>13</sup> The programme was wound up a year early so that the successor programme, JGW II could be launched. The final agreed target for JGW was for 11,123 jobs filled over the 3-year delivery period. The annual target of 4,000 jobs filled/ business supported was revised down for the final year.



taken the programme through to March 2016, but a decision was subsequently taken to launch a redesigned programme, which started filling posts shortly after its predecessor ended.

- 1.4 We refer hereafter to JGW (the subject of this evaluation), and JGW II, the new redesigned programme.

### **Scope and aims of the evaluation**

- 1.5 Running from October 2012 until April 2016, the evaluation aimed to analyse the effectiveness of programme processes, measure the net impacts and assess the value for money of JGW, while also satisfying the requirements of the Welsh European Funding Office (WEFO).

- 1.6 The overarching aims of the evaluation are summarised below. For a more detailed discussion, please see Annex A.

- Understand the context within which the JGW programme worked, and the extent to which each strand integrated into other initiatives in Wales and the UK;
- Review the processes of the programme, and how well it was managed and implemented;
- Assess how effectively JGW communicated and engaged with employers and young people, particularly in deprived areas; and
- Evaluate the impact of JGW on youth unemployment in Wales, both overall and for each strand, through exploring the end destination for participants and the impact of participation on employers' recruitment patterns and training programmes;
- Identify the key strengths of the programme and any constraints/issues.
- Provide an understanding of the value for money of the programme.
- Gather lessons learned and provide recommendations to inform future policies to support young people into employment.

- 1.7 The purpose of this report is to provide a final assessment of JGW over the entire delivery period (April 2012 to June 2015). It provides an analysis of the effectiveness

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<sup>14</sup> WG, 'A budget for jobs and growth: Deputy Minister welcomes £12.5 million to extend flagship Jobs Growth Wales programme'. 18 October 2013, accessed online on 20 February 2014 at <http://gov.wales/newsroom/educationandskills/2013/7985117/?lang=en>.

of key programme processes in contributing to the delivery of the overall objectives of JGW, and of JGW's impact, including any impact the programme has had on reducing youth unemployment in Wales.

- 1.8 The JGW pilot stage is not within the scope of this evaluation; nor is JGW II, the new redesigned and recently launched operation. However, the changes made to JGW II are included for information, and in the context of discussing the relative strengths and weakness of the JGW delivery model and programme processes. The report does not comment on the effectiveness or the impacts of JGW II.

## **Evaluation approach and research methods**

- 1.9 The evaluation was conducted in line with HM Treasury guidance for evaluation<sup>15</sup> and was grounded in a Theory of Change (ToC) approach. This is an approach widely used in policy evaluation, which has a focus on making explicit the assumptions behind a given intervention (as part of a collaborative learning process involving stakeholders) and providing a basis for testing these assumptions.
- 1.10 The evaluation included a process, impact and economic evaluation, in line with the WG's requirements.<sup>16</sup> The impact assessment incorporated a quasi-experimental approach in which the labour market outcomes achieved by JGW participants were compared to a matched group of non-participants providing a counterfactual; this aspect of the evaluation is discussed in detail at report Chapter 7: Impact assessment.
- 1.11 Evaluation activity was divided into three distinct stages, each delivering a reporting output: a scoping stage, an interim stage and a final stage. Each of these involved the application of a range of research methods in order to provide a broad evidence base for assessing the programme.

### *Scoping stage*

- 1.12 The scoping stage took place between November 2012 and March 2013. It sought to gain a detailed understanding of the programme's aims and processes, provide a clear analytical framework for the subsequent stages of the evaluation and examine methodological options for delivering it.

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<sup>15</sup> See - The Green Book: Appraisal and Evaluation in Central Government, HM Treasury 2011 - see [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/220541/green\\_book\\_complete.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf) See also - The Magenta Book: Guidance for Evaluation, HM Treasury 2011 - see [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/220542/magenta\\_book\\_combined.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220542/magenta_book_combined.pdf)

<sup>16</sup> Detailed in full in Annex A.

1.13 Activity undertaken as part of the scoping phase included:

- An inception meeting with WG officials and a number of delivery partners took place on 19 November 2012;
- Desk review of programme documentation; and
- Consultation with JGW delivery partners.

1.14 The output from this stage was a scoping report including detailed objectives for the evaluation, a work programme and methodology with clear governance arrangements. It also provided analytical frameworks for the process, impact and economic evaluations and draft research tools for surveys of young people and employers (undertaken as part of the subsequent interim stage).

1.15 While it was originally agreed that the evaluation would first undertake and report on a process evaluation (for the interim report), then produce an impact and economic evaluation for the final evaluation report, the approach was revised following the inception stage, and it was agreed that a greater focus would be placed on capturing early stage programme impacts at the interim stage than originally intended.

1.16 It was subsequently decided on review of the interim report that there was solid evidence base with regards to how effectively the policy had been implemented and which elements were working well/less well and therefore to focus primarily on programme impacts at the final evaluation, while also refreshing some of the evidence on programme processes where feasible.<sup>17</sup>

#### *Interim and final evaluations*

1.17 The interim evaluation was conducted over the period April to November 2013. It sought to provide an interim assessment of JGW over the period from the launch of the main stage of the programme on 2 April 2012 to the end of July 2013.

1.18 The final evaluation, the subject of this report, sought to assess the evidence from across all stages in order to provide a final robust assessment of JGW.

1.19 The table overleaf provides a summary of the research methods employed at each stage of the evaluation.

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<sup>17</sup> For new process evaluation evidence, see particularly chapter 4: Effectiveness of the delivery model.

**Figure 1.1 Details of methodological approaches used at interim and final evaluation**

	Description of activity		Contribution to evaluation			
	Interim evaluation (report November 2013)	Final evaluation (report September 2015)	Strength of programme rationale	Process evaluation	Measuring and /or explaining JGW impacts	Economic assessment
<b>Desk-based research elements</b>						
Rolling literature review	<ul style="list-style-type: none"> <li>Rolling review</li> <li>Report submitted as stand-alone output</li> </ul>	<ul style="list-style-type: none"> <li>Rolling review</li> <li>Report submitted as stand-alone output</li> </ul>				
Review of socio-economic statistics	<ul style="list-style-type: none"> <li>Collation and analysis of relevant statistics</li> </ul>	<ul style="list-style-type: none"> <li>Statistics updated</li> <li>Interpretation refreshed</li> </ul>				
Analysis of JGW MI data	<ul style="list-style-type: none"> <li>Analysis of MI as provided by WG</li> </ul>	<ul style="list-style-type: none"> <li>Analysis of MI as provided by WG</li> </ul>				
Review of relevant WG policies	<ul style="list-style-type: none"> <li>Policies identified and outlined, alignment to JGW considered</li> </ul>	<ul style="list-style-type: none"> <li>Policy review updated</li> </ul>				
<b>Primary data collection</b>						
Stakeholder and delivery staff interviews	<ul style="list-style-type: none"> <li>Representatives of WG - 9</li> <li>Delivery organisations (management and staff) - 22</li> <li>Leads in key external programmes/organisations - 3</li> </ul>	<ul style="list-style-type: none"> <li>Representatives of WG - 8</li> <li>Delivery organisations (management and staff) – 2</li> <li>Leads in key external programmes/organisations - 2</li> </ul>				
Employer survey	<ul style="list-style-type: none"> <li>328 employers surveys</li> </ul>	N/A				
Survey of young participants	<ul style="list-style-type: none"> <li>Treatment group survey (595 interviews)</li> </ul>	<ul style="list-style-type: none"> <li>Follow-up survey of original treatment group from interim (258 interviews)</li> <li>Top-up survey of fresh treatment group (425 interviews)</li> </ul>				
Control group survey	<ul style="list-style-type: none"> <li>Control group survey (603 interviews)</li> </ul>	<ul style="list-style-type: none"> <li>Follow-up survey of control group from interim (255 interviews)</li> </ul>				
Depth interviews with employers	21 employer interviews: <ul style="list-style-type: none"> <li>Private sector' strand (14)</li> </ul>	25 employer interviews: <ul style="list-style-type: none"> <li>private sector strand (14)</li> </ul>				

	<ul style="list-style-type: none"> <li>▪ third sector' strand (4)</li> <li>▪ graduate strand (3)</li> </ul>	<ul style="list-style-type: none"> <li>▪ third sector supported strand (6)</li> <li>▪ 'Public sector' employers (5)</li> </ul>				
Depth interviews with young people	26 interviews: <ul style="list-style-type: none"> <li>▪ private sector strand (10)</li> <li>▪ third sector- direct (1)</li> <li>▪ third sector- supported strand (2)</li> <li>▪ graduate strand (2)</li> <li>▪ self-employment strand (7)</li> <li>▪ Unsuccessful applicants (4)</li> </ul>	15 interviews: <ul style="list-style-type: none"> <li>▪ private sector strand (5)</li> <li>▪ third sector- supported strand (5)</li> <li>▪ self-employment strand (5)</li> </ul>				
Depth interviews with mentors	5 interviews	10 mentors: <ul style="list-style-type: none"> <li>▪ Private sector' strand (4)</li> <li>▪ third sector' stand (working across 'direct and 'supported jobs) (2)</li> <li>▪ graduate strand (2)</li> <li>▪ self-employment strand (2)</li> </ul>				
Case studies	5 matched case studies involving young people, their employers, MAs and mentors <sup>18</sup>					

<sup>18</sup> Interviews conducted as part of the case studies are included in the figures above for Employer, Young person and Mentor interviews.

1.20 The research tools (quantitative and qualitative) from the interim and final evaluations are included at Annexes E and F. These were designed in accordance with the process, impact and economic evaluation frameworks developed at the Scoping stage. Further details of the evaluation methodology can be found in Annexes B and G.

### **Methodological limitations**

1.21 The evaluation team is aware of a number of methodological limitations that should be borne in mind when drawing conclusions from any final reporting outputs from this study. The main limitations are highlighted below, and further details can be found in Annex B.

1.22 *The incompleteness of MI has limited the analysis on outcomes generated by the programme.* A review of the MI has shown the scope of the data to be limited; reducing the robustness and accuracy of evaluation analysis. Reasons include:

- Delays in uploading data to WG at the time of the first phase of the evaluation meant that the evaluation team were not able to sample the population of JGW participants as intended.<sup>19</sup>
- The data on participants are collected at a job level and not ‘flattened’; limiting potential for insight at an individual participant level to an extent.<sup>20</sup>
- Data at the time of the final evaluation (August 2015), was indicated by WG to be largely complete, i.e. represented a full record of JGW jobs; however, this could not be confirmed by WG as data from MAs was outstanding..
- Outcome data (for post-JGW destinations) was known not to be complete (the MI on immediate destinations was only complete for 65 per cent of records<sup>21</sup> at the time the analysis was conducted for the final evaluation, reducing the robustness of these findings. The data for three month destinations was available for 52 per cent of records).

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<sup>19</sup> At the time the samples were provided for this research on 1 August 2013, MAs had not finished uploading the records of all successful applicants to the WG’s database. Aggregate level data was available but did not include required information for the profiling exercise.

<sup>20</sup> Flattening, in this context, means organising the data at participant level as opposed to job level. As not all of the participants had unique identifiers assigned to them in the MI files provided (none of those on the Graduate and very few of those on the Self-employment strand) the data could not be flattened by the evaluation team.

<sup>21</sup> For all strands except self-employment - 16,223 JGW jobs. This compares to 60 per cent at the time of the interim report.

- The data provided for the graduate strand had limitations in that it did not contain data on age, gender, previous WG programme or any destination data, though the WG indicate that this data is collected.
- Data provided on jobs filled in Communities First (CF) areas (403 jobs) and three graduate jobs delivered within the private sector strand did not have data on sector.<sup>22</sup>

1.23 See Chapter 4: Effectiveness of delivery model for more detailed comments on the completeness of the programme management information. Analysis includes appropriate caveats where it is based on incomplete data.

1.24 *Use of provisional data in economic impact assessment/cost-benefit analysis:* this analysis has made use of provisional claim data for the programme provided on 18 August 2015. The WG advised that this data may have been affected by the data cleaning exercise that was ongoing at the time of the evaluation report; therefore this assessment should be treated with a degree of caution as it could not be confirmed that the costs of delivering the programme were finalised.

1.25 *Sampling of young people potentially skewed:* As you may expect, not all participants consented to their data being shared with a research company for evaluation purposes. The sample of young people consenting for their data to be used therefore did not include the entire population of those participating in JGW, leading to the survey population potentially being skewed. This applies to the treatment and control group surveys undertaken at the interim and final evaluation. To mitigate for this issue a population profile was generated for the anonymised records of JGW participants. This was subsequently used to weight the results of the survey.

1.26 On a related point, the follow-up surveys of the original treatment and control group undertaken as part of the final evaluation were not able to re-contact all of those that had participated at the interim stage (either because they had not consented to being re-contacted or could not be reached).<sup>23</sup> See Annex G for the technical report on the surveys across the evaluation which includes details of response rates achieved.

1.27 *Some strands too small to analyse quantitatively:* Due to the small numbers of young people who had participated in the self-employment strand at the time the research

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<sup>22</sup> There was crossover between strand and sector i.e. the private sector providers did not deliver only private sector jobs; see Chapter 2 for more information.

<sup>23</sup> The survey analysis within chapter 5 considers the characteristics of those taking part in the longitudinal surveys in relation to the findings. A profile of those participating across each version is included at the survey technical annex.

was conducted, the decision was taken not to include them in the survey for either the interim or final evaluation, but rather to conduct qualitative research with them. A small sample of graduates was included in the survey for both the interim and final stage, but the number who took part in the survey was too small to enable sub-group analysis that produced statistically significant differences between graduates and other strands of the programme.

- 1.28 *Sampling of employers for survey undertaken as part of interim stage potentially skewed:* The Standard Industrial Classification (SIC) code for the employers, which was used to ensure the sample was representative of employers of all sectors, was only available for a minority of records, leading to the sample population potentially being skewed.<sup>24</sup>
- 1.29 *Selection bias leading to a less robust impact assessment:* A Randomised Control Trial (RCT), the most robust approach to impact evaluation, is not a feasible evaluation approach because of the programme design. Participants self-select to be considered for treatment (through applying for a JGW vacancy), while employers choose participants from the pool of available applicants. The two selection processes involved in this evaluation arguably have the potential to generate bias in opposite directions:
- Participants' choice to apply: JGW vacancies are temporary and are (generally) paid at the minimum wage, possibly making them less attractive than other vacancies available in the labour market and attract jobseekers that are less able to compete in the open labour market. If comparisons were made against a representative sample of young unemployed people, these factors would likely place a downward bias on impact estimates.
  - Employers' choice of applicant: At the same time, employers choose participants from the pool of applicants for the relevant vacancies. If employers choose those applicants who are most likely to be productive in employment, then this may bias results in the opposite direction: participants could be those most likely to obtain employment without intervention.
- 1.30 Two key strategies were employed to minimise selection bias when analysing the impact of the programme on young people:

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<sup>24</sup> This was corrected to the extent possible through matching based on company name with Experian's database, but the match rate was poor because the MI did not include the Companies House Registration Number (CRN). This is a unique number for all businesses in the UK, which, by virtue of its uniqueness, would have increased the match rate of SIC codes.



- Design of comparison sample: Bias can be minimised by ensuring the members of the comparison sample are as closely matched in terms of their labour market characteristics as possible to those obtaining a job through JGW. This was ensured by using a sample of unsuccessful applicants (both those who had applied for a vacancy and not been shortlisted and those who had been shortlisted for interview but not ultimately selected for a job).
- Analytical techniques: A kernel matching procedure was adopted to minimise the observed differences between the programme participants and the comparison sample (accounting for demographic and labour market characteristics, as well as the time that had elapsed since their first application to the programme).

1.31 *Lack of comparison data for employers leading to a less robust impact assessment:* It is likely that there is also an element of selection bias in the employers who choose to recruit through JGW.

1.32 Following the interim report, it was intended that a detailed assessment of impact on employers would be determined for the final evaluation by conducting a counterfactual analysis of employer outcomes using business survey data available at the Office for National Statistics' Virtual Micro-data Laboratory. At the time of writing, the requisite data<sup>25</sup> has not been provided by WG to enable this analysis to place and the viability of this aspect of the evaluation has not been determined.

## **Interpretation of findings**

1.33 We have reported weighted percentages where the base is above 100 respondents, and where it is 100 or below we have reported unweighted numbers, unless otherwise stated.

1.34 Where percentages in tables do not add up to 100 per cent, this is due to rounding.

1.35 Where it is stated that one result is significantly different from another result, this has been tested at the 95 per cent level.<sup>26</sup>

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<sup>25</sup> The data required would be a full list of vacancies advertised through the programme, with employer details (name and postcode as minimum), data on whether the vacancy was listed and dates for when the vacancy was advertised and (if applicable) when it was filled. It is not clear if WG is able to collate this data.

<sup>26</sup> This significance test assesses how accurate the reported value is. A significance test at the 95 per cent confidence level means that, in the instance of this data being collected repeatedly in the same way, in 95 out of 100 times the reported value would fall into the relevant confidence interval (the upper and lower limit of the possible true value).

1.36 The names of those who participated in interviews have been changed to protect their identities.

### **Structure of the report**

1.37 The structure of the report is as follows:

- Chapter 2 provides strategic context of the JGW programme.
- Chapter 3 presents the rationale, aims and objectives of the JGW programme, along with a discussion of the logic model and the outputs.
- Chapter 4 explores the effectiveness of the delivery model.
- Chapters 5 and 6 analyse the experiences and outcomes from the perspective of young people and employers.
- Chapter 7 explores the impact and 'value for money' of the programme.
- Chapter 8 discusses Welsh language and WEFO cross-cutting themes.
- Chapter 9 presents the conclusions and lessons learned from across the evaluation.

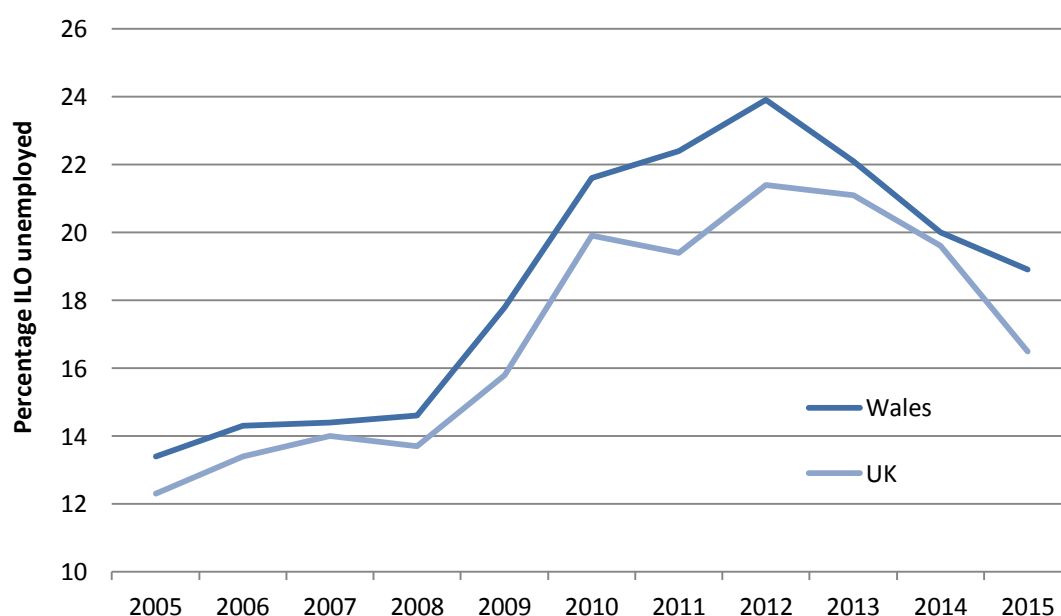
## 2 Rationale and Programme Overview

2.1 This section explores the market failure and original rationale for JGW, provides a descriptive outline of the programme and a framework for understanding its outputs and impacts. The section then summarises the evidence to inform an assessment of the logic for intervening in the market in this way.

### Evidence of Need

2.2 As suggested by Figure 2.1 below, young people were more exposed to recessionary conditions in Wales than across the UK, with almost one quarter of young people aged 16 to 24 unemployed in 2012.<sup>27</sup>

**Figure 2.1 Unemployment rate of the 16 to 24 Age Cohort between 2005 and 2015 for Wales and the UK**

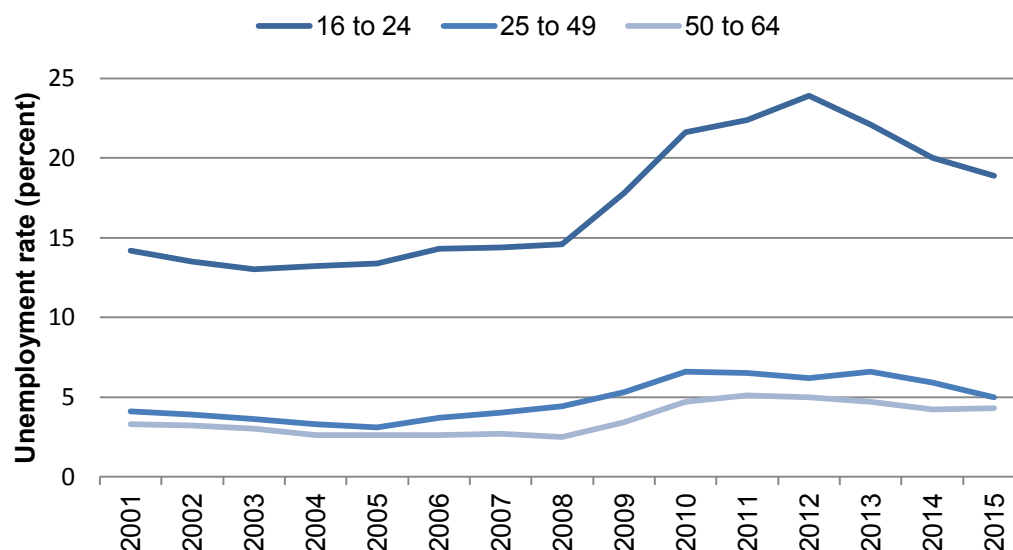


Source: Annual Population Survey/Labour Force Survey – aged 16 to 24 [from StatsWales on 19 August 2015]

2.3 Young people in Wales have also been disproportionately exposed to recession in comparison to other age groups, as illustrated in Figure 2.2. Between 2008 and 2012, unemployment in the youngest cohort increased by 63 per cent (in relative terms), in comparison to the 25 to 49 year old cohort, which saw a rise of just over 40 per cent.

<sup>27</sup> In accordance with international guidelines, people in full-time education (FTE) are included in the youth unemployment estimates if they have been looking for work within the last four weeks and are available to start work within the next two weeks.

**Figure 2.2 Unemployment rates – Comparison of Economically Active Age Cohorts in Wales June 2001-2015**



*Source: Annual Population Survey/Labour Force Survey – aged 16 to 24 [from StatsWales on 19 August 2015]*

Prior to the recession, the difference in unemployment rates between 16-24 year olds and 25-49 year olds was approximately ten percentage points. From 2008 to the peak in 2012 this 'gap' increased to almost 18 percentage points. The most recent data shows that this trend has been reversing, with the difference between these two cohorts now below 14 percentage points.<sup>28</sup>

<sup>28</sup> This is also lower than the average for the period 2009-2015, which was 14.9 per cent. A similar trend is observed when compared with the oldest cohort also.

- 2.4 These disproportionately large negative effects of the recession on young people were a key policy and economic concern at the point at which the JGW programme was designed and implementation commenced. However, since 2012 the Welsh labour market has experienced a very strong recovery. Across the UK, the strength of this recovery has exceeded expectations.<sup>29</sup> Comparing the period April 2014 – March 2015 with the same period in 2011/12 shows a four per cent increase in employment and an 18 per cent decrease in unemployment across all ages in Wales.<sup>30</sup> Young people in Wales have benefited particularly from the recovery with employment increasing at double the rate for those aged 16-24 compared to the whole population. Figure 2.2 shows that the ‘gap’ between the young person unemployment rate and that of older cohorts has begun to reduce in size since the high point (for the youngest cohort) of 2012.
- 2.5 Despite the recovery labour market outcomes remain less positive for young people in Wales compared to across the UK. Figure 2.1 illustrates that the young people in Wales are still characterised by a rate of unemployment that is higher than the national average.
- 2.6 **Graduates:** The unemployment rate among recent graduates had almost doubled across the UK from five per cent in 2007 to nine per cent in 2012<sup>31</sup> (compared to a rise from 4.5 per cent to 7.5 per cent over the same period for all 25 to 34 year olds); however, the last estimate of unemployment rates among this group indicates that the measure is returning to pre-crisis levels<sup>32</sup>; graduates in Wales, completing their first degree, have an unemployment rate of six per cent six months after completing their studies<sup>33</sup> in 2014. Graduate retention is also perceived as an issue in Wales with widely held views that Wales is a net exporter of graduates. Wales, in fact, has one of the highest proportions of ‘loyal’ graduates who both study and then remain in their home region.<sup>34</sup> Wales has the third lowest proportion of graduates who have moved to the region for work alone.<sup>35</sup>

<sup>29</sup> For example the Office for Budgetary Responsibility increased their forecast of total UK employment by 1.3 million individuals (from 29.9 million to 31.2 million) between December 2012 and July 2015 (Source: <http://budgetresponsibility.org.uk/>).

<sup>30</sup> Source: ONS Regional labour market: HI10 - Headline indicators for Wales, September 2015.

<sup>31</sup> Annual Population/Labour Force Survey - see <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcmp> cent3A77-333261 data available at the UK level only.

<sup>32</sup> The Higher Education Careers Service Unit (HECSU) now estimate graduate employment figures and have this nationally at 7.3 per cent for first time graduates in September 2014: [http://www.hecsu.ac.uk/assets/documents/wdgd\\_september\\_2014.pdf](http://www.hecsu.ac.uk/assets/documents/wdgd_september_2014.pdf)

<sup>33</sup> This is the most up to date estimates from the Higher Educational Statistical Agency survey.

<sup>34</sup> 64.8 per cent of graduates employed in Wales originate from the region and also studies in Wales; this compared with Yorkshire at 45.9 per cent, West Midlands at 45. 4 per cent and London at 28.9 per

- 2.7 **Recent trends:** Claimant count data for 2015 (taken in July) has been reviewed to explore any emergent trends in claimant unemployment for 16 to 24 year olds<sup>36</sup>. The average rate of 16 to 24 year old claimants has fallen from 7.3 per cent in 2009 to 3.5 per cent in 2015<sup>37</sup>; overall levels have followed a similar trend. The claimant count rate across the working age population has fallen in Wales by 1.8 percentage points from 4.0 per cent to 2.2 per cent. Collectively the data suggests that economic recovery has taken hold in Wales, but again this performance lags behind the UK as a whole.
- 2.8 **Spatial issues:** There is distinct geographical variance in youth unemployment in Wales, as evidenced in claimant counts for Jobseekers Allowance (JSA). Estimates range from a rate of 9.2 per cent among 16 to 24 year olds in Flintshire to a rate of 28.9 per cent in Bridgend for the year ending March 2015. Figure 2.3, details the claimant rates of 16 to 24 year olds in each unitary authority area, along with the overall levels of unemployment. Again, the data depicts a wide range of unemployment levels among 16 to 24 year olds with the Welsh Valleys once again experiencing the greatest levels of claimant count unemployment among this age cohort.<sup>38</sup>

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cent. The data from the Higher Education Careers Service Unit suggests that graduate migration is impacted most by migrations in rather than migrations out of UK regions.

<sup>35</sup> Wales has 7.4 per cent 'incomer' graduates with no connection to the region, compared with 10.9 per cent Yorkshire, 13.9 per cent West Midlands and 35.6 per cent in London. Ibid.

<sup>36</sup> Since May 2013 Claimant Count statistics are no longer deemed official national statistics, this is due to the ongoing changes relating to Universal Credit.

<sup>37</sup> NOMIS - Claimant Count.

<sup>38</sup> Claimant Count March 2015 - it should be noted that as of 2013 these tables do not constitute a national statistic, meaning that they now do not comply with the code of practice for the UK statistical authority.

**Table 2.1: Unemployment and Claimant Rate for 16 to 24 Year Olds as a Percentage of the Total Population within the 16 to 24 Cohort (March 2015)**

	<b>JSA claimant count</b>	<b>ILO unemployment</b>
<b>Blaenau Gwent</b>	7.0	23.8
<b>Caerphilly</b>	5.9	20.0
<b>Neath Port Talbot</b>	5.0	20.1
<b>Torfaen</b>	5.0	20.0
<b>Newport</b>	5.0	12.5
<b>Anglesey</b>	4.8	20.8
<b>Merthyr Tydfil</b>	4.8	14.6
<b>Rhondda, Cynon, Taff</b>	4.2	18.6
<b>Conwy</b>	3.9	18.1
<b>Denbighshire</b>	3.8	21.1
<b>Pembrokeshire</b>	3.7	17.3
<b>Bridgend</b>	3.6	28.9
<b>The Vale of Glamorgan</b>	3.6	28.4
<b>Wrexham</b>	3.5	14.1
<b>Swansea</b>	2.9	28.7
<b>Carmarthenshire</b>	2.8	24.0
<b>Cardiff</b>	2.6	16.9
<b>Gwynedd</b>	2.5	20.5
<b>Monmouthshire</b>	2.4	14.5
<b>Flintshire</b>	2.2	9.2
<b>Powys</b>	2.2	*
<b>Ceredigion</b>	1.1	12.4
<b>Wales</b>	3.5	18.9
<b>United Kingdom</b>	2.5	16.5

*Source: Annual Population Survey/Labour Force Survey – aged 16 to 24 [from StatsWales on 19 August 2015] \*insufficient replies for an accurate estimation.*

2.9 A review; however, of the Welsh Index of Multiple Deprivation (WIMD) shows that this geographical imbalance extends further than youth unemployment. For example, the top three local authorities by 16-24 year old claimant count rate also have higher than average rates of long term illness; cancer incidents; key stage 2 average score results; and average absenteeism levels. Caerphilly and Blaenau Gwent also higher than average police recorded violent crime and recorded thefts.<sup>39</sup> The measures included in the WIMD give a broader illustration of the material circumstances that may impact on individuals' and shows that the challenges around obtaining employment may at times be greater than limited work experience alone.

### **Social Cost of Youth Unemployment**

2.10 Employment in Wales fell by 0.6 per cent between 2009 and 2012<sup>40</sup> (and was accompanied by rising unemployment); more recently job numbers have recovered well and have grown by 3.4 per cent to 71.5 per cent in the second quarter of 2015 (compared with only three per cent growth across the whole of the UK). While vacancies will still have been created through replacement demand and normal labour market churn, young people have been disproportionately exposed to the recession. Research highlights that Welsh employers, who had received applications from a young person between 2011 and 2013, had not recruited them because they did not meet the requirements typically referred to a lack of skills (61 per cent) or a lack of experience (61 per cent).<sup>41</sup>

2.11 The disproportionate effects of the recession on young people can lead to substantial social costs.<sup>42</sup> Episodes of prolonged unemployment between the ages of 16 and 24 can lead to both long term difficulties in obtaining work and issues of underemployment. For example, an individual unemployed for a year between the ages of 16 and 24 is likely to spend just under nine per cent less time in work between the ages of 26 and 29 than they would have done otherwise. Early unemployment also leads to a significant negative impact of between 13 and 21 per cent on wages up to 20 years later.<sup>43</sup>

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<sup>39</sup> <https://statswales.gov.wales/Catalogue/Community-Safety-and-Social-Inclusion/Welsh-Index-of-Multiple-Deprivation/WIMD-Indicator-Analysis/indicatordata-by-localauthorities> WIMD 2014 indicator data - accessed 21<sup>st</sup> September 2015.

<sup>40</sup> Labour Force Survey - figures quoted relate to first quarter estimations (January to March)

<sup>41</sup> *Employer Skills Survey: 2013 Data Tables*, <https://www.gov.uk/government/publications/ukces-employer-skills-survey-2013-supplementary-documents>

<sup>42</sup> Labour Market Institutions and Long-Term Effects of Youth Unemployment; Kawaguchi; Murao; Discussion paper 8156; April 2015 IZA.

<sup>43</sup> Paul Gregg and Emma Tominey, 'The wage scar from male youth unemployment,' *Labour Economics* 4 (2005): 487-509.



- 2.12 These results are indicative of a permanent loss of productivity: young people exposed to unemployment during recessionary periods are often prevented from reaching the levels of earnings that might be predicted by their educational attainment, due to difficulties in obtaining the entry level experience needed to progress to higher occupational levels. These long term economic costs have been estimated in 2007 at £979,023 per week in JSA payments and nearly £2.8 million per week in productivity losses.<sup>44</sup>
- 2.13 Research suggests that episodes of youth unemployment are also associated with wider social costs. An episode of unemployment experienced before the age of 23 lowers an individual's level of satisfaction with the way their life has turned out so far, and this impact has been shown to last over 20 years (with periods of unemployment experienced later in life not leading to similar effects<sup>45</sup>). Studies have found that increases in youth unemployment are significantly positively correlated with increases in burglary, theft, fraud, forgery and total crime rates.<sup>46</sup> Research also shows that unemployment of fathers negatively impacts on the work prospects of their sons.<sup>47</sup> The social status of fathers at birth is also correlated with the health of sons nearly 50 years later.<sup>48</sup>
- 2.14 In light of the evidence from 2012, public intervention in enhanced employment support for young people may have been justified if it allowed young people to acquire the skills and experience needed to compete effectively in labour markets and avoid the types of economic and wider social costs outlined above. Wage reimbursement programmes (such as JGW) aim to achieve this objective by creating financial incentives for employers to recruit from the target group. The incentives may in some cases compensate employers for the additional training and supervision costs that might be incurred by recruiting from the target group in preference to more experienced workers.

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<sup>44</sup> The Prince's Trust with the Centre for Economic Performance, *The Cost of Exclusion: Counting the cost of youth disadvantage in the UK* (The Prince's Trust, 2007): 15 and 17.

<sup>45</sup> David N. F. Bell and David G. Blanchflower, *Youth Unemployment: Déjà Vu?* (Bonn: IZA Discussion Paper No. 4704, 2010), accessed on 26 November 2012 at <http://ftp.iza.org/dp4705.pdf>: 27.

<sup>46</sup> F. Carmichael and R. Ward, 'Youth unemployment and crime in the English regions and Wales', *Applied Economics*, 5 (2000): 559 - 571.

<sup>47</sup> Lindsey Macmillan, 'The cost of youth unemployment,' in The ACEVO Commission on Youth Unemployment, *Youth Unemployment: The crisis we cannot afford* (London: ACEVO, 2012): 82.

<sup>48</sup> David N. F. Bell and David G. Blanchflower, *Youth Unemployment: Déjà Vu?* (Bonn: IZA Discussion Paper No. 4704, 2010), accessed on 26 November 2012 at <http://ftp.iza.org/dp4705.pdf>: 28.

## Jobs Growth Wales

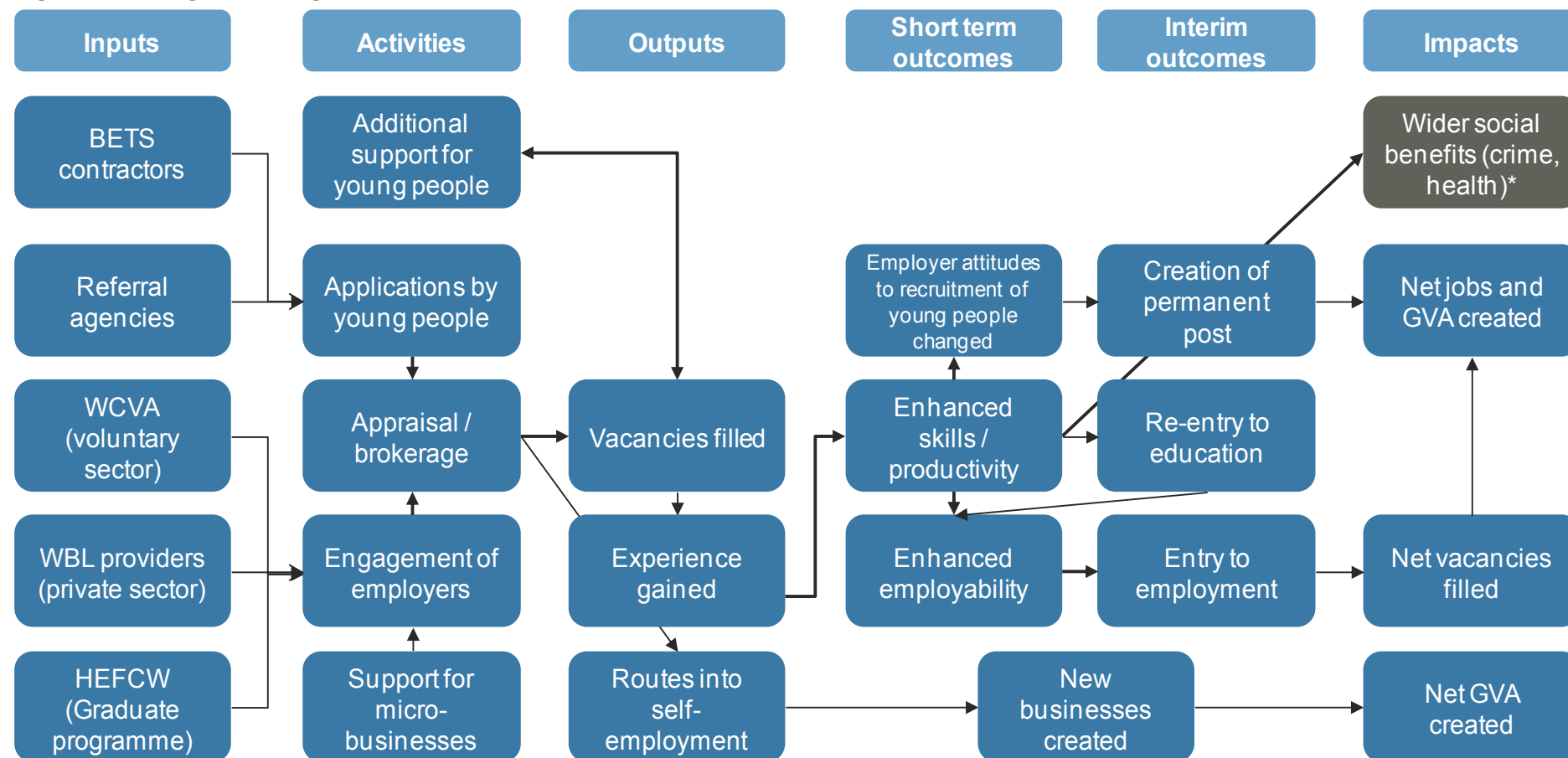
- 2.15 The creation of JGW was a key manifesto commitment of the current WG.<sup>49</sup> The primary rationale for JGW was to respond to the issue of rapidly rising youth unemployment in Wales following the financial crisis of 2007/08. It targeted those young people who are job ready but whose lack of experience was the main barrier to employment. Providing a wage reimbursement sought to overcome the market failures associated with recruitment of young people that are exacerbated during recessionary periods as employers are less likely to recruit and the pool of experienced staff available in the labour market grows.
- 2.16 Initially the programme aimed to create 4,000 job opportunities per year over the delivery period April 2012 to June 2015; however, a realisation that this would not be a good indicator of how well the programme had addressed youth unemployment resulted in targets being revised to relate to 4,000 vacancies filled. To illustrate the relative scale of the programme, in April 2012 27,000 individuals aged 16-24 were claiming JSA in Wales, though by August 2015 this had fallen to 10,000.<sup>50</sup>
- 2.17 Figure 2.4 sets out the logic model for JGW. This was established at the inception stage of the evaluation as part of a learning exercise involving JGW stakeholders. It showed how the activities described were intended to result in outputs and outcomes for young people and employers, which in turn will have impacts, particularly on the Welsh economy. This evaluation examines all aspects of this logic model, except the wider social benefits which will not be measured.

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<sup>49</sup> *Programme for Government*, accessed online on 27 November 2012 at <http://gov.wales/docs/strategies/110929fullen.pdf>: 4.

<sup>50</sup> Source: JSA by age and duration with proportions accessed via Nomis on 24<sup>th</sup> September 2015.

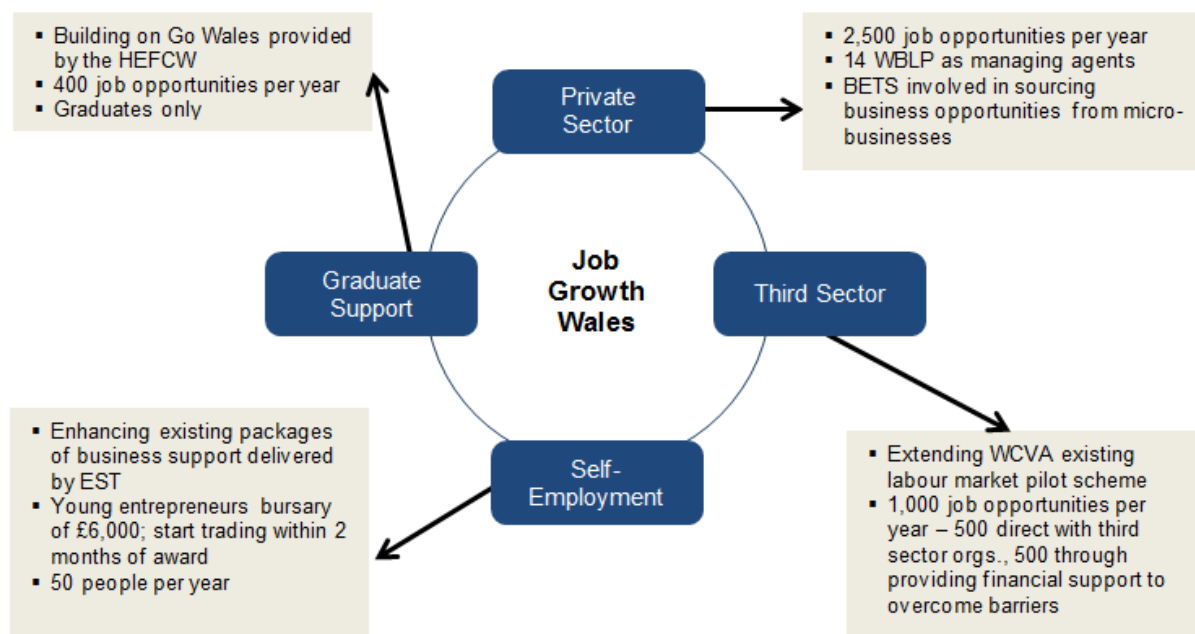
**Figure 2.3: Programme logic model**



Source: Ipsos MORI - \* Note: it will not be possible to quantify these wider social benefits as part of the evaluation

2.18 At its inception, the programme consisted of four distinct strands, which related to different routes to employment (private, third-sector supported/unsupported or self-employment) or targeted at specific groups of young people (e.g. graduates) and were delivered by different organisations.

**Figure 2.4: Summary of the JGW programme strands at time of programme inception**



Source: Ipsos MORI Scoping Report (2012)

2.19 The private sector strand was provided by 14 Work Based Learning Providers (WBLPs) and aimed to create 2,500 job opportunities per year. The third-sector strand was at first provided by the Wales Council for Voluntary Action (WCVA) and its subcontractors who delivered the contract from April 2012 to November 2013 using an extension to an existing WCVA project. The willingness of WCVA to adapt and extend its existing project enabled the third-sector strand of JGW to begin delivering immediately in April 2012. At the end of the project extension the third-sector strand was re-tendered and subsequently delivered by Groundwork North Wales and Third Sector Consortium (3SC) for the remainder of the programme (filling posts from November 2013 through to June 2015).

2.20 The third-sector strand had two components. The first component sought to create job opportunities in third-sector organisations, similar to the private sector strand. The second one aimed to create 'supported' job opportunities within third-sector organisations for individuals who faced barriers to entering and remaining in

employment<sup>51</sup>. However, participants in this element were still classed as job-ready and actively seeking employment. Additional funding was made available to support participants to overcome barriers to work such as providing one-to-one mentoring or specific training (called the One-Time Support Allowance).

- 2.21 The graduate strand was specifically aimed at creating job opportunities for those with degrees, diplomas or certificates of higher education, or an equivalent. The strand was delivered by the Higher Education Funding Council for Wales (HEFCW), building on an existing employment support programme for graduates, GO Wales. Graduates could also apply for job opportunities through the other strands of the programme.
- 2.22 The self-employment strand (administered by the Department for Economy, Science and Transport (EST)) aimed to support young entrepreneurs through a revenue grant of £6,000 disbursed during the first four months of trading. This strand aimed to create 100 job opportunities per year.
- 2.23 An overview of the programme at the time of its inception in 2012 is provided in the figure below. As noted previously the third-sector strand was retendered in 2013 and the provider changed. Additionally, whereas the figure indicates 14 WBLPs would deliver the private sector strand, the MI analysis conducted as part of the final evaluation indicated that the total the total number was 22 across the duration of the programme.

## Summary

- 2.24 The recent recession impacted on young people's employment opportunities more strongly than older, more experienced, members of the labour market. With limited experience and job specific skills, and a reduced demand for labour by firms and businesses in Wales, unemployment had risen significantly for 16-24 year olds.
- 2.25 A broad base of research suggests that episodes of unemployment can have particularly damaging effects for young people during recessionary periods. In competition with more experienced workers, young people can find it challenging to

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<sup>51</sup> Examples of these barriers could include poor confidence or self-esteem, disillusionment causing issues around motivation and personal discipline, a history of knock-backs in job applications beyond the typical experience of a JGW-eligible young person, a background issue or specific personal circumstance that has hindered the individual in employment terms, or a physical or mental disability that requires a workplace adaptation and/or specific in-work support.

acquire the work experience and skills at entry level required to progress to higher level occupations. As the economy recovers, these young people will often face greater levels of competition from those entering the labour market for entry level jobs, leading to further problems with both unemployment and underemployment. These 'scarring' effects can be seen in earnings and employability up to 20 years following episodes of unemployment.

- 2.26 Evidence also links periods of youth unemployment with wider social issues, such as health and crime, and with poor life satisfaction.
- 2.27 There was considerable concern (based on information available at the time of programme development) that these impacts in the short term would lead to scarring impacts for younger people in the long term. This was the context in which JGW was designed and implemented, providing a strong rationale for public intervention in order to mitigate against this risk.
- 2.28 The JGW programme, which ran from April 2012 until June 2015, was a labour market intervention targeting 16 to 24 year olds who were unemployed and not in some form of education or training. The programme used four strands that focused on routes into employment (private sector, self-employment, and third-sector supported/unsupported) providing work experience opportunities while also offering financial incentives to employers (through wage reimbursements for a period of six months) to encourage them to recruit unemployed, but job ready, young people. The primary target for the programme was the number of jobs filled.
- 2.29 It was hoped that as far as these incentives proved effective, the experience gained by these young people would lead to long term gains in their employability, and allow them to enter more productive occupations (i.e. those paying higher wages) in the future. This in turn would lead to an increase in the number of jobs in Wales and Gross Value Added (GVA), both through the additional jobs and through the higher wages earned by JGW participants.
- 2.30 Overall, national statistics and other data sources indicate that economic recovery has now taken hold in Wales; levels of unemployment among young people are beginning to return to pre-crisis levels (consistent with the experienced older generations), and the 'gap' between young people and older generations reducing somewhat. Despite this recovery for young people in Wales, however, performance continues to lag behind that seen in the UK overall, suggesting a continued need for intervention.

2.31 The justification for continued intervention is least strong in relation to graduates, whose unemployment rates (2014) have reduced and are now more in line with those of the 25 to 49 and 50 to 64 age groups, and substantially better than those in the 16-24 age group. Graduate retention in Wales, as noted previously, is also strong.

### 3 Strategic Context

3.1 This section provides an overview of the wider policy context in Wales and across the UK, and considers the strength of strategic alignment between JGW and wider initiatives aiming to address issues of youth unemployment and underemployment.

#### *Key Government Strategies*

3.2 The WG's Programme for Government, announced in 2011 included several key thematic areas, the first of these 'Growth and Sustainable Jobs'<sup>52</sup> set out several commitments, namely:

- Supporting the economy and business;
- Improving Welsh Skills for employment;
- Improving our infrastructure.

3.3 This strategic framework is taken further through the WG's Child Poverty Strategy<sup>53</sup>. Produced in 2011, the strategy defines three strategic objectives for tackling child poverty:

- Reduce the number of families living in workless households;
- Improve the skills of parents and young people living in low income households so they can secure well-paid employment; and
- Reduce inequalities that exist in health, education and economic outcomes of children and families by improving the outcomes of the poorest.

3.4 The JGW Programme (April 2012 to June 2015) was specifically developed to contribute to these priorities, and is identified as a flagship action to support this thematic area of the Programme for Government.

#### *Programmes targeting youth unemployment*

3.5 The revised Youth Engagement and Employment Action Plan (2011 to 2013) sets out priorities for the WG to develop a clear customer journey in the development of training provision that complements rather than duplicates mainstream provision offered by the

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<sup>52</sup> Programme for Government, Growth and Sustainable Jobs, 2011, <http://gov.wales/docs/strategies/110929chap1en.pdf>.

<sup>53</sup> WG's Child Poverty Strategy, 2011, <http://gov.wales/docs/ds/jlg/policy/110203newchildpovstrategy2en.pdf>.



Department for Work and Pensions (DWP). The Action Plan also outlines how JGW aligns with other key initiatives:

- **Pathways to Apprenticeships:**

- Pathways to Apprenticeships offered an intensive one-year course of education and training to 16 to 25 year olds with the potential to enter an apprenticeship. The target for the programme was to 'start' 2,000 learners each year. In total, 8,035 young people benefited from the programme, however this equates to 80 per cent of the target<sup>54</sup>.
- The scheme ran from 2009 until 2014 at a total cost of around £40m. The evaluation of the pan-Wales programme reported positive results from the scheme however the target set of 75 per cent of participants moving into an apprenticeship was not reached; in fact only 35 per cent of participants followed this route at its highest achievement in 2012/13. However, only four per cent of learners subsequently became unemployed after leaving the course<sup>55</sup>.
- The programme received ESF funding from 2010/11 onwards to support 16 to 19 year old learners in the Convergence area. All ESF targets<sup>56</sup> for the programme were met with one exception; this target related to participation from learners from minority ethnic backgrounds.

- **Young Recruits Programme:**

- The Young Recruits Programme ran from August 2012 until March 2015 and provided financial support to private sector employers to offer high quality apprenticeship programmes to 16 to 24 year olds. Across the period of the programme (August 2009 until 2011) around 1,900 young were helped into subsidised apprenticeships – with each employer receiving a £2,600 for each participating young person. Applicants were enrolled on either a Level 2 or Level 3 apprenticeship framework with a WG contracted WBLP.

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<sup>54</sup> The total cost of subsidies was £5.2 million to participating employers.

<sup>55</sup> Final Evaluation of the Pathways to Apprenticeship programme 2015.

<sup>56</sup> ESF targets were for: total participant numbers; learners achieving qualifications; progression into further learning; learners gaining other positive outcomes; learners progressing into employment (including apprenticeships; percentage of learners from BME backgrounds; Employers collaborating with education/ training providers).

- While the evaluation report for this programme states that many apprentices are still on their job opportunities, most employers (86 per cent) expect to employ their Young Recruit beyond the job opportunities, the remaining employers hope to do the same – subject to their business performance.<sup>57</sup>
- **Youth Entrepreneurship Strategy (YES):**
  - YES aims to equip young people between the ages of five to 25 with entrepreneurial skills to help realise their potential<sup>58</sup>. YES focuses on providing opportunities for individuals to develop the entrepreneurial skills they need to explore self-employment as an option and potentially secure the bursary offered through JGW. This strategy continues to be refreshed annually.
- **Youth Engagement and Progression Framework (YEPF) Implementation Plan:**
  - The Youth Engagement and Employment Action Plan was more recently succeeded by the launch of the WG's Youth Engagement and Progression Framework Implementation Plan in October 2013. The plan is focused on reducing the number of young people aged 11 to 25 who are not engaged in education, employment or training. The plan has six components:
    - Identifying young people most at risk of disengagement.
    - Better brokerage and coordination of support.
    - Stronger tracking and transitions of young people through the system.
    - Ensuring provision meets the needs of young people.
    - Strengthening employability skills and opportunities for employment.
    - Greater accountability for better outcomes for young people
    - A key part of the YEPF is the introduction of a new Youth Guarantee for young people in Wales. The Youth Guarantee is the offer of a suitable place in education or training for any young person making the first time transition from compulsory education at age 16.

<sup>57</sup> Evaluation of the Young Recruits Programme 2013

<sup>58</sup> <http://wales.gov.uk/docs/det/publications/101115yesen.pdf> 11/03/13.

- **Lift:**
  - The Lift Programme is providing training and employment opportunities for people from workless households. The Lift Programme reflects the commitment in WG's Tackling Poverty Action Plan to provide 5,000 training and employment opportunities for people living in households where no-one is in work by the end of 2017. A number of JGW opportunities are delivered as part of Lift. Lift was launched in March 2014 and has so far supported 1,821 individuals of which 314 found jobs as part of the service. It is structured around the CF geographical clusters.

#### *Programmes encouraging self-employment*

- 3.6 In addition to YES, the WG oversees the delivery of a variety of interventions to encourage young people to start in businesses. These were formally launched in January 2013 as YES and include Big Ideas Wales. This is a campaign, managed by the Youth Entrepreneurship Team within WG to encourage young people to be more entrepreneurial. It involves a range of activities including the provision of role models, the development of curriculum materials to support the development of entrepreneurial skills and entrepreneurship shadowing where a young person interested in starting a business can work alongside an experienced entrepreneur.
- 3.7 Further support to encourage self-employment for young people is available through:
- **Graduate Start-Up Support Programme:** for those who have graduated in the last seven years or are currently in further or higher education. The programme provides one to one mentoring, a bursary (if the business idea shows potential for strong growth) and taster workshops.
  - **Business Start Up service:** is the mainstream offer to encouraging self-employment. It is split into business support for micro businesses and one person businesses and business support for growth start-ups for those that have been trading for less than two years.

#### *Programmes aimed at graduates*

- 3.8 The GO Wales programme offered placements to graduates of, on average, a 10-week duration with employers from the third, public, and private sectors. The placements were built around projects, and were therefore designed to give the graduate some work experience, but with no expectation that the role will become

permanent. Integral to the placement experience is the opportunity to gain a work-based qualification called The City and Guilds Professional Development Award. This is a higher level award which allows students and graduates to quantify their experiences and development while on work placement. The programme was primarily aimed at those in their penultimate and final years of education, but there is no specific age criterion. Originally, employers were reimbursed at a flat rate of £95 per week, (subsequently increased to £100 per week in 2013), but must pay the graduate at least £250 per week.

#### *Alignment of JGW with other WG youth unemployment provision*

- 3.9 The table overleaf provides an overview of the WG programming which targets young people as discussed previously. Most of the above schemes are well aligned to (and have close operational links with) the JGW programme, offering progression routes into the programme or referral routes beyond the programme to sustain young people in employment through (primarily) apprenticeships.
- 3.10 JGW is one of a large number of programmes which have been identified as targeting young people to assist them into work. Its job opportunities, wide scale of eligibility and a high level of subsidy make JGW distinct from the other programming. That is not to say that the other programming does not address these areas to some extent.
- 3.11 JGW is however one of a few programmes which explicitly targets the unemployed and is national in scope. It doesn't provide any focus on training or skills development which many of the other programmes do. Instead its focus is primarily on overcoming the 'experience' barrier to employment that young people specifically face.
- 3.12 The subsidy level for JGW is significantly higher than that provided by any of the other programming.

**Table 3.1: WG employment programmes targeting young people during the lifetime of JGW**

Existing programmes in Wales											
Programmes targeting youth unemployment											
Name	Core Programme Objectives	Target Group	Length of unemployment	Training/skills provided	Job experience guarantee	Focus on disadvantage	Level of work subsidy	Length of programme	Geographical scope	Additional funding provider	Funding available
<b>Jobs Growth Wales</b>	Address youth unemployment in Wales	16-24 y.o. unemployed	0-6 months	No	Yes (6 months)	No	6 months minimum wage	2012-2015	National	European Social Fund	£25 million
<b>Traineeships</b>	Prepare unemployed young people for further learning and/or employment	16-18 y.o.	Any	Yes	Yes (work placements and tasters)	No	N/A Training Allowance provided	2010 onwards	National	European Social Fund	£89 million
<b>Pathways to apprenticeships</b>	Prepare unemployed people for Apprenticeships	16-25 y.o.	N/A	Yes	No	No	Max. £1760 per annum	2009-2014	National	European Social Fund	£5.2 million
<b>Young recruits programme</b>	Provide financial support to employers to offer apprenticeships	16-24 y.o. already funded by JGW or PTA	N/A	Yes	Yes (6 months)	No	Max. £2,600 per annum	2009-2011	National	European Social Fund	£5.2 million
<b>Youth Guarantee in Wales</b>	Introduce guaranteed place in education or training for people leaving education	16 y.o.	N/A	Yes	No	No	N/A	2014-	National	No	Part of Youth Engagement and Progression Framework

<b>Communities 4 Work</b>	Increase employability of long term unemployed with complex barriers to employment	Over 25 y.o unemployed	Long term	Unknown	Unknown	Yes	Unknown	2015-	Deprived areas	European Social Fund	Part of Community Focused Tackling Poverty Programme (£30 million)
<b>Programmes encouraging self-employment</b>											
<b>Name</b>	<b>Core Programme Objectives</b>	<b>Target Group</b>	<b>Length of unemployment</b>	<b>Training/skills provided</b>	<b>Job experience guaranteed</b>	<b>Focus on disadvantage</b>	<b>Level of work subsidy</b>	<b>Length of programme</b>	<b>Geographical scope</b>	<b>Additional funding provider</b>	<b>Funding available</b>
<b>Big Ideas Wales</b>	Inspire entrepreneurs in Wales and encourage young people to develop enterprise skills	16-24 y.o	N/A	Yes	N/A	No	N/A	2010-2015	National	No	Part of Youth Entrepreneurship Strategy (£4.4 million)
<b>Graduate start-up support programme</b>	Help young people start and grow their business	Graduated within last five years/Final year graduates	N/A	Yes	N/A	No	£6,000 bursary	2010-2015	National	No	Part of Youth Entrepreneurship Strategy (£4.4 million)
<b>GO Wales programme</b>	Help HE students and graduates in Wales to find work - or work experience	Undergraduates, graduates and businesses	N/A	Yes	Yes (10-24 weeks)	No	Part wage	2009-2014	National	European Social Fund	£32.9 million

3.13 There was concern about the extent to which the JGW graduate strand duplicated the existing GO Wales offer. Although there were key differences between the programmes, most importantly the length of the opportunity, and efforts were made to ensure JGW did not undermine GO Wales by providing a higher level of wage reimbursement to employers of graduates, the target group for both programmes is very similar. Of greater concern was the fact that graduates may also apply for private sector strand jobs in JGW, which are reimbursed at a higher rate than GO Wales or JGW graduate strand jobs, leading to competition between the JGW private sector strand and GO Wales and the JGW graduate strand. The graduate strand of JGW has subsequently been mainstreamed as part of JGW II, now with the same level of wage reimbursement as other jobs.

*Alignment with wider youth unemployment provision and policy in the UK*

3.14 The Work Programme is a UK government-funded initiative to tackle adult unemployment (ages 18 or older).<sup>59</sup> Eligibility criteria for JGW have been developed to try to ensure Work Programme provision is not duplicated, meaning that JGW is targeted at young people from their first day of unemployment, until they become eligible for the Work Programme. Targeting JGW at the short-term unemployed is likely to inflate deadweight<sup>60</sup> (by targeting those closest to the labour market) and thereby limit the cost effectiveness the programme.

3.15 The most up to date statistics on the Work Programme in Wales at the time of writing show that 1,540 18 to 24 year olds have been mandated onto the programme in the last 12 months; this exceeded the expected level by 26 per cent.<sup>61</sup> Across the four years of the programme the proportion of referrals that have achieved a job outcome – a result that triggers a payment to the Work Programme provider – has increased from 24.8 per cent (in the first full year of the programme) to 87.1 per cent in Year 4 (2014/15).<sup>62</sup>

3.16 The WG made efforts to ensure JGW was well-aligned to the Work Programme by designing eligibility that avoided a duplication or substitution of UK-wide provision and met ESF guidelines/regulations. Despite that several stakeholders referred to the poor

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<sup>59</sup> Young people aged 18 to 24 are mandated onto the programme when they have been unemployed for nine months.

<sup>60</sup> Deadweight refers to the extent to which JGW generates outcomes that are not additional to what would have occurred in the absence of the programme.

<sup>61</sup> <https://www.gov.uk/government/collections/work-programme-statistics--2>; September 2015 publication.

<sup>62</sup> Ibid - the results quoted here are averages of two Work Programme providers results - this is not a weighted average.

alignment between the two programmes, in that those mandated onto the Work Programme were ineligible for the private and third-sector strands of JGW, which cut them off from this potential support. The WG and WEFO were unable to justify the provision of additional support through JGW for those mandated onto the Work Programme as there was no guarantee that duplication and double-funding of provision will not take place.

- 3.17 Following the announcement of the Work Programme in June 2011, an additional policy intervention was established by the DWP in response to the challenge of youth unemployment with the introduction of the Youth Contract in April 2012.<sup>63</sup> The Youth Contract aimed to provide 160,000 opportunities for 18 to 24 year olds in the UK, including apprenticeships and voluntary work experience. Wage incentives worth up to £2,275 each are available to employers where they employ an eligible 18 to 24 year old – someone who has been on benefits for at least six months, through Jobcentre Plus (JCP) or from the Work Programme. The wage subsidies cover the employer's National Insurance (NI) contributions for a year.
- 3.18 The Youth Contract provides fiscal stimuli for employers with considerable similarities to JGW. However, questions remain regarding the level of take-up of the Youth Contract. Low levels of take-up were perceived to reflect low levels of awareness of the scheme and led to the launch of an advertising campaign to raise awareness levels of the programme in 2013.<sup>64</sup> Now, across the whole of the UK, numbers of 'starts' to the programme have improved. In April of 2012 4,030 work experience starts were recorded. The most recent data at the time of writing shows a monthly 'starts' figure to have almost doubled (7,780 in May of 2014).<sup>65</sup> In Wales the number of 18 to 24 year olds who have accessed the programme is 9,390.<sup>66</sup>
- 3.19 While the Youth Contract is therefore similar to JGW in the sense that it offers wage subsidy/reimbursement to those ineligible for JGW, the level of reimbursement is lower than that offered by JGW despite these individuals being further from the labour market. An informed employer is likely to seek to participate in JGW ahead of the Youth Contract as it offers open market recruitment of those closer to the labour

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<sup>63</sup> <http://www.dwp.gov.uk/youth-contract/21/03/13>.

<sup>64</sup> . Data suggests that 21,000 applications had been made and 2,070 payments delivered for young people completing 26 weeks on the scheme by May 2013 against a target of 160,000 subsidies to employers in the three years from April 2012.

<sup>65</sup> <https://www.gov.uk/government/statistics/youth-contract-official-statistics-august-2014--2> (website viewed on the 22<sup>nd</sup> September 2015).

<sup>66</sup> Ibid.



market and a higher level of wage reimbursement. Whilst the overlap between the two programmes only begins at the point at which the young person has been unemployed for six months, the offer of JGW therefore may undermine the success of the Youth Contract in Wales. An evaluation of the Youth Contract in February 2013 could not explore this issue in detail due to the small number of Welsh employers participating in the survey, but did note, 'In Wales, wage incentives are competing directly with the WG's JGW initiative'.<sup>67</sup>

3.20 A further policy intervention, the New Enterprise Allowance (NEA) was introduced and rolled out across the UK in stages from April 2011. The NEA is targeted at JSA claimants, aged 18 or over, who want to start their own business with the provision of mentoring and financial support to help in the transition from welfare to self-employment. In Wales this support is offered by the WG's Business Start-Up service. The NEA also has many similarities with the bursary offer for self-employment in JGW and is again available to those on the Work Programme thereby aligning with JGW for similar reasons to the Youth Contract. While NEA offers a significantly lower bursary value than the bursary offer for JGW, young people are able to access both elements of support (though the financial support is provided for different purposes). The schemes therefore appear to work well together despite a perception among some stakeholders that the schemes compete.

3.21 In total the NEA has offered mentor support to 11,110 18 to 24 year olds across the UK; of which 610 are in Wales. Overall, it would seem that the programme is more popular with older age groups, as over 90 per cent of starts are from those 25 or over.<sup>68</sup>

3.22 Overall, the evidence collected through this evaluation suggests that there have been some challenges in aligning JGW with other key UK wide programmes (particularly Work Programme and Youth Contract provision).

#### *European Social Fund (ESF) Provision– Pan-Wales*

3.23 The WG's Traineeships Programme delivers a flagship 'All Wales' programme<sup>69</sup> of engagement and Level 1 training to young people aged 18 and under, who have left

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<sup>67</sup> Lizzie Jordan, Stephen McGinigal, Andrew Thomas and Nick Coleman, *Early evaluation of the Youth Contract wage incentive scheme* (DWP, 2013), accessed online on 21 February 2014 at [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/194228/rrep828.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/194228/rrep828.pdf).

<sup>68</sup> <https://www.gov.uk/government/statistics/new-enterprise-allowance-apr-2011-to-dec-2014>.

<sup>69</sup> At time of evaluation it was only funded by ESF in the Convergence area (West Wales and the Valleys).

compulsory education. The programme is in place to ensure they have an opportunity to acquire work skills, to sample work options and find job opportunities or other appropriate further training. In this respect the programme would appear to align well as a precursor to the JGW Programme.

- 3.24 A number of targeted ESF schemes are specific to the Convergence area<sup>70</sup> and of relevance to JGW (such as the *Engage* Local Authority and Further Education initiative, led by Neath Port Talbot Council in collaboration with other councils; *Potensial*, run by Careers Wales; and *Pre-VENT*, led by Bridgend County Borough Council in collaboration with other councils). They all target individuals up to the age of 19 that are not in education, employment or training (NEET) or at risk of being so, with an emphasis of encouraging them to stay in education. In this respect they are well aligned to JGW as they seek to equip young people with skills and qualifications as a result of their retention in education, thereby placing them in a stronger position when they do ultimately seek employment.

#### *Review of international approaches to youth unemployment*

- 3.25 Casting the net more widely to international examples it is clear that many other nations have, or are currently still experiencing worryingly high levels of youth unemployment since the 2008 crisis. The European Union has been motivated to focus on this area given its historically high levels of unemployment among those under the age of 25. Presently over one in five 16 to 24 year olds are unemployed; this equates to over five million EU citizens. There are a wide variety of policy tools being implemented at present, however; most can be categorised as subsidised labour programmes (with varying degrees of targeting); educational support to prepare young people for the transition from education to employment; or job search support.
- 3.26 A European wide initiative, previously piloted in the UK, is the Youth Guarantee. Overall the aim is to guarantee some form of education, training or apprenticeship for those up to the age of 25; within four months of them becoming NEET. This programme idea is still in its infancy; as yet there have been no evaluations of the Youth Guarantee in other EU countries, however; the ILO have recently published a paper which suggests that while various EU member states have made progress on

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<sup>70</sup> West Wales and the Valleys - covers 15 local authority areas in North and West Wales and the Valleys.

the planning for launch, there is likely to be insufficient funding to meet the current proposals.<sup>71</sup>

3.27 In Cyprus, where unemployment among younger people also increased dramatically during the great recession, the Human Resource Development Authority (HRDA) has been used to focus on labour market issues. Several programmes specifically target younger people; such as the Accelerated Initial Training Programme – a three to six month programme of theory and practical skills training for recent entrants to the labour market. A less intense version for those still at school is the Practical Training for Students scheme which facilitates on-the-job training, paid for by the state.<sup>72</sup> While the latter has been discontinued, the Accelerated Initial Training Programme trained 400 beneficiaries in 2011 at a cost of €1 million. Finally, a subsidised training programme for tertiary education graduates who are unemployed is provided. Grants cover between 60 to 80 per cent of employer costs for these placements. This is a more costly programme, which spent €4.6 million in 2011 on 540 graduates; however there has been no evaluation to date.

3.28 Spain has suffered very high levels of youth unemployment, second only to Greece, within Europe.<sup>73</sup> Currently it has a rate of almost one in two of 16 to 24 year olds still unemployed. In March of 2013 the government of Spain announced a new strategic approach to this issue. Included in the strategy is a programme of incentives to business for hiring young people.<sup>74</sup> A participating business will get relief on their social security contributions for the first 12 months of the young person's placement with them – 75 per cent for large firms and 100 per cent for employers with fewer than 250 employees.<sup>75</sup> Conversely, Austria is one of the better performers with respect to youth unemployment. Since 1998 Austria have made use of ALMP to keep youth unemployment low. Austria has a youth guarantee, ensuring that all school leavers who fail to find appropriate placements are provided with vocational training.<sup>76</sup> Austria chose to focus their efforts on individuals up to the age of 18, rather than 24, as is the case for many other EU states (and the Nordic countries that have a comparable performance with respect to youth unemployment). In addition to this commitment,

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<sup>71</sup> The Youth Guarantee programme in Europe: Features, implementation and challenges; ILO working paper; 19 August 2015.

<sup>72</sup> Jobs and Skills for Youth: Review of Policies for Youth Employment in Cyprus; ILO 2014.

<sup>73</sup> <http://ec.europa.eu/social/main.jsp?catId=1036&langId=en>.

<sup>74</sup> Spain includes those up to the age of 30 within this category.

<sup>75</sup> Eurofound - European Observatory of working life - <http://www.eurofound.europa.eu/observatories/eurwork/articles/other/youth-employment-strategy-launched>.

<sup>76</sup> A multifactorial explanation of youth unemployment and the special case of Austria; Tamesberger 2015; International Social Security Review; Vol. 68 1.

Austria focuses on increasing the number of apprenticeship opportunities, as well as using preparatory training for young people making the transition into these placements from school.

- 3.29 In the USA a range of policies and programmes aim to address youth unemployment. The Jobs Corps programme has been active since the mid- 1960s and offers training to and career development advice for 16-24 year olds. While the programme has been given favourable reviews by previous evaluations, it has failed to generate long term impacts for beneficiaries' earnings<sup>77</sup> – a problem resulting from prolonged periods of youth unemployment (although some short term impacts were observed). A more targeted US programme is the Youth Service Competitive Grants, which encompasses a variety of programmes aimed at 'at-risk' groups (such as young offenders; those from areas of high poverty and young people who have been in care).<sup>78</sup> The US, at a federal level at least, does not use active labour market interventions such as subsidies to private enterprises.
- 3.30 Importantly, it should be noted that the variations in youth unemployment across countries will have a great deal to do with the variations in institutions, educational systems and economies. The effectiveness of any policy interventions will be contingent on selecting an intervention that fits best with these environmental factors.

## **Strength of Policy Design**

### *Cost effectiveness of wage subsidies*

- 3.31 A review of literature from the UK and internationally, found a widely held view that the use of wage reimbursements/subsidies has a positive employment impact if it is well targeted at disadvantaged groups.<sup>79</sup> However it is also noted that targeted wage subsidy programmes are less effective in a recessionary period, as labour market competition increases; furthermore, deadweight and displacement become more of an issue as ALMP become less targeted.<sup>80</sup> The success of wage subsidy programmes for young people would appear to depend on how they are combined with individual skills, employer involvement and other measures (such as follow-up). Internationally, a trial programme in Sweden, combined counselling, wage subsidy elements and follow-up

<sup>77</sup> Does Job Corps work? Impact findings from the National Job Corps Study; Schochet, et al. 2008 American Economic Review 1864-1886.

<sup>78</sup> United States Department for Labour.

<sup>79</sup> Duell, N. (2012). 'Can active labour market programmes reduce long-term unemployment?' Paper submitted for the thematic review seminar on 'Tackling long-term unemployment - effective strategies and tools to address long-term unemployment', Brussels, 8 November 2012.

<sup>80</sup> Ibid.

and was found to have positive employment effects.<sup>81</sup> Similarly, the FJF, the most recent example of a wage reimbursement scheme in the UK, also generated positive employment effects (though a cost benefit analysis of the programme established that ultimately it represented a net cost to the exchequer).

- 3.32 In the majority of interventions reviewed (including FJF), wage subsidies were provided at lower levels than the full wage reimbursements for employment opportunities offered by the JGW programme.
- 3.33 The vast majority of past wage reimbursement/subsidy schemes were of six months duration. A lack of variation in the length of intervention provides difficulty in judging whether this is the optimal length for intervention however it would appear suitable given the experience of previous interventions.
- 3.34 Overall, the international literature suggests that while many countries attempt to tackle unemployment with ALMP very few see long term impacts for individuals with respect to changes in beneficiaries' long term earnings. An analysis of a large number of international ALMP examples suggested that schemes that offer subsidised work programmes to the public sector were often poor performers when compared with less costly job search schemes.<sup>82</sup>

#### *Eligibility criteria*

- 3.35 It would appear that JGW is the first major programme to be available immediately to individuals when they graduate, leave school or college. On other existing and previous schemes participants have only become eligible for provision following unemployment of at least six months duration and therefore targeted those who are further away from the labour market.
- 3.36 Previous reimbursement schemes were largely delivered at a time when the economy was more buoyant with lower rates of unemployment generally, perhaps therefore warranting the emphasis on those young people considered to be further away (through their duration of unemployment) from the labour market. The issue of significant deadweight has been identified on previous schemes of this nature.

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<sup>81</sup> Liebig, T. (2009). 'Jobs for immigrants: Labour market integration in Norway.' OECD Social , Employment and Migration Working Papers N. 94.

<sup>82</sup> Card, Kluve, Weber; 2010; Active Labour Market Policy Evaluations: A Meta-Analysis; The Economic Journal 120 F452-F477- this paper also comments on the lack of assessment of cost of implementing ALMP; so as to give a robust assessment of the welfare gains generated by what are likely to be costly programmes of subsidizing private business.

### *Appropriateness of Delivery Mechanisms*

- 3.37 The aforementioned issues of deadweight on wage subsidy schemes would appear to be most significant in areas where there is greater economic prosperity and the geographical allocation of JGW<sup>83</sup> jobs in line with youth unemployment rates (at least in part) will have helped address this issue. However, the open market recruitment approach for the private sector strand also, by its competitive nature serves to assist those individuals within the age cohort that are the strongest candidates for potential employment, which may inflate the levels of anticipated deadweight further.
- 3.38 A further inflationary factor on the levels of deadweight arising through the programme is the recovering economy and the likely increased demand for recruitment which itself has led to significant falls in rates of unemployment in recent months in Wales.

### **Summary**

- 3.39 JGW is one of a large number of programmes which have been identified as targeting young people to assist them into work. Its job opportunities, wide scale of eligibility and a high level of subsidy make JGW distinct from the other programming. It is aligned with both key WG strategies and has close strategic and operational links with key programmes designed to address issues of youth unemployment and unemployment more widely.
- 3.40 A review of the wider literature suggests that the WG's policy response is broadly in line with the activities of other nations (in particular those of other EU countries and the US) attempting to respond to youth unemployment. Many sources identify some benefits from wage subsidy programmes; however, these may not always represent the best value for money. Furthermore, these types of ALMP are shown to be less effective (with higher levels of deadweight) when targeting criteria is broad, and unemployment levels are at a high level.
- 3.41 Alignment of the programme with mainstream provision developed on a UK wide basis by the DWP has created challenges. Addressing youth unemployment has become an increasing priority for mainstream provision and has led the development of

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<sup>83</sup> Jobs in the private sector strand of JGW are allocated based on the rate of youth unemployment in each local authority. However, jobs in the third-sector strand were, in Year 1, allocated equally across Wales. Jobs allocated to the graduate and self-employment strands are not specific to local authorities but are pan-Wales jobs.

comparable initiatives (most notably the Youth Contract and the NEA). In both instances JGW offers far greater investment per individual (either as a wage reimbursement or a bursary) and would therefore appear a more attractive route to those beneficiaries eligible for both WG and DWP initiatives.

- 3.42 Some stakeholders believe that JGW has not been well enough aligned to the Work Programme with those mandated onto the programme ineligible for JGW. It is understood that the Work Programme has been an influential factor on eligibility criteria for JGW to avoid duplication of provision (particularly by becoming eligible for JGW from the first day of unemployment). The WG and WEFO are unable to justify the provision of additional support through JGW for those mandated on to the Work Programme as there is no guarantee that duplication and double-funding of provision will not take place. Had JGW followed an approach similar to FJF and New Deal for Young People where eligibility commenced following six months of unemployment, the window of opportunity for engaging and support unemployed young people would be extremely small (for a three month between the sixth and ninth month of claiming JSA, prior to being mandated onto the Work Programme). However, this also means that within the programme's target group of job-ready young people, JGW may be assisting those young people who are more likely to obtain employment without the support from the programme.

## 4 Effectiveness of the delivery model

- 4.1 This chapter assesses the effectiveness of JGW programme processes in contributing to the overall impact of the programme. It draws on evidence from across the interim and final stage including MI data, survey results (from interim surveys of employers and young people), WEFO claims data for achievements against ESF targets, and findings from the qualitative research with stakeholders, employers, young people and mentors.
- 4.2 The chapter starts with a brief outline of the delivery model and key programme processes, updated to include information that was new to the evaluation team in 2015. Key findings from the interim evaluation stage are then outlined before the chapter proceeds to discuss the new evidence collected at the final stage and draws conclusions.

### Delivery Model

- 4.3 The job-focussed element of the JGW delivery model (the other element being the self-employment strand) was divided into a number of core strands: the private sector strand, 'third-sector direct, 'third-sector supported and the graduate strand<sup>84</sup>, collectively filling 14,984 jobs across the three years of programme delivery; including 392 supported business start-ups, according to the management information provided to the evaluators.<sup>85</sup>
- 4.4 As noted previously (see Chapter 2: Rationale and programme overview), the two third-sector strands adopted a prime contractor/sub-contractor model, whereas the private sector was delivered through a network of WG WBL providers who were directly managed and monitored by the WG JGW central team. The graduate strand was delivered by HEFCW and built on the pre-existing GO Wales programme.
- 4.5 There has been a large degree of crossover of programme strand and job sector within the programme - i.e. the private sector strand did not solely deliver jobs in the private sector, and so on.

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<sup>84</sup> Original process maps for each of the strands can be found in Annex D.

<sup>85</sup> There are differences between the statistical releases associated with the programme, the evaluation figures and the final WEFO claim data. The latter did not include third sector participants in the first year, participants with incomplete records (e.g. had not signed a self declaration form for eligibility) and if concerns regarding the authenticity of the eligibility were raised. Five jobs were removed from the evaluation figures after the official release for these reasons.



- 4.6 The cross-over predominated in the third-sector strands, as per table 4.1, which shows that the majority of jobs in this strand were within other sectors. In addition to private sector and third-sector jobs, the programme has also filled 241 public sector jobs, predominantly through providers in the private sector strand, though it was observed that many of the jobs in this category appear to be with contractors of public sector organisations as opposed to direct employment. These jobs resulted from small pilots which were delivered through the programme to trial public sector opportunities with Caerphilly PASSPORT programme and Cwm Taf Health Authority.

**Table 4.1 Sector of JGW jobs in private and third-sector strands<sup>86</sup>**

	Private sector strand (n)	Private sector per cent (%)	Third sector strand (n)	Third sector strand (%)	Third sector supported N	Third sector supported (%)
Private sector jobs	11,456	97.7	473	51.4	650	82.1
Public sector jobs	230	2.0	4	0.4	7	0.9
Third sector jobs	41	0.3	444	48.2	135	17.0
Total (where sector known)	11,727	100.0	921	100.0	792	100.0

- 4.7 The crossover of JGW strand/job sector was not known about at time of the interim evaluation report. While not necessarily problematic, it is worth noting for any future delivery models. it is not clear why the programme took this approach, as the stranded approach was intended to reflect different (sectoral) routes to employment for young people.
- 4.8 WG staff have indicated that within the third-sector supported strand, these job opportunities were always open to private sector employers. It is not clear at the time of reporting whether this was the case for the other third-sector strand or whether this was changed later to ensure the strand met its targets and opportunities were delivered for young people.
- 4.9 From consultations with the JGW delivery team it is believed that it is likely that the third-sector job opportunities created by the private sector strand were either approved at a time where there was no specific Third sector delivery agent available (i.e. transition between WCVA and 3SC/GWNW) or where providers have inadvertently selected the wrong sector from the drop-down menu in error.
- 4.10 The WG have also noted that the private sector strand was open to employers that had dual registration/ legal status on as limited companies and as charities.

<sup>86</sup> Data in this table exclude the graduate strand and jobs created in CF areas for which no sector data was provided.

## *JGW recruitment and selection process*

4.11 Key responsibilities of MAs contracted under JGW in relation to the recruitment process were as follows:

- Sourcing a certain number of vacancies from employers and ensuring that the jobs fulfilled the programme eligibility criteria – that jobs were additional and sustainable<sup>87</sup>;
- Where vacancies were openly advertised (all strands except third-sector supported), working up job advertisements in collaboration with employers,
- Supporting employers by undertaking an initial sift of applications, in some instances, and forwarding the most appropriate (or forwarding all applications, where preferred by the employer);
- Arranging interviews on behalf of the employer;
- Unless already done so, verifying that candidates selected by employers are eligible for the programme.

4.12 From the perspective of the young person, they could take a variety of routes into the programme: self-referral (applying directly for JGW vacancies), referral through JCP or Careers Wales, or 'direct progression' from relevant WG pre-employment programmes, with the provider brokering their engagement on a JGW job. The main referral programmes into JGW were Traineeships and Steps to Employment – later rebranded as Work Ready), though a number of participants were also able to progress onto JGW directly from the Caerphilly Passport scheme.

4.13 For those referred through JCP or Careers Wales, there was potential for them to undertake a Careers Wales skills assessment, the output from which was an action plan intended to be used by both the young person (to inform their job search) and the MA for monitoring purposes, if they subsequently started a JGW job. MAs could also refer young people applying to JGW positions back to Careers Wales for the skills assessment.

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<sup>87</sup> That is, they should be new jobs which would not have been created in the absence of JGW, and employers should want to keep the young person on at the end of the temporary contract if they are suitable for the role. These criteria were later quality assured by WG.

- 4.14 Applying for jobs entailed creating a personal profile on the JGW Live website, self-declaring eligibility for JGW and answering two questions: reasons for applying for the position and skills and qualities they could offer.
- 4.15 As per table 4.2, the programme has also delivered jobs in the public sector (241 jobs in total across the three years of delivery). The vast majority of these jobs were delivered via private strand contractors in line with the usual recruitment model for this strand.
- 4.16 The programme also delivered jobs in CF areas (403 jobs). While delivered by private strand MAs, these jobs operated somewhat like the third-sector supported strand. Jobs were sourced in partnership between MAs CF partnerships, with individuals referred directly to them via CF advisers. These jobs were funded via the CF budget.

#### *JGW job and support from MA*

- 4.17 JGW jobs were intended to be six-months in duration and could be for between 25 and 40 hours per week. Once a vacancy was successfully filled, the MA was to ensure that the employee had a line manager and completed a health and safety assessment and various items of paperwork. The MA was then to provide a mentoring service to each young person to identify any help needed to resolve any issues with the job and to ensure the young person was receiving high quality work experience. This was to entail a monthly contact either via phone or face-to-face.
- 4.18 Employers were not required to provide training to JGW participants, but were encouraged to do so at their own cost.
- 4.19 The level of wage reimbursement to employers for the private, third-sector direct and third-sector supported strands reflected the NMW rate for that age and at that time. However, employers could choose to pay their JGW employees above this rate and make up the difference.<sup>88</sup> WG contributed a payment to cover the NI payment.
- 4.20 Managing agents were paid in arrears monthly fees for each programme participant, against evidence of wage payments in respect of JGW jobs (the exception being the first payment which is made when the young person starts in employment). They were also paid a final fee three months after the young person completed a JGW job, on provision of destination/progression data captured by the MA.

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<sup>88</sup> The evaluation team has not been provided with MI to confirm the number of employers paying above the minimum wage. Self-report data on wages from the young person surveys is reported at Chapter 5: Outcomes for young people.

### *Post-JGW job*

- 4.21 At the end of the job opportunity, it was hoped that the employer would decide to make the position permanent. Where a position was not sustained, it was intended that the MA and young person would have an exit interview to look at the young person's options and ideally support them to achieve a positive outcome such as finding a job with another employer, starting an apprenticeship or moving into education.
- 4.22 The MA was required to contact the young person three months after the end of the job to capture their employment status, and if they were NEET, to refer them back to Careers Wales.

### *Self-employment strand*

- 4.23 The self-employment strand was distinct from the other strands of JGW as it was the only part of the programme that was not a job-focussed delivery model. This strand aimed to support young entrepreneurs through a revenue grant of £6,000 disbursed during the first four months of trading and in five instalments, disbursed at weeks two and four from the first day of trading (£750), and months two, three and four (£1,500).
- 4.24 This strand, administered by the EST, was advertised through Careers Wales, JCP and the Prince's Trust. Applicants could also self-refer. Applicants had to register with a Business Start Up provider and be receiving one-to-one support through the Business Start Up Programme administered by, and nationally branded as, Business Wales. They were also required to be receiving advice on business planning or attending workshops funded by EST.
- 4.25 The providers were required to check eligibility for support through JGW prior to the young person applying for a Young Entrepreneur Bursary and review the quality of their business plans. Applicants may have been denied a bursary if they do not meet the eligibility criteria<sup>90</sup> or if their business plans or financial forecasts are not of sufficient quality.
- 4.26 On approval of an application and completion of State Aid and other paperwork, the applicant should begin trading within two months of the bursary award. Funding at each stage was dependent on the outcomes of progress reviews, conducted by the provider, and the receipt of the progress report by the WG, a valid invoice and

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<sup>90</sup> This includes evidence that the business is still trading and continues to be the client's main source of income and/or employment.

confirmation that the provider held evidence on the applicant's file relating to the payment period.<sup>90</sup>

### **Key findings from interim evaluation report**

- 4.27 In November 2013, the interim evaluation reported that the programme had surpassed its targets for 4,000 jobs filled in Year 1 of delivery (the target having been revised from jobs *created* to jobs *filled*), though the third-sector direct and graduate strands underperformed. Performance in Year 2 looked good overall (the programme having already exceeded its overall jobs target), though the change of contractors in the third-sector had proved disruptive.
- 4.28 Performance was especially strong in the private sector (though performance was variable across different MAs) and self-employment – though targets had been adjusted between strands (and continued to be throughout the programme) based on earlier performance.
- 4.29 The underperformance of the graduate strand was attributed to the partial wage reimbursement offered by this component, which was perceived as driving employers to fill their vacancies through other strands of the programme where the wage reimbursement was at a higher level.
- 4.30 JGW was performing better in Competitiveness areas, but engaging fairly well in Convergence areas too. Promotion effort had been successful in raising awareness among young people in CF areas, though these young people were less likely to be successful compared to applicants from non-CF areas.
- 4.31 The interim report commented on the policy design process for the programme. It was noted that JGW was developed under tight time constraints with pressure to launch quickly, being a ministerial commitment. The key features of the programme (i.e. the wage subsidy) were decided at a political level, and while the detailed design was developed by the project team (drawing on lessons from other programmes such as FJF), alternative lengths of contract or wage levels were not able to be considered, lessons from the self-employment strand pilot were not able to be implemented (as there was no time to evaluate the pilot), and the full range of stakeholders did not feel they were properly consulted about the design.

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<sup>90</sup> This includes evidence that the business is still trading and continues to be the client's main source of income and/or employment.

- 4.32 Views on management of the programme varied but overall JGW appeared to have been implemented fairly well given the circumstances. The key message related to a need to strengthen data collection and monitoring (to illustrate - MI data on three month destinations was largely incomplete and could not be analysed at the time of the interim report).
- 4.33 The programme had benefitted from a strong marketing campaign and awareness was high among both employers and young people. Promotion for the self-employment strand was less proactive, and for the graduate strand was challenging as it was often confused with the GO Wales initiative.
- 4.34 Among key referral partners, awareness was good among JCP advisers, less so among Careers Wales advisers. There were issues referring people to the right strand and in particular, in identifying suitable people for the third-sector supported strand was challenging; the criteria were perceived to be too ambiguous and inappropriate candidates (i.e. those not yet work ready) were often put forward for jobs.
- 4.35 The proportion of participants that had previously been engaged on another WG programme such as GO Wales, Steps to Employment or Traineeships was low at three per cent of JGW participants, suggesting that promotion of JGW to these programmes was weak or ineffective<sup>91</sup>.
- 4.36 Young people generally found the application process straightforward and the website easy to use – though there was evidence of a lack of feedback being given to unsuccessful applicants.
- 4.37 Employers' experiences of recruitment varied – and some felt JGW was slower than their usual process. Others were unclear about what role they could have in recruitment (i.e. that they could have more involvement if they wanted). Employers in the third-sector direct strand also reported a high level of drop off from shortlist through to interview, and felt that JGW applications were, for some young people, merely a means of securing their benefits as by being on the programme they could be seen to be 'searching actively for work'.<sup>92</sup>
- 4.38 Employers generally had a good experience of the programme. Evidence suggested that most took on a small number of recruits but a minority had taken on ten or more. It

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<sup>91</sup> It was understood and reported at the time of the interim evaluation that young people could directly progress onto JGW from these programmes. Comments from the WG at the time of writing now indicate that this was not the case.

<sup>92</sup> Evidence that benefit claimants are actively searching for work is required in order for benefits to be provided.

was advised that JGW could do more to dissuade smaller employers from taking on large numbers of recruits, because these jobs were likely to be less sustainable<sup>93</sup>.

- 4.39 Young people reported high levels of satisfaction with their JGW line managers. They were less positive about the mentors; some had experienced very little contact. Among those in the self-employment strand, issues with disbursements (delays relating to JCP evidence) were causing frustration.

## **Findings from the final evaluation**

### *Programme outputs: WG 'jobs filled' targets*

- 4.40 In total the project has filled 14,984 jobs and supported 392 business start-ups across the three years of delivery, and has achieved 135 per cent of its combined (final agreed) target for jobs filled/businesses supported.<sup>94</sup> Table 4.2 gives a breakdown of performance by programme strand. Targets have been provided by WG, numbers for jobs achieved have been collated from the MI data.

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<sup>93</sup> To illustrate, it was identified through MI analysis that employers of early leavers had hired 3.3 young people, compared to organisations where young people had completed their contracts which had hired on average two young people through the programme.

<sup>94</sup> As reported at the interim evaluation, originally the target was for 'jobs created'. This was later revised to 'jobs filled'.

**Table 4.2: Performance against WG ‘jobs filled’ targets by strand – all years**

Strand	Year 1 target	Year 1 target revised	Year 1 achieved	Total year 1 achieved (per cent)	Year 2 target	Year 2 target revised	Year 2 achieved	Total Year 2 achieved (per cent)	Year 3 target (final)	Year 3 achieved	Total Year 3 achieved (per cent)	Total jobs filled	Total jobs filled – (per cent)
Private Sector	2,500	2,800	2,759	99	2,750	2,850	4,444	156	1850	4,929 <sup>95</sup>	266	12,132	162
Third Sector Supported	500	500	419	84	475	475	220	46	607	273	54	912	61
Third Sector Direct	500	500	378	76	275	275	234	85	401	389	116	1001	90
Graduate	400	150	79	53	400	300	297	99	115	171	149	547	97
Self-Employed	100	50	47	94	100	100	168	168	150	177	118	392	131
<b>Total</b>	4,000	4,000	3682	92	4,000	4,000	5363	134	3123	5939	191	14,984	135

*Source: targets confirmed by WG September 2015 – figures achieved collated from programme MI provided on 2/9/15 (graduate strand) and 25/08/15 (all other strands)*

<sup>95</sup> MI data for the private sector contained 2 participants with start dates beyond the timescales for JGW (September and December 2015) but with dates for creation of the MI entry (October 2014 and March 2015) that would have fallen within the life of the programme. As these appeared genuine entries (with associated personal and employer information and unique identifiers) these have been retained and included in the year 3 figures for ease of reporting.



- 4.41 Close monitoring of strand and MA level performance allowed WG's central management team to flexibly reallocate jobs targets across the programme to successfully manage risk around under achievement of targets for the programme as a whole. Targets were renegotiated several times over the course of the three year programme in order to reflect performance within strand and affordability of jobs.
- 4.42 At the overall level, the original all-strands target has been reduced only modestly from 12,000 jobs/businesses to 11,123 (on account of a reduction in the final year from a target of 4,000 jobs to 3,123). Looking at performance by year, the programme fell slightly short of its target in year 1<sup>96</sup>, exceeding it substantially in subsequent years.
- 4.43 There has been reallocation of jobs across strands year on year, notably within the graduate strand, which was originally set a three year target of 1,200 jobs, subsequently reduced to 700, and finally 565. The target had been reduced in year 1 due to delays finalising the contract (which meant the original targets would have been improbably high for GO Wales to achieve in the remaining time), after which it was reduced by a quarter in year 2. Targets were revised again in the course of year 3.
- 4.44 For the third-sector strands, late allocation of contracts in Year 2 affected the direct strand significantly but did not have the same level of impact on the supported component.<sup>97</sup>
- 4.45 The self-employment target was reduced from 100 to 50 in Year 1, but targets were revised upwards again and performance improved.
- 4.46 The private sector strand has clearly been the best performer in terms of jobs filled, exceeding its targets substantially in Years 2 and 3.
- 4.47 Exceeding the total target across the programme has largely been achieved due to reallocation of jobs between strands, the strong performance of the private sector and also from enabling third-sector supported strand to deliver jobs with private sector employers. Stakeholders acknowledged the private sector strand as the most successful strand within the programme.
- 4.48 Views on the third-sector supported strand were similar to the interim findings in that there were comments on unsuitable referrals of individuals that were not work ready

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<sup>96</sup> This is contrary to the findings of the interim report, which indicated that the programme had achieved 4,042 jobs in year 1 and slightly exceeded its target, based on the publicly available performance data at that time (released 24/12/2013 and accessed on 15/01/15).

<sup>97</sup> An additional 100 allocations were given in the Supported strand for WCVA to ensure some provision was available for supported candidates.

(and some felt that the CF jobs experienced similar issues). The small scale pilots to test the potential for the programme to create jobs in the public sector delivered small volumes. This was not wholly unexpected; it was difficult for these employers to confirm they had potential to keep the JGW recruits on beyond the subsidy in the context of sweeping public sector jobs cuts.

- 4.49 The graduate strand was considered by stakeholders to have delivered good quality jobs, but some felt that many of these young people would have found work without JGW.
- 4.50 Performance of MAs in private sector strand was found to be variable throughout the programme. A breakdown of targets and jobs filled for private sector MAs is provided in the appendix.

*Programme outputs: ESF targets for post-JGW outcomes*

- 4.51 JGW received ESF grant funding, totalling £27,850,148 and breaking down as £23,694,185.48 (Convergence) and £4,155,962.56 (Regional Competitiveness and Employment (RCE)).<sup>98</sup> This was used to support the private sector and self-employment strands, and two third sector strands in years two and three.
- 4.52 Associated with this funding, the programme had targets for Participants, Participants entering employment; Participants entering further learning; and Other positive outcomes. These were divided into targets for participants from Convergence and Competitiveness areas, and implied an aspiration that 66 and 57 per cent of ESF-eligible participants would enter employment post-JGW. As per the WG jobs filled targets, the ESF targets were adjusted once through the course of the programme to take account of changing conditions<sup>99</sup>.
- 4.53 Targets and achievements are shown in Table 4.3, which has been compiled using data from programme funding claim reports. The reports indicated that final claims had not been audited at this time, hence these figures should be treated as indicative. It should also be noted that programme MI records higher numbers of ESF-eligible

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<sup>98</sup> Source: WEFO final payment letters for JGW. ESF funding was used for wage reimbursements and business bursaries for the self-employment strand, as well as administration fees for managing agents in the private and third sector strands, and various development costs associated with setting up the project. Match funding was provided solely through WG and provided for operational costs.

<sup>99</sup> The WEFO Business Plans reviewed as part of the interim evaluation stated that JGW aimed to fill 8,400 job opportunities for young people over three years in Convergence areas and 2,735 in Competitiveness areas. These were later revised to 6,984 (Convergence) and 2,792 (Competitiveness) jobs respectively, in light of a budget reduction for the programme.

participants than appear to have been funded<sup>100</sup>, though achievements below only relate to those that actually received ESF-funding as per the final claims.

4.54 As shown below, the programme has exceeded all of its ESF targets, with the exception of employment outcomes for the Convergence regions.

**Table 4.3: ESF targets and performance – all years**

	Convergence target (all-years)	Convergence Achievement (n)	Convergence Achievement (%)	RCE target (all-years)	RCE Achievement (n)	RCE Achievement (%)
Participants	6,984	7,684	110	2,792	3,601	129
Participants entering employment	4,600	4,026	88	1594	2,015	126
Participants entering further learning	800	1,217	152	338	603	178
Other positive outcome	120	199	166	48	91	190

#### *Participants taking multiple jobs*

4.55 Analysis of MI indicates that, the programme has supported 12,565 unique young people into a JGW job, compared with 14,045 jobs filled. The majority of participants had one JGW job through the programme, though a significant minority (10 per cent) had two or three.<sup>101</sup>

**Table 4.4: Number of JGW jobs taken by participants**

	Number of participants (n)	Per cent of participants (of 12,565 unique young people)
1 JGW job	11,317	90.1
2 JGW job	1,049	8.3
3 JGW jobs	169	1.3
4 JGW jobs	27	0.2
5 JGW jobs	3	0.0

#### *Screening of employers*

<sup>100</sup> The MI contains 13,067 participants identified as being on the ESF programme, compared with 10,476 as per the final claims forms. Participants with incomplete records (e.g. had not signed a self declaration form for eligibility) and where concerns regarding the authenticity of the eligibility have been raised are removed from WEFO claim data.

<sup>101</sup> In the first year of JGW, the programme specification did not prevent a participant from re-entering the programme with the same employer. Version 2 of the programme specification which was published one year after inception prevented participants from re-entering the programme with the same employer, but did not prevent re-entry to the programme with a different employer. WG believes the number of individuals who had more than one JGW opportunity with the same employer is lower than Table 4.6 suggests - the figures below are felt to result from some issues with the data transfer from the MA's systems and WG's EDMS database.

- 4.56 Overall, most stakeholders were positive about the programme and felt it had delivered many jobs of good quality and in diverse industries, supported young people to gain work experience they would not otherwise have gained, and enabled employers to 'take a chance' on a young person.
- 4.57 Some issues were reported that were fairly consistent with the interim evidence however, including the issue of how best to screen employers participating in the programme. Some drew attention to employers (not necessarily on a large scale), who were taking on lots of recruits with no intention of sustaining the jobs beyond the programme (often impacting negatively on the experience of the job for the young people, who may have lacked sufficient supervision or input), or others who were using the programme in order to recruit a young person already known to them without having to pay their wages, hence rendering the application process uncompetitive for other applicants. Examples of the latter have emerged in some of the qualitative research with young people conducted for the final evaluation.
- 4.58 For the most part it appears that the JGW project team have tasked MAs to screen employers and MAs have reportedly been quite inconsistent in their approach and level of scrutiny. Consequently, WG have refined the approach to employer screening as part of JGW II and are introducing more stringent processes, such as:
- Applications from larger employers passed to JGW team for vetting and considering whether they should be ruled in or out (on a case-by-case basis);
  - Closer monitoring of employers in relation to sustainability:
    - Only allowing new employers to take on one JGW recruit, initially, and monitoring progress before allowing them to take on additional young people.

#### *Promotion of JGW to other WG programmes*

- 4.59 Consistent with the interim evaluation findings, analysis of the programme MI as part of the final evaluation indicated that few JGW participants had previously participated in other WG programmes. Three per cent of jobs, the majority from the private sector strand, were identified as having previous participation, which broke down as: 188 from the Caerphilly Passport scheme; 92 from Steps to Employment; 230 from Traineeships.

- 4.60 This suggests that promotion of JGW to these programmes has been weak or ineffective.<sup>102</sup>
- 4.61 Stakeholders felt the programmes mentioned above were aligned well to JGW, though provided limited feedback in relation to the low numbers of JGW participants that had previously been on them.
- 4.62 A 2013 evaluation report on the WG's 2011 to 2015 WBL programme<sup>103</sup> can perhaps shed some light on the issue in relation to Traineeships, indicating that the programme was struggling at that time; with some providers indicating they were receiving referrals for unsuitable individuals - i.e. those that were too far from the labour market, similar to interim findings on the third-sector supported strand of JGW and that there was limited success in progressing young people beyond level 1 of the programme, i.e. towards being more work ready.
- 4.63 The report also indicated that:
- 'Providers and stakeholders expressed some major concerns about the awareness and understanding of the various WBL programme elements from national stakeholders through to local practitioners, employers, schools and young people... Traineeships are being delivered in a very complex operating environment. This is especially the case in ESF Convergence area... In theory, there should not be direct competition between Traineeships and other programmes... [However] in practice, potential Traineeships participants are said by providers to be choosing alternative routes rather than being referred by Careers Wales onto a Traineeship'*
- 4.64 This raises two possibilities that are included for consideration: that there is a broader issue around clarity of the various WBL provision in Wales, and that, potentially, JGW may have been drawing some less-work ready young people away from a programme that was struggling to position itself and with an offer much less clear than the JGW programme.
- 4.65 To clarify in relation to the latter point, this was not expressed directly by those consulted, in relation to the Traineeships programme, and it should be noted that the

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<sup>102</sup> It was understood and reported at the time of the interim evaluation that young people could directly progress onto JGW from these programmes. Comments from the WG at the time of writing now indicate that this was not the case

<sup>103</sup> Evaluation of Work-Based learning Programme 2011-15: First report on contracting arrangements and Traineeships delivery, York Consulting, in association with Old Bell 3, Cardiff University and IFF Research, accessed online at: <http://dera.ioe.ac.uk/19748/1/140319-evaluation-work-based-learning-wales-2011-2015-first-report-contracting-arrangements-en.pdf> on 18.09.15.

overlap in terms of eligibility is only at the 16-18 age bracket<sup>104</sup>, though some felt (as at the interim evaluation) that the graduate strand impacted negatively on the GO Wales programme<sup>105</sup>, drawing graduates away from this provision.

#### *JGW Application process*

4.66 The evidence collected as part of the final evaluation was broadly in line with the interim report; employers and young people had generally found the recruitment/application process simple and straightforward, with relatively few difficulties.

4.67 As per the interim report, some employers did find the processes slower compared to their usual recruitment processes, noting, for example, that they would have liked to been able to contact the young people selected for interview via telephone, or voicing frustration at having to wait until the application closing date before contacting any of the applicants.

4.68 Most felt the MA was flexible and responsive in support provided to the employer during recruitment.

4.69 Among young people, as per the interim report there were some indications that feedback was not being given consistently to unsuccessful applicants:

*'[it was] quite frustrating... just having the feeling of going to all that effort in filling out an application form and not hearing back from it is really frustrating and stressful'*

4.70 However, broadly the young people found the process straightforward and few reported issues.

4.71 Among those in the self-employment strand, interviewees revealed they found the application challenging initially, but most had received support which had been helpful.

4.72 Collating the evidence required for the bursary was not described as straightforward:

*'that was fine... I would expect that, again it's just that professionalism... I would expect to provide evidence so it wasn't a surprise to me'*

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<sup>104</sup> Traineeships is open to young people aged 16 to 18. The eligibility for JGW is wider, being open to those aged 16 to 24.

<sup>105</sup> The final evaluation of GO Wales indicated that had performed well in relation to hard and soft outcomes, Whilst it noted it was broadly well aligned to other WG provision, it concluded that in its later years there had been overlap between its work placement strand and the JGW programme (Final Evaluation of Go Wales, Final Report (March 2015), Hardisty Jones Associates on behalf of HEFCW).

- 4.73 Some had reported late payments, however – resulting in the loss of a day's trading for one participant, who was unable to pay a supplier on account of this and had to travel to Cardiff to deal with the issue.

#### *Mentoring element of JGW*

- 4.74 Mentoring appears to have been an aspect of the JGW programme that stakeholders felt has not quite worked as envisaged, with variation across MAs in terms of how they approach (and how well they perform) this function and clearer guidance/expectations seemingly needed from WG.
- 4.75 From the qualitative research undertaken as part of the final evaluation the mentoring appears to have been treated as more of a 'light touch monitoring' function as opposed to 'mentoring' among some MAs – and for most mentors consulted, the mentoring was evidently an addition to their core role within the MA and the lines were blurred to some extent between this function and their more administrative tasks on JGW. For example, when asked to describe their role within the programme some would discuss their part in sourcing vacancies initially – or in relation to contact with the young person, the initial health and safety assessment of their job as opposed to any guidance/support.
- 4.76 There has been variation in terms of the level of contact – with some clearly making efforts to undertake more face-to-face meetings (and these were more prevalent in the third-sector supported strand, as would be expected/hoped), and others more reliant on the phone, which may relate to both the lack of clear expectation/rules from WG and high caseloads in some instances. Some young people reported little or no contact, and there are few examples from across the evaluation of mentors getting involved with problems with jobs.
- 4.77 It must be noted, though, that evidence from the young people suggests some were perfectly happy with their mentor – and some perhaps did not feel that they needed continual support having secured the job and having a good experience in it:

*'they sort of said if you need support and you want to say something then we're here but every time they came round there wasn't really a problem so it turned out not to be necessary in the end'*

*'I had a mentor or someone come and see me once but I didn't really want or need their help if I'm honest. I was happy with the way things were going and happy that they didn't come and check on me too much. I just wanted to get on with things.'*

4.78 The mentoring part of the model is something that WG are keen to refine for JGW II, with clearer guidance to MAs and greater scrutiny. In particular, greater contact between the mentor and employer in the later stages of job is felt to be something that would help ascertain earlier the likelihood of a young person being kept on by the employer, and thus open up the possibility of timely support to help the participant transition to another opportunity if needed.

## **JGW II**

4.79 JGW II has recently started delivering job opportunities (from June 2015 following WEFO approval in May 2015). A number of significant changes have been made to the model which are hoped will achieve a more streamlined programme:

- There will be one strand of delivery, incorporating private sector and third-sector jobs;
- There will be no graduate strand (though graduates will be able to apply for the JGW jobs, as previously);
- There will be no third-sector supported strand;
- There will be no self-employment strand;
- There will be no public sector jobs delivered through the programme
- There will be jobs for young people living in CF clusters, but these will be delivered through the LIFT programme<sup>106</sup>;
- The MA structure will be retained (with MAs sourcing vacancies, leading the application/recruitment process and mentoring young people), but the number of MAs has been reduce to six across Wales.

4.80 The WG are also seeking to refine various delivery processes to ensure the new programme has clear, appropriate processes and more effective management and monitoring of MAs. In particular, efforts will focus on the screening of employers, contract management of MAs and the mentoring to young people undertaking JGW jobs. Some of these changes have been discussed above.

4.81 In relation to partners and referrals to the programme, it is acknowledged by some of those closest to the programme that there is still work to do with partners in terms of

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<sup>106</sup> The Lift Programme is providing training and employment opportunities for people from workless households - refer to section 3 for more information.



establishing clearer guidance and a consistent approach to establishing young people who are suitable for the programme – across the three years there have been issues with partners putting forward some young people with issues such as basic skills gaps or substance abuse, which need addressing prior to signposting to JGW resulting in a poor experience for employers. There was no single point of assessment for the programme which compounded things. It is understood the WG is developing a new assessment tool for JGW II and have committed to undertaking suitability of intervention assessments for all young people seeking to access JGW – though as with all employment support – to some extent partners are reliant on young people disclosing barriers which can take time.

- 4.82 Job quality was generally felt to be high among stakeholders, for the most part – referring to the diverse range of industries in which jobs had been filled and reporting that, for the most part, jobs provided meaningful work experience. For JGW II, however, the programme is establishing links with the Regional Skills Partnerships (RSPs) in order to focus jobs on growth areas. This is seen as a key aspect of the refined model – RSPs will direct MAs to suitable jobs, and have been involved in the development of the JGW II business plan. Engagement with individual partnerships is said to be at varying levels but making good progress overall.

## **Summary**

- 4.83 JGW was designed and implemented in a pressurised environment and delivered by a relatively small team who perhaps did not anticipate the volume of work involved in administering the programme. While there have been issues in relation to establishing clear processes, monitoring MAs to an appropriate level and data capture, the delivery team has done well to achieve the level of jobs that have been filled through the programme.
- 4.84 There is a lot for the WG to consider in implementing JGW II but broadly the changes to the model and the process refinements appear to align with feedback from the interim evaluation. In addition, the reduction in MAs from over 20 to six across Wales should enable closer dialogue and management of MAs from the central team.
- 4.85 From the evidence collected across the interim and final evaluation, it appears the stranded approach for JGW enabled the WG to test out different routes to employment, but the streamlining to only the private and third-sector strand appears very sensible on balance. The private sector jobs have been crucial to the programme, whereas the graduate strand was felt to overshadow the GO Wales offer and was also

less attractive to employers compared to employing graduates through the other strands with higher wage subsidies.

- 4.86 The third-sector supported strand suffered from a lack of clear eligibility criteria and was to some extent at odds with the core principle of the programme in that it was for young people who were more work ready. It should be noted though that evidence has not suggested young people on this strand have had a poorer experience.
- 4.87 The self-employment strand has been discontinued on the basis that the programme would work more efficiently with a more streamlined design, and that business support should be accessed via the European Regional Development Fund (ERDF) rather than ESF. As the evaluation team understands it, whilst business advice is available, there is no alternative bursary available to young people from this service now that the Young Entrepreneurs Bursary through JGW has been discontinued.
- 4.88 The improvements made to programme processes for mentoring and screening are in line with findings from the interim evaluation. In relation to the latter; it will be important to get the balance right and consider the approach in the context of the employers allowed to access the programme. For example, small charities may be open with MAs about the funding uncertainty they face (as some have reported that they have been through the qualitative interviews). This may impact on their ability to state that they could sustain the jobs beyond the programme and this should be considered in context by the MAs.
- 4.89 Links with RSPs should ensure that the WG is truly getting the most out of the programme increasing the quality and economic relevance of jobs created through the programme.
- 4.90 Young people taking multiple jobs through the programme should be minimised as part of JGW II – potentially these young people should be referred back to pre-employment provisions.

## **5 Outcomes for young people**

### **Introduction**

- 5.1 This section of the report outlines the outcomes for young people participating in the JGW programme and follows a chain of causality described previously in the evaluation logic model. Findings are reported from the surveys of young people who secured a JGW job opportunity conducted in the interim and final phase of the evaluation and in-depth qualitative telephone interviews. We present the top-line findings for each relevant question in the survey based on aggregated data from the surveys of young people, and present sub-group analysis where there are statistically significant differences within the population, or between the surveys conducted in the interim and final stages of the evaluation. Where no statistically significant differences exist, we have not presented graphics or tables to keep this report concise.

### **Methodology**

- 5.2 The findings presented in this chapter draw on the two surveys of young people who secured a JGW job. The first survey comprised 595 interviews with young people who had participated (or were participating) in the programme between January 2012 and July 2013. A second cohort were interviewed around 18 months later comprising 425 interviews with young people who had started and completed the job opportunity between August 2013 and October 2014. During the final evaluation, a longitudinal survey was also conducted of the first cohort of young people to examine the longer term outcomes of participating in the programme (258 out of the 595 young people in the first cohort survey agreed to be interviewed for this survey).
- 5.3 The two cohorts of young people were surveyed using a random probability sampling approach. The number of interviews achieved in each survey, broken down by programme strand, is indicated in Table 5.1 overleaf. The limited number of graduates participating in the programme, and the consequent small sample who took part in the survey, means subgroup analysis of the graduate strand is not statistically robust. Due to the small numbers of young people who are participating in the self-employment strand, the decision was taken not to include them in the survey but rather to conduct qualitative research with them.

**Table 5.1: Number of participants in each quantitative survey stage split out by strand of the programme**

	Total	Private sector	Third-sector –supported	Third-sector – direct	Graduate
Cohort 1	595	377	102	80	36
Cohort 1 follow-up	258	153	45	38	22
Cohort 2	425	350	23	29	23

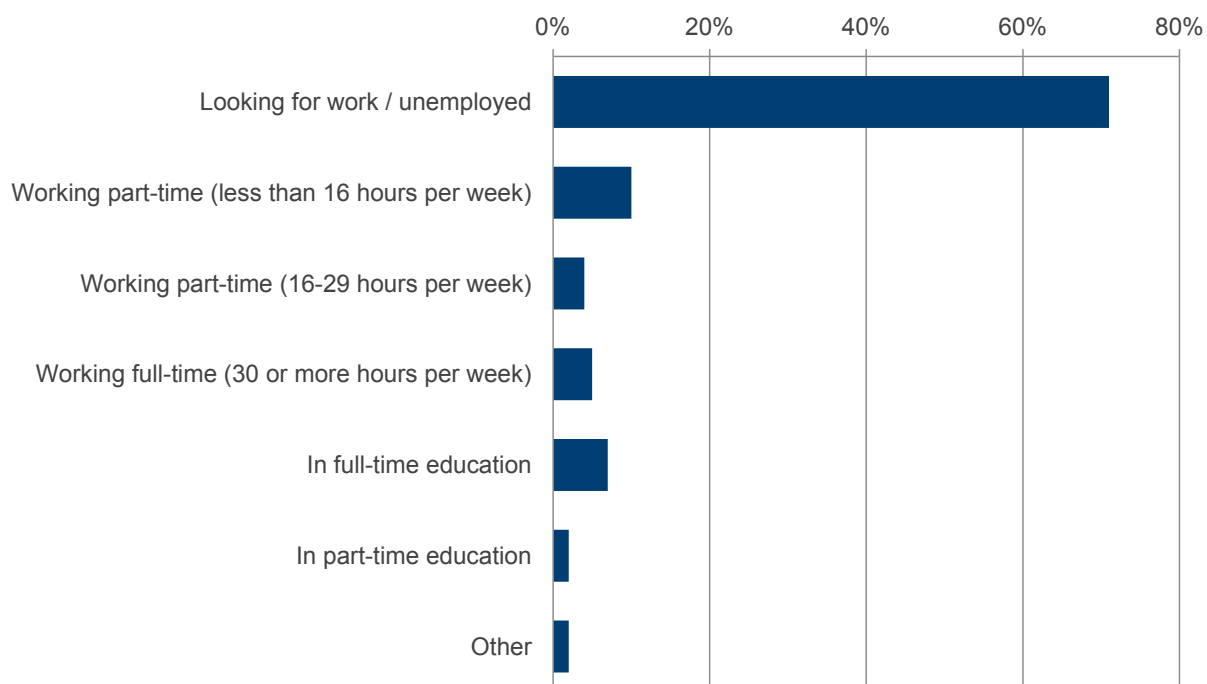
5.4 Qualitative research was undertaken in the interim and final evaluation. For the interim evaluation, in-depth telephone interviews were undertaken with twenty-two participants: ten from the private sector; one from the ‘third-sector- direct; two from the ‘third-sector- supported; two from the graduate; and seven from self-employment strands. Additionally, five case studies were conducted with participants that took part in the quantitative survey, as well as their employers and their MAs or mentors. In the final phase of the evaluation, 15 in-depth telephone interviews were conducted equally split between the private sector; ‘third-sector – supported and self-employment strands.

### **Profile of participants**

5.5 The programme was successful in targeting young people who were unemployed or looking for work. At the time they made their *first* application for a JGW vacancy, around seven in ten (71 per cent) participants were unemployed or looking for work. Of the remainder, the majority (14 per cent) were working part-time (less than 30 hours a week); eight per cent were in full- or part-time education; and only five per cent were in full-time work.

**Figure 5.1: Working status of participants at the time their first JGW application was made**

***At the time you made your first application for a Jobs Growth Wales vacancy, what was your working status? Were you....***



n = 1,020

Source: Ipsos MORI survey of JGW participants

5.6 There were few differences between phases, although participants in the final evaluation phase were less likely to be looking for work or unemployed (67 per cent) compared to participants in the interim phase (77 per cent).

5.7 Participants who stated they were looking for work or unemployed at the time they made their first JGW application, tended to be older males, aged between 19 and 24. Around three-quarters of men (74 per cent) stated they were looking for work or unemployed, compared to 68 per cent of women. Similarly, 64 per cent of younger participants aged below 19 were unemployed or looking for work, compared to 73 per cent of participants aged 19 or above.

5.8 As expected, there were also variances by ESF region; more participants who were unemployed or looking for work came from Convergence areas (75 per cent) than Competitiveness areas (65 per cent). There were no significant differences between participants from the private or third sector strands.

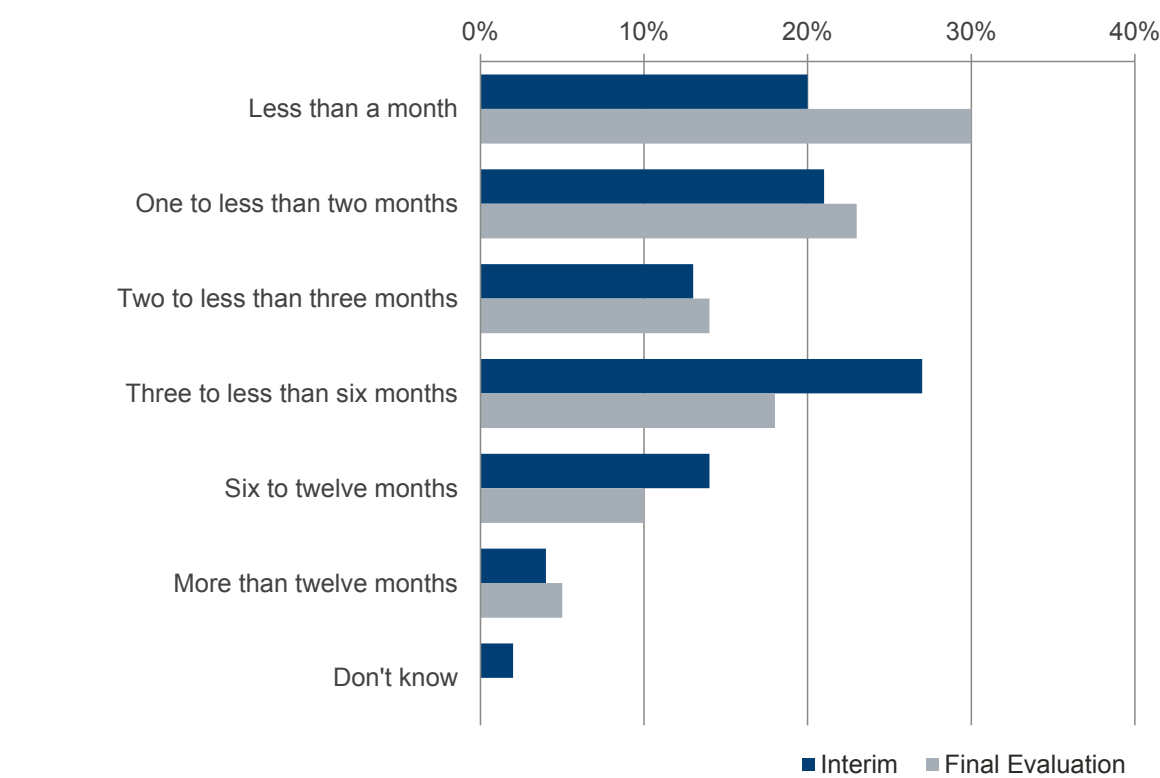
5.9 Before making their first application for a JGW job, participants spent an average of 2.9 months looking for work, overall. This figure was not statistically different among

participants who stated they were unemployed at the time they made their first application (3 months).

- 5.10 On average, participants from Convergence areas spent longer looking for work (3 months on average) compared to 2.7 months on average among participants from Competitiveness areas.
- 5.11 Similarly, participants from the third-sector strands spent longer looking for work (3.32 months) on average compared to 2.85 months for private sector participants.

**Figure 5.2: Length of time spent looking for work before first JGW application, by phase**

*How many months had you been looking for work before you made your first application for a Jobs Growth Wales vacancy? (by phase)*



n = 595 (interim phase)  
n = 404 (final evaluation phase)  
n = 1,020  
Source: Ipsos MORI survey of JGW participants

- 5.9 Overall, a quarter of participants had been looking for work for less than a month (25 per cent) at the time they made their first application. It is worth noting that participants in the final evaluation phase spent less time looking for work than participants in the interim phase. Around three in ten participants (30 per cent) in the final evaluation phase had been looking for work for less than a month, compared to 20 per cent of

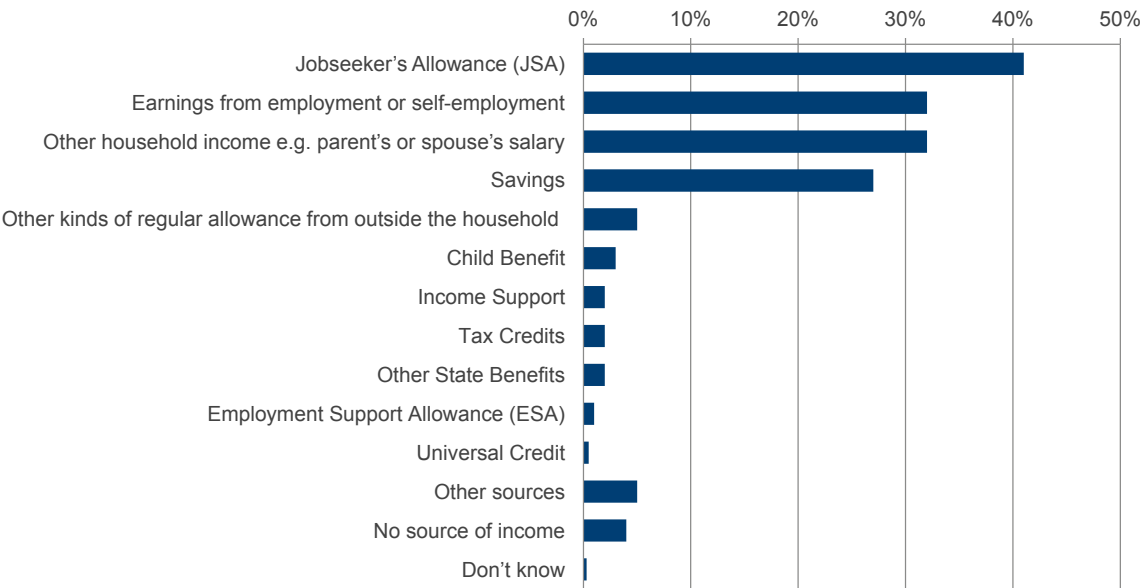
participants in the interim phase. Similarly, more participants in the interim stage had spent three to six months looking for work (27 per cent) than participants in the final evaluation phase (18 per cent).

5.10 During their job-searching, around a quarter (26 per cent) of participants were spending between six and ten hours a week looking for work. 25 per cent spent fewer than six hours per week looking for work; 40 per cent spent more than ten hours per week, and two per cent said the time they spent looking for work varied.

5.11 The majority of participants were using JSA as their main source of income. Two in five participants (41 per cent) were claiming JSA; 32 per cent each were using earnings from employment or self-employment, or other household income, and 27 per cent relied on savings as their main source of income. Four per cent of participants mentioned they had no sources of income at the time they made their first JGW application.

**Figure 5.3: Participants’ main sources of income at time of first JGW application**

*And at the time of your first application for a Jobs Growth Wales vacancy, what were your main sources of income? Were they...?*



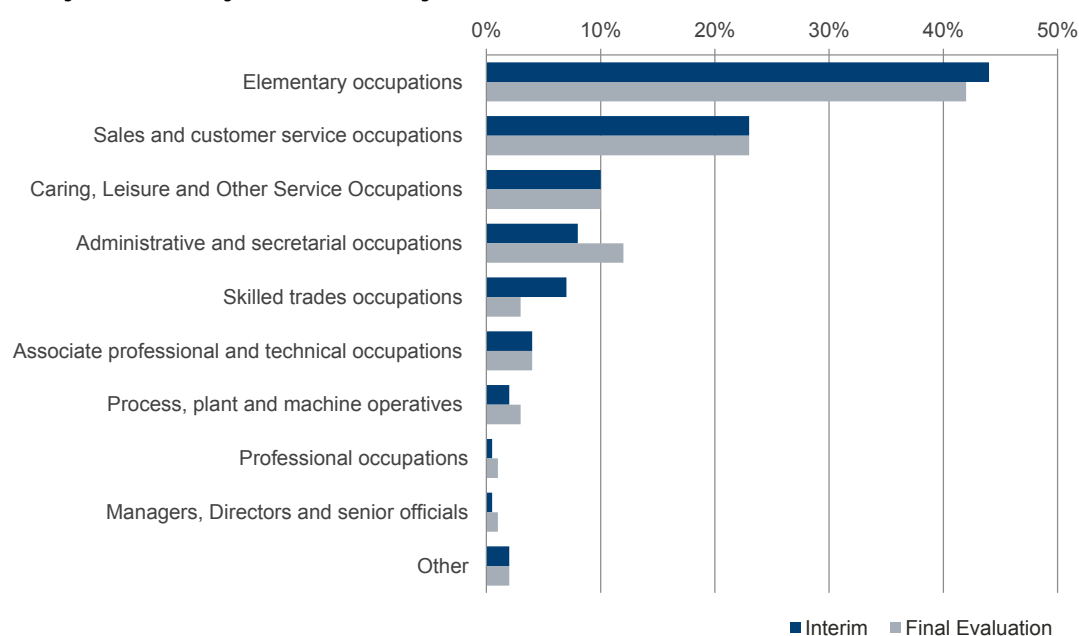
n = 1,020  
 Source: Ipsos MORI survey of JGW participants

5.12 Nearly two in five participants (37 per cent) who had been claiming benefits prior to making a JGW application, said they had been doing so for less than a month. Three in ten participants had been claiming benefits for between three and six months (29 per cent), although five per cent stated they had been claiming for more than a year.

- 5.13 Participants in the final evaluation phase were more likely to have been claiming benefits for longer. Eleven per cent of participants had been claiming benefits for over a year in the final evaluation phase, compared to two per cent in the interim stage.
- 5.14 As might be expected, there were some variances between ESF regions; participants from Convergence areas were more likely to have been claiming benefits long-term (for example, 12 per cent had been claiming for between seven and twelve months, compared to four per cent of participants from Competitiveness areas). The reverse was also true; participants from Competitiveness areas were more likely to have been claiming short-term: 42 per cent had been claiming for less than one month, compared to 35 per cent of those from Convergence areas.
- 5.15 In the last paid jobs participants held before applying for a JGW job the most prominent occupations were elementary occupations (42 per cent); sales and customer service occupations (23 per cent); or caring, leisure and service occupations (10 per cent). There were no significant differences between phases, as shown in Figure 5.4 below:

**Figure 5.4: Occupations in last paid job held before JGW application, by strand**

***Thinking about the last paid job you held before applying for a Jobs Growth Wales vacancy, what did you do in that job?***



n = 813

Source: Ipsos MORI survey of JGW participants

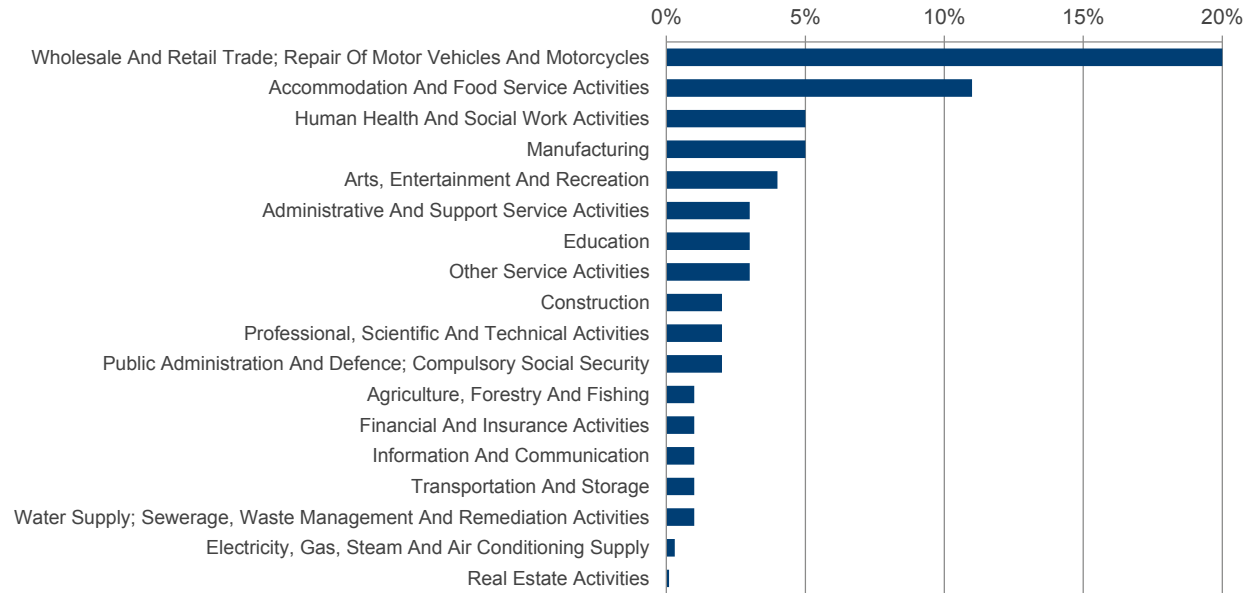
- 5.16 The main industries that participants had worked in prior to making their JGW application included the wholesale and retail trade sector (20 per cent);



accommodation and food service activities sector (11 per cent); and human health and social work activities sector (five per cent).

**Figure 5.5: What organisations mainly made or did in last paid job held before JGW application**

*Still thinking about the last paid job you held before applying for a Jobs Growth Wales vacancy, what did the firm or organisation you worked for mainly make or do?*



n = 1,020  
Source: Ipsos MORI survey of JGW participants

5.17 There was little variance across phases, although nearly 20 per cent of participants in the final evaluation phase held their last paid job in the accommodation and food service activities sector, compared to just four per cent in the interim phase.

### Job search prior to Job Growth Wales

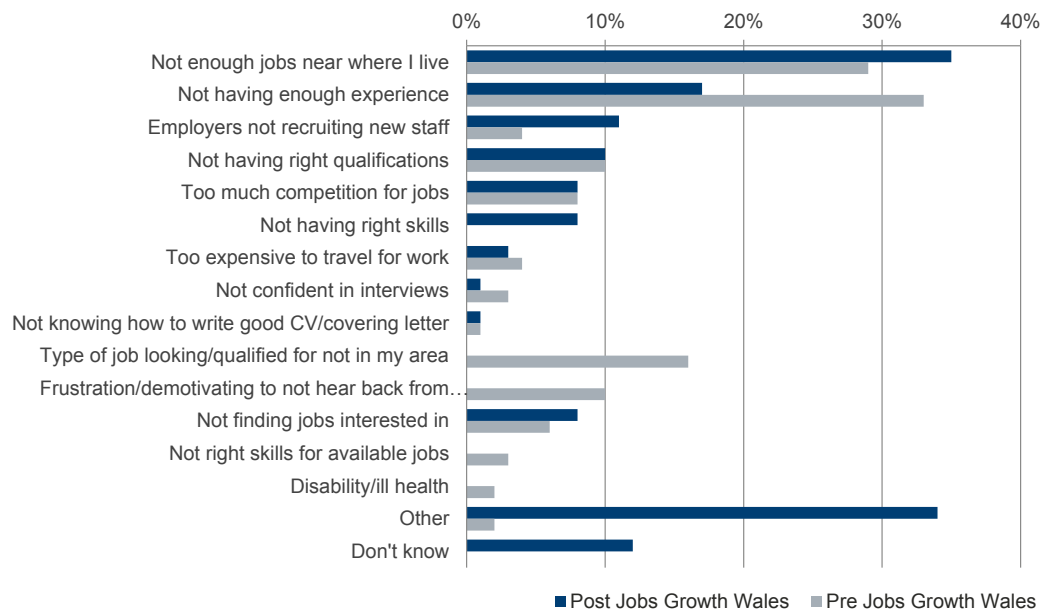
5.18 Participants in the survey identified a lack of work experience or a lack of labour mobility as the main challenges they faced in finding work. Around a third of participants (32 per cent) said they did not have enough experience, and a similar proportion (30 per cent) said there were not enough jobs near to where they lived. In addition, one in six participants (16 per cent) said that the type of job they were looking for (or were qualified to do) was not available in their area. Between phases of the survey there was a reduction in the proportion of participants who said there were not enough jobs near to where they lived, from 34 per cent in the interim phase, down to 26 per cent in the final evaluation.

5.19 Even when taking only those that had finished JGW and not found work subsequently, it can be seen below that far fewer considered not having enough experience as a

barrier post JGW than did so before (17 per cent after thought this a barrier versus 35 per cent before). Instead the barriers after JGW for those without work were more likely to be practical.

**Figure 5.6: Pre and post JGW barriers to finding work among those not finding work**

***What challenges were you facing in finding work?/In your opinion, what challenges, if any, are you experiencing in finding work?***



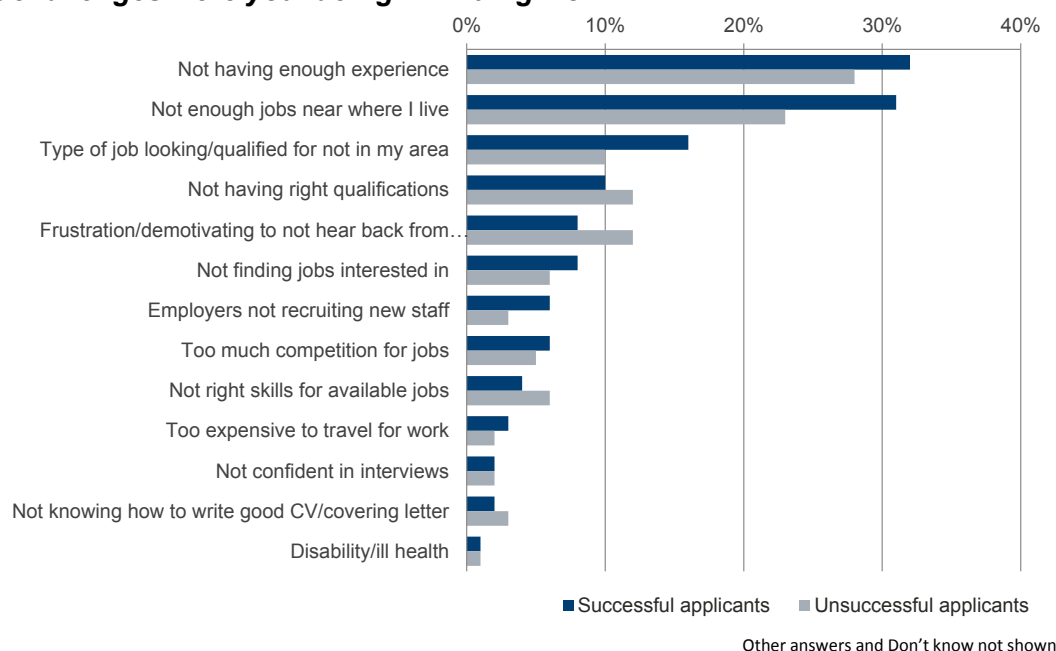
n = 81 (had finished JGW and not found work)

Source: Ipsos MORI survey of JGW participants

5.20 Prior to JGW successful applicants were more likely than unsuccessful ones to refer to local factors as a barrier to finding work. This applied for there not being enough jobs where they live (31 per cent of successful applicants cited this compared with 23 per cent of unsuccessful applicants) and that the types of jobs they are looking for or qualified for are not available locally (16 per cent compared with 10 per cent of unsuccessful applicants). Unsuccessful applicants were more likely to cite frustration and demotivation from not hearing back from applications (12 per cent did so versus 8 per cent of successful applicants).

**Figure 5.7: Post JGW barriers to finding work**

**What challenges were you facing in finding work?**



n = 1,020 (successful applicants)

n = 603 (unsuccessful applicants)

Source: Ipsos MORI survey of JGW participants

5.21 The qualitative research also explored barriers to finding employment prior to engaging with JGW. Lack of experience was most commonly cited as the critical barrier, with most young people having little or no work experience beyond part time, shift or temporary work.

*'Lots of the jobs that I applied for you need to have industry experience and if you're straight out of university you're not going to have that.'*

*Male, Third Sector- supported strand, Final Evaluation stage*

*'I was applying for every kind of job, but I didn't have the relevant experience for any. I have to be honest, it was getting me down, and I wasn't very optimistic about getting a job.'*

*Male, Third Sector- supported strand, Final Evaluation stage*

5.22 Some lacked a clear idea on the type of work that interested them, which often arose from their lack of experience. For those who did have a clear idea of the type of job they wanted their aspirations were often niche with a low volume of job opportunities. Another complained of the need to 'know the right people'.

*'[People coming out of school have] got the knowledge there but what people in business want to see is can you actually do the job not just the paperwork... [the] more practical side..'*

*Male, Private Sector supported strand, Final Evaluation stage*

*'A lot of it seems to be knowing the right people... rather than just applying randomly.'*

*Male, Third Sector- supported strand, Final Evaluation stage*

5.23 Other barriers included the economic climate and the job market in certain locations while one respondent found a lack of suitable transport.

*'I have a Level 2 qualification in childcare, but I was finding it hard to get a job anywhere because I can't drive and buses aren't very good around here. It's very rural and it takes ages to get anywhere and it's hard to get anywhere.'*

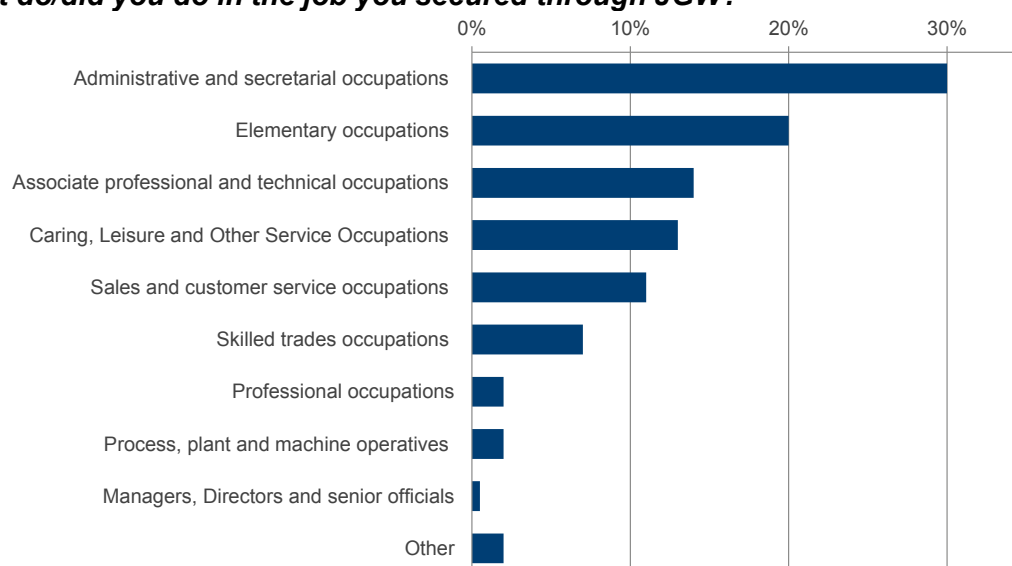
*Female, Third sector- supported strand, Final Evaluation stage*

## Experience of Job Growth Wales Jobs

5.24 Participants in the programme were asked about their role in their JGW job. The most prominent occupations were administrative and secretarial roles (30 per cent) and elementary positions (20 per cent).

**Figure 5.8: Occupations secured through JGW**

***What do/did you do in the job you secured through JGW?***



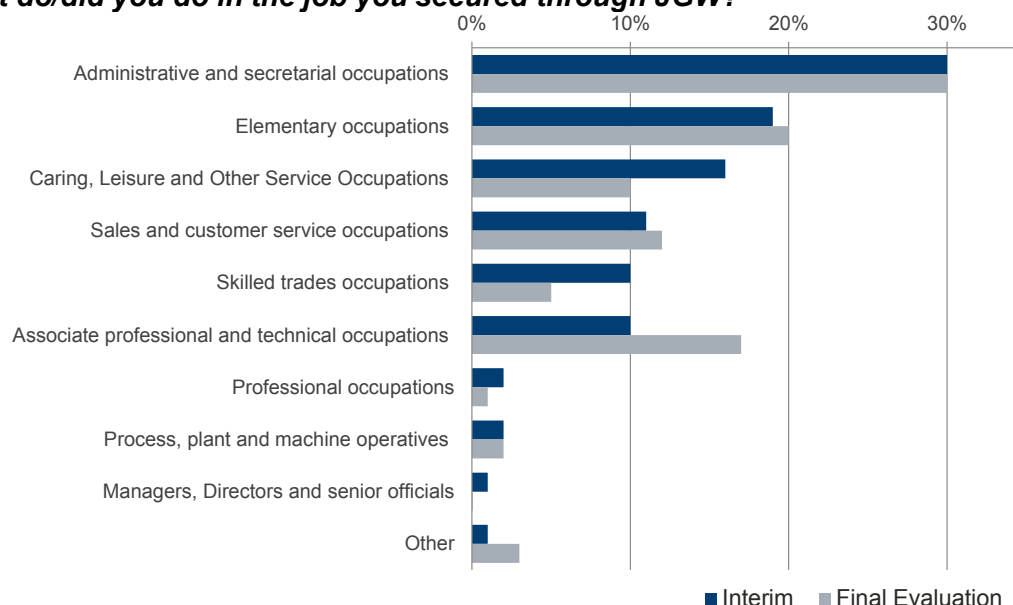
n = 1,020

Source: Ipsos MORI survey of JGW participants

5.25 Figure 5.7 shows the differences in the types of jobs secured through JGW in the interim and final phase of the evaluation. There are two significant differences: those with an occupation in the caring, leisure and other service occupations fell from 16 per cent to ten per cent, while those in the associate professional and technical occupations rose from ten per cent to 17 per cent.

**Figure 5.9: Occupations secured through JGW by phase**

***What do/did you do in the job you secured through JGW?***



n = 595 (interim phase)

n = 425 (final evaluation phase)

Source: Ipsos MORI survey of JGW participants

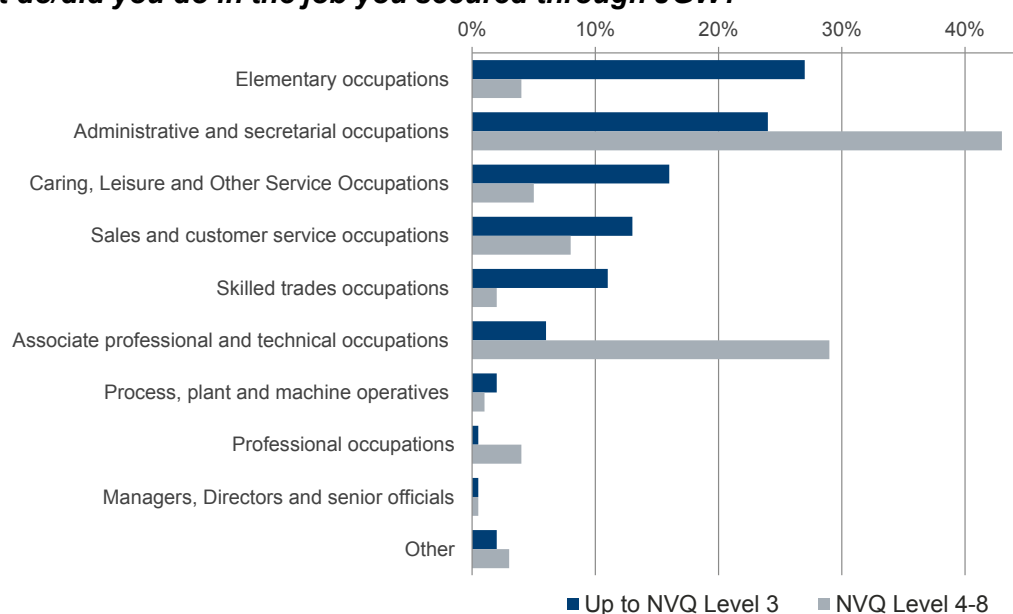
5.26 There were some differences across sub-populations. For example, while in both Convergence and Competitiveness areas the most common temporary job was in administrative and secretarial occupations, this was to a greater extent in Competitiveness areas (34 per cent versus 24 per cent in Convergence areas). Similarly having a job in sales and customer service occupations was more common in Competitiveness areas (14 per cent versus seven per cent in Convergence areas).

5.27 The gender distribution across occupations differed significantly however these differences are reflective of wider labour market trends. For example, twice as many males were in elementary positions (25 per cent compared to 12 per cent females); over four times as many females (23 per cent) were employed in caring, leisure and other service activities than males (five per cent); and almost twice as many females (39 per cent) were employed in administrative or secretarial positions as males (23 per cent). Men also were more likely than women to be employed in associate, professional and technical occupations (16 per cent versus ten per cent).

5.28 Figure 5.8 shows differences in occupations by highest level of qualification. Those with NQF Levels 4 to 8 were more likely to be employed in administrative and secretarial occupations (43 per cent compared to 24 per cent of those NVQ Levels 3 or below) as well as in associate professional and technical occupations (29 per cent versus six per cent). Those with lower levels of qualifications (up to NVQ Levels 3) were more likely to be employed in elementary occupations (27 per cent versus just four per cent of those with NVQ Levels 4 to 8), caring, leisure and other service occupations (16 per cent versus five per cent), sales and customer service occupations (13 per cent versus eight per cent) and skilled trade occupations (11 per cent versus two per cent).

**Figure 5.10: Occupations secured through JGW by NVQ Level**

***What do/did you do in the job you secured through JGW?***



n = 609 (Up to NVQ Level 3)

n = 329 (NVQ Level 4-8)

Source: Ipsos MORI survey of JGW participants

5.27 Most participants on the programme worked full time hours when employed in their JGW job. The average number of hours worked was 37 hours per week. While there was not a significant difference between the two cohorts of young people in the interim and final phases of the evaluations, there were some differences by programme strand. Participants in the graduate strand worked 38 hours per week and those on the private sector strand worked 37 hours per week on average compared to 34 hours per week among those on the 'third-sector – direct strand and 30 hours per week on the 'third-sector – supported strand.

5.28 To account for the differences in hours worked our analysis of wages has been undertaken on a 'per hour' basis. The average wage of the temporary work was £5.95, ranging from £5.46 in elementary occupations to £7.28 in professional occupations.

**Table 5.2: Gross earnings per hour (excluding overtime) by type of occupation of JGW survey respondents**

	Jobs Growth Wales	
	Gross hourly earnings (excluding overtime)	Survey base
Professional occupations	£7.28	14
Associate professional and technical occupations	£6.69	127
Administrative and secretarial occupations	£6.03	285
Skilled trades occupations	£5.94	67
Sales and customer service occupations	£5.85	108
Caring, leisure and other service occupations	£5.62	127
Process, plant and machine operatives	£5.56	21
Elementary occupations	£5.46	173
Managers, directors and senior officials	*	*
Other	£6.41	19
Average	£5.95	944

Source: Ipsos MORI survey of JGW participants;

\* Categories with less than 10 responses have been suppressed.

5.29 The majority of respondents (62 per cent) reported to have earned a wage that was at least equivalent to the NMW during their JGW job opportunity. All JGW employers commit to paying JGW participants at least the NMW. Those respondents reporting earning less than the NMW may have had trouble recalling their wage, or may have made errors when reporting the frequency of their pay. Furthermore, as analysis has been undertaken on a 'per hour' wage rates are based on the average hours they work each week which may be longer than contractual hours.

5.30 There was a fall between the surveys conducted in the interim and final evaluation: 66 per cent of the first cohort of young people had a wage at least equivalent to the NMW but for the second cohort this had fallen to 59 per cent.

**Table 5.3: JGW wage distribution (excluding overtime) according to National Minimum Wage (NMW)<sup>107</sup>**

		NMW/hr	Below NMW (%)	At NMW (%)	Above NMW (%)
<b>Interim</b>	<b>Under 18</b>	£3.68	*	*	*
	<b>18-20</b>	£4.98	35	29	36
	<b>21 and over</b>	£6.19	35	37	28
	<b>Total</b>		35	35	30
<b>Final Evaluation</b>	<b>Under 18</b>	£3.79	*	*	*
	<b>18-20</b>	£5.13	39	38	23
	<b>21 and over</b>	£6.50	40	36	24
	<b>Total</b>		40	36	24
<b>Total</b>			<b>38</b>	<b>35</b>	<b>27</b>

Source: Ipsos MORI survey of JGW participants

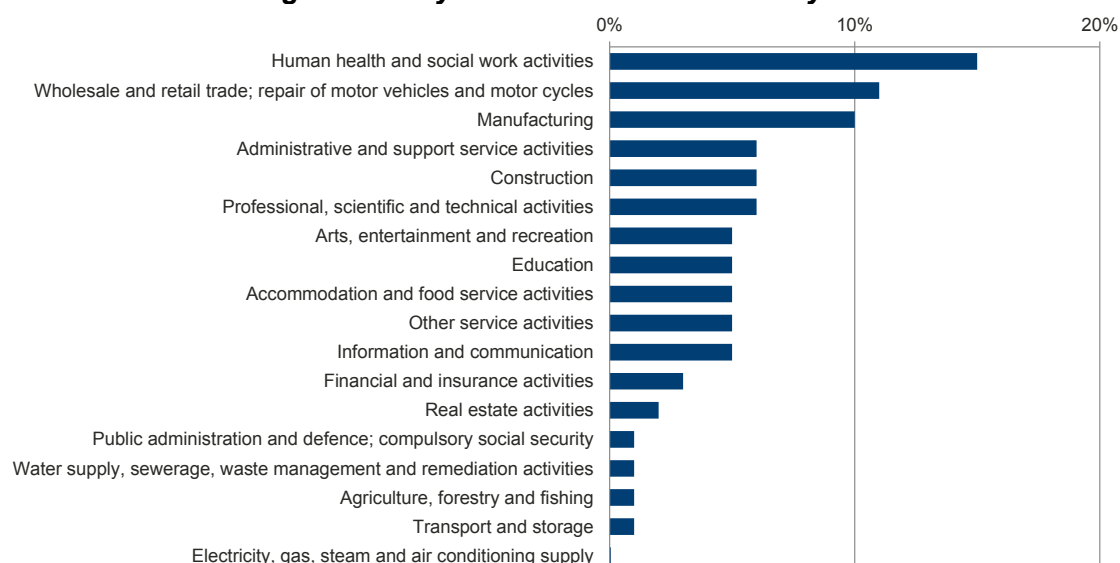
\* Categories with fewer than 10 responses have been suppressed. Figures may not sum due to rounding

- 5.31 Programme participants were asked about the nature of the sector that their employer was operating in. Almost a fifth (18 per cent) were employed in human health and social work activities, with 31 per cent of females employed in this sector corresponding to the high proportion of females working in caring, leisure and other service occupations. Male participants are more evenly spread across sectors with the largest proportion being employed in the wholesale and retail sector (12 per cent).
- 5.32 In the ‘third-sector– direct strand of the programme, 23 out of 46 participants were employed in the human health and social work activities sector, compared to 15 per cent for the programme as a whole.

<sup>107</sup> Age is based at the time of the survey and therefore might not be reflective of their age at the time of doing their JGW job which may affect the NMW brackets.



**Figure 5.11: Sector of JGW job opportunities**  
**What does the firm or organisation you work/worked for mainly make or do?**



n = 1,020

Source: Ipsos MORI survey of JGW participants

5.33 The self-employment strand included a lot of participants that had created businesses in the retail sector and much of their growth was felt to be reliant on their online offering. The fact that they had chosen to use online resources to develop their business is not surprising given the demographic, the flexibility it gives for location, the cost savings (compared to a shop) and the marketing opportunities that online websites can also bring.

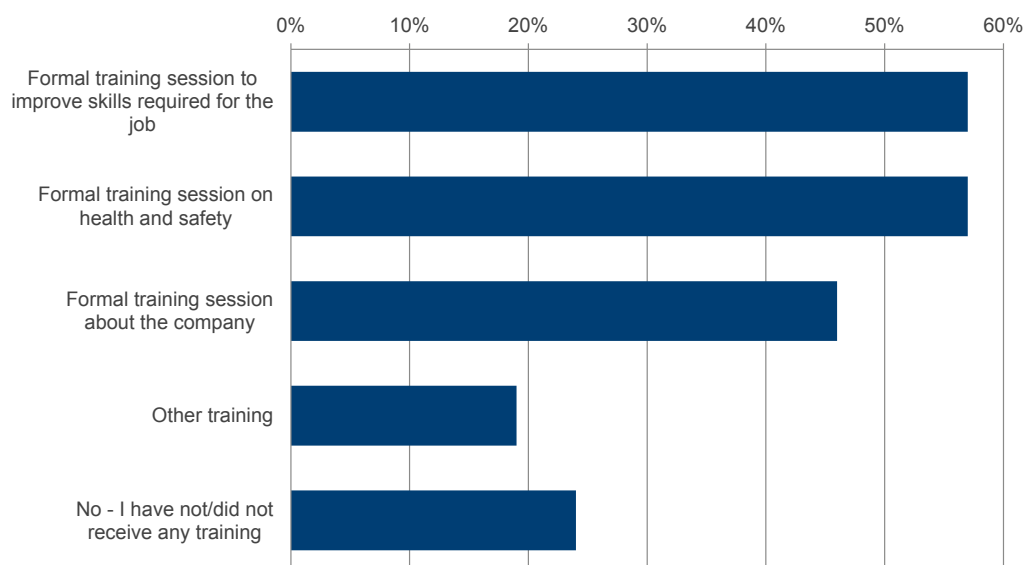
## Training and skills

5.34 Training of JGW participants in their roles was usually a mixture of formal and informal training but there were also occasions where no training was provided. Around three quarters of JGW participants (76 per cent) received some form of training, while 24 per cent did not receive any training. This was consistent between the two cohorts of young people in the interim and final evaluations.

5.35 Almost three-fifths stated that they had received a formal training session to improve the skills required for the position (57 per cent) and a formal training session on health and safety (also 57 per cent). The qualitative in-depth discussions provided a number of examples of formal training sessions about the company (46 per cent of respondents in the survey reported receiving this type of training).

**Figure 5.12: Training received from JGW employer by JGW survey respondents**

***Have you received any training from your employer?***



n = 1,020, multi-code question

Source: Ipsos MORI survey of JGW participants

5.36 Some participants received specific training that offered them the chance to gain qualifications. In the in-depth discussions some examples were provided of training that led to recognised qualifications in the ‘third-sector’ strand of the programme. One participant who was currently working their job opportunity had done an NVQ Level 2 in First Aid and was due to start training in Forklift Driving. Another employed in the ‘third-sector- direct strand had been able to start her Diploma in Childcare while with her employer. One respondent in the second phase of qualitative research who had gained three jobs on the programme described how positive their first job was where they gained a Level 3 NVQ in Business Administration. They were able to complete this qualification as they were kept on after the initial six months.

*‘[It] gave me the qualification to supervise a team in the workplace.’*

*Female, Private sector strand, Final Evaluation stage*

5.37 Other participants referred to a variety of training and line management support that they gained through their job opportunity.

*‘If I ever had any problems they would always find time to sit down and talk to me and they obviously do that now if I have any problems, it’s nice to have someone who actually cares.’*

*Male, Third sector- supported strand, Final Evaluation stage*

*'I feel part of it which is brilliant. It's becoming more challenging all the time. It's more than I thought it would be...it's a lot more than [I thought it would be] which I love because there's lots of variety in it.'*

*Male, Private sector strand, Final Evaluation stage*

- 5.38 Almost a quarter (24 per cent) stated that they received no training at all. This was felt to be because they did not need it to perform their jobs or because their employer did not have sufficient capacity within the organisation to give them time away from their role.

*'Although I was offered to do a course in Ecology from Jobs Growth Wales, my workplace couldn't give me the time off. I got to buy books from the money that was available from the funding though.'*

*Female, Third sector- supported strand, Interim Evaluation stage, Aged 22 or older*

- 5.39 For the self-employment strand there were some instances of recipients receiving training. Many had attended workshops mainly around the administration side of running a business. The support provided by the programme seemed to be well received by those with less experience or no previous training in running a business; however for those with more experience it felt more redundant.

*'I went to a workshop on how to set up and do all the groundwork and received lots of advice from other business people who had done it all before which was very interesting. I wanted to know what the reality would be like and knew it wasn't just going to be easy as anything, so this part of the process was useful'*

*Male, Self-employment strand, Interim Evaluation stage, Aged 19 to 21*

- 5.40 Most though were more enthusiastic about the support they received from their business advisor who was on hand to assist them from the application stage, to setting up the business and receiving the grants.

*'There were some workshops which [my business advisor] ran and I went to all of his things, but the one-to-one sessions under his guidance is what really helped'*

*Female, Self-employment strand, Interim Evaluation stage, Aged 22 and older*

Participants in the self-employment strand also mentioned skills gained during the running of their business that not only were applicable for being an entrepreneur but

also were applicable for further employment more generally. These included administrative, research and marketing skills.

*'You have to think clever and be clever... and do your research... It's been a bit like doing a mini course to be honest... I've learnt paper skills, business skills, people skills, all the skills in the world really.'*

*Female, Self-employment strand, Interim Evaluation stage, Aged 22 or older*

- 5.41 While in the final evaluation stage the hardships of starting a business were noted by participants in the self-employment strand, they also felt that the undertaking of running their own business was worth it and that they gained a lot in terms of skills.

*'[It was] stressful, but good... JGW has helped me so much as an employer and an employee, I don't think I'd be where I am today without them'.*

*Female, Self-employment strand, Final Evaluation stage, Aged 22 or older*

- 5.42 Some of those in this strand spoke of other benefits, such as their adviser's experience while one participated in an accountancy course.

*'Just that general support system that's put in place and that ability to have that verbal dialogue – it kind of clarifies a lot of things ... [it addresses the] mistakes you're making which you can fix there and then rather than finding out the hard way'.*

*Female, Self-employment strand, Final Evaluation stage, Aged 22 or older*

- 5.43 Among those who received training during their temporary job, participants in the quantitative research reported receiving approximately 37 hours<sup>108</sup> of training on average during the first six months of their job. This equates to over one hour of training per week. The average amount of training increased from 33 to 41 hours on average between the interim and final evaluations. This increase is also evident when comparing only those who had completed the job opportunity from the interim evaluation (36 hours of training versus 41 hours in the final evaluation).

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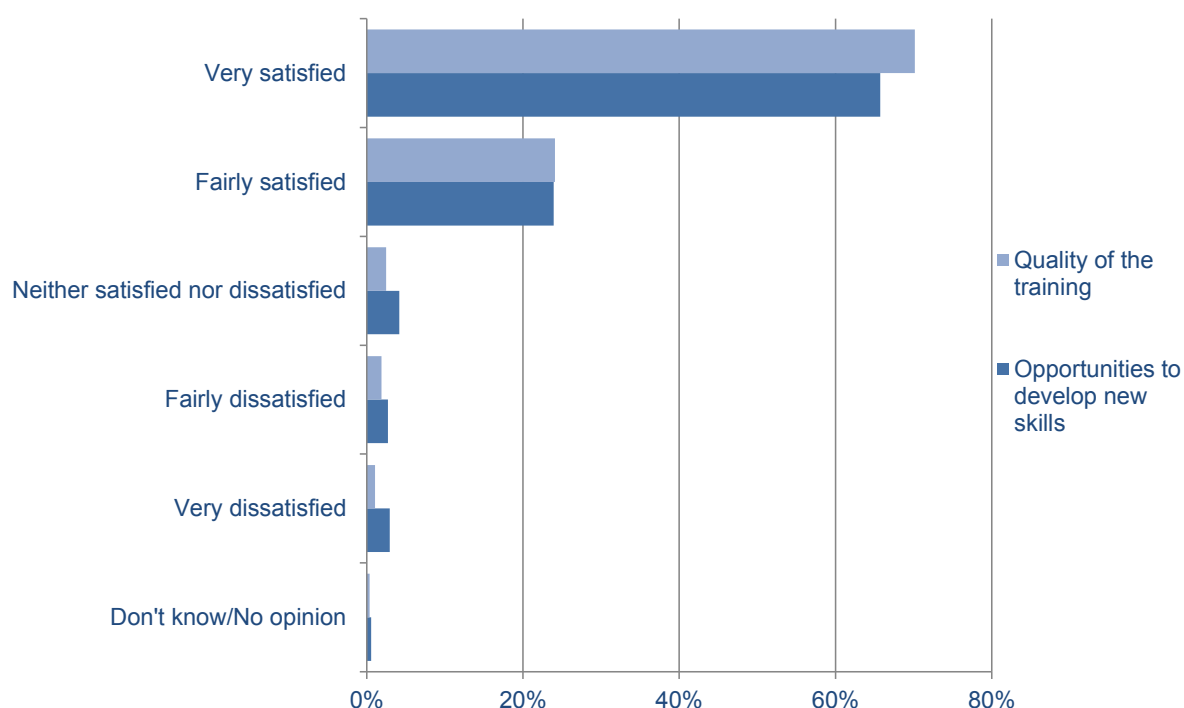
<sup>108</sup> The response of one participant who stated they had received 2,000 hours training during their six month job has been removed.

5.44 The amount of training received was higher in the 'third-sector – supported' (43 hours) and private sector strands (38 hours) and lower in the graduate (28 hours) and 'third-sector-direct' (23 hours) strands.<sup>109</sup>

5.45 In the interim evaluation, young people were asked about their satisfaction with the opportunities to develop their skills and experience in their job and the quality of training provided. The majority of participants were either very satisfied or fairly satisfied (90 per cent) with the opportunities they were provided to develop their skills and experience during JGW job. Similarly, 94 per cent of participants who had received some form of training were satisfied with the quality of the training they were provided.

**Figure 5.13: Satisfaction with quality of and opportunities from training received during JGW job**

***How satisfied are you with: (i) the quality and type of training you received (ii) the opportunities to develop new skills and experience during your temporary job?***



Total n = 595; Participants who have received training n= 421

Source: Ipsos MORI survey of JGW participants

5.46 In the qualitative research conducted as part of the final evaluation, young people were positive about the training received. Several participants referred to improved communication, organisational and time management skills.

<sup>109</sup> Averages for the 'third-sector- direct' and 'third-sector- supported' have been based on small sample sizes of <50 and therefore caution must be taken when interpreting the data.

*'[The shift from] what I was then to now is truly remarkable...before I started this placement I was so nervous on the phone I couldn't talk and I was getting so shy and stressed out but being in my placement where I had to answer phones and talk to different people it sort of brought me out a bit'.*

*Male, Third sector - supported strand, Final Evaluation stage*

*'I'm able to organise and get things sorted much better than I used to and that's helped dramatically with the family business'*

*Male, Private sector strand, Final Evaluation stage*

## Positive outcomes of Job Growth Wales

5.47 Other than the obvious outcome of gaining a job and asking participants about the training offered and skills developed, there are a whole host of other outcomes that could be a result of the JGW programme. This section examines both the survey results and the in-depth discussions to highlight what participants believed to be the main benefits of participation.

5.48 In the interim evaluation survey, participants were asked (unprompted) what they considered to be the benefits they gained from their JGW job. Gaining work experience and improving job-related skills were most commonly mentioned (45 per cent and 35 per cent respectively).

**Figure 5.14: Benefits perceived to have been gained from JGW job**

***What benefits do you think you have gained from your JGW job?***



n = 595, multi-code question

Source: Ipsos MORI survey of JGW participants

5.49 It is interesting to note that a lower proportion of people aged under 19 identified gaining work experience as a benefit (34 per cent) compared to those aged 19 to 21 (48 per cent) or aged 22 or older (47 per cent). This is perhaps surprising given that younger participants would, logically, have less experience, although it may be that they have not yet realised the importance of having experience.

5.50 The qualitative research revealed that work experience for the older age groups was not necessarily just about having something to put down on your CV, but about enhancing it. The experience needed to give them a 'real' experience of work-life and therefore give them responsibilities as any other worker would have in the company.

*'I'm doing much the same job now as when I started. It was a proper job from the beginning and I'm doing the same job as my colleagues'*

*Female, graduate strand, Interim Evaluation stage, Aged 22 or older*

*'[I am] really, really happy where I am. Like I said, it's been really challenging, but I get a taxi to work and back because of my disability and they're really supportive. I get to start work at 10 a.m. too, because it can take longer for me to get myself sorted in the morning. I think when I started thinking about getting a job I was really nervous. Nervous about being accepted and about messing up, but I think that getting this job has made me realise that I can be like everyone else and get a job.'*

*Male, Private strand, Final Evaluation stage*

5.51 In the interim evaluation, the quantitative survey also showed an increase in confidence was a key benefit of the programme (17 per cent of young people spontaneously mentioned this). This was more commonly cited in the 'third-sector – supported strand (29 per cent) than the 'third-sector direct (22 per cent) and 'private sector strand' (15 per cent) strands of the programme.

5.52 The in-depth discussions in both the interim and final phase of the evaluation were aligned with this and participants across all strands of the programme discussed the confidence they gained in talking to colleagues, dealing with customers, confidence with taking part in further job interviews and in their job role. Some of the young people had been out of work for long periods of time, and others had very little work experience. Gaining confidence within the workplace is therefore very important in

order for them to progress further, either with their JGW employer or with future employers.

*'Getting to know people in the company was a big confidence booster. I've had to talk to people around the business, which I previously would have found really difficult to do.'*

*Male, Private sector strand, Interim Evaluation stage, Aged 22 or older*

*'The main thing for me has been getting some confidence to work and knowing now that I can be like everyone else and get a job in the real world. I guess that was always my worry. So I think it's been that people except for my parents believe in me and know that I can do the job and do it well'*

*Male, Private sector strand, Final Evaluation stage*

*'Me having the confidence to do [the job] is built on them [employers] having confidence in me to do it...from them giving me the chance and believing in me.'*

*Male, Private sector strand, Final Evaluation stage*

- 5.53 Confidence was also a key benefit for those receiving grants in the self-employment strand. While they were gaining confidence from the act of running their own business because of the decisions they needed to make and the people they needed to approach to run the business, the additional funding that was backing their business gave them more security and more confidence in their business.

*'I wasn't very confident but now I'm really confident... I probably wouldn't have had the confidence or success without it (JGW bursary)'*

*Female, Self-employment strand, Interim Evaluation stage, Aged 22 and older*

- 5.54 In a small number of cases there were instances where confidence had been damaged rather than bolstered. When the employee did not have a good working relationship with their employer and was unable to resolve it through the MA, there is a chance that their confidence in being able to adequately perform a role has been damaged and they expressed that they may be more hesitant to apply for further employment.
- 5.55 The ability to have opportunities in order to gain further employment and understand what is involved in jobs was also cited as important to participants in the interim evaluation. For many, having a better understanding of the types of jobs they were



interested in became a key benefit of the JGW programme. Its temporary nature was sometimes a positive when the participant was unsure of what career path they wanted to take. For them, six months was long enough to give them a real enough experience of the sector and job role without it being too big a commitment to something they were not certain about.

*'(Without JGW) I might not have gone into accountancy because people said it was boring. I wanted to try the job though first before making up my mind so it being six months seemed good.'*

*Male, Private strand, Interim Evaluation stage, 22 and older*

- 5.56 However, the temporary nature of the job also caused problems for some. Although it was hoped that the jobs would turn into permanent positions, there was still the possibility that they would not and this uncertainty was difficult for some of the participants in the programme. For some, the financial uncertainty they had when they have financial responsibilities was difficult, but for others that were operating in niche sectors, they were worried they would be exiting the programme having gained non-transferable skills.

*'They've trained me up now and there's not a job at the end of it... there's not much of this type of work around'*

*Male, Third sector- direct strand, Interim Evaluation stage, Aged 19 to 21*

- 5.57 A small number of participants in the final stage of the evaluation reported negative experiences. One had a poor experience in her second job opportunity where having been taken on for 40 hours per week had those almost immediately reduced to 20 hours per week. Another described a poor experience resulting from an apparent stigma associated with a JGW opportunity.

*'It was good there sometimes but they were patronising sometimes too, like I was an unemployed lowlife who'd come from nothing. It was fine at the beginning but it got on my nerves after a while. That's why I left, I'd had enough of them by the end.'*

*Male, Private strand, Final Evaluation stage*

- 5.58 In the qualitative research undertaken as part of the final evaluation, most participants reported that they had been kept on by the employer following their temporary opportunity. Those who were not offered employment perceived this was due to financial reasons, including a perceived lack of employer resources, with some

employers only offering positions on a part time basis or an apprenticeship as they could not afford to pay for the same role as the temporary job opportunity).

*'They just didn't have the capital to put behind us and that was sad because they wanted us and we wanted to be there'.*

*Male, Third sector- direct strand, Final Evaluation stage*

5.59 These participants described little engagement with their mentor at the completion of their job opportunity, in some instances this was due to a lack of need for a further discussion while in two instances the designated mentor had changed due to 'funding changes' and it was felt that where the engagement took place it offered little benefit to the participant as they had little understanding of the participant's background.

5.60 One of the other benefits gained that some of the participants discussed in the qualitative but not the quantitative research was their ability to move out of their parents' home and therefore gain more independence as a result of getting a job through JGW. This seemed particularly important for some of the older participants in the 22 or older age bracket and those in the self-employment strand who might feel more ready than the younger participants to move out and gain this independence. The ability to stay in the local area or in Wales was also mentioned by some participants, who thought they could not have found a job in Wales without JGW. One participant also mentioned that if he had not been able to find employment in Wales he would have had to move to where his parents had moved.

*'It gave me the security of six months' work which meant I could stay in the area and move into a flat of my own.'*

*Male, Private strand, Interim Evaluation stage, Aged 22 or older*

5.61 One of the benefits that is particular to participants from the self-employment strand was enabling those who might be traditionally left out of the labour market to participate. There were example of participants who had found it difficult to be in employment as employees because of either personal reasons such as anxiety and because they were a home carer or because of practical, logistical reasons such as rural locations. Setting up their own businesses gave them extra flexibility to work the hours they needed, be located rurally or take things at their own pace, something they might not have been able to do in the traditional labour market.

*'It was the right thing for me. Mainly because I do a lot of other stuff, and I can work certain hours and stuff so I can work around other stuff I need to be doing. I'm a young carer for my mum, or I was a young carer, and I do stuff like that with my mum, so some days I can't work and I can take time off and look after her. It fits around everything else.'*

*Male, Self-employment strand, Interim Evaluation stage, Aged 19 to 21*

- 5.62 Participants from the self-employment strand that received bursaries in order to help set up their businesses found this 'cash-injection' to be both a boost to help with set-up costs and a security net in case things did not go as well as hoped. For those making the first steps to set up their business it allowed them to invest in their infrastructure such as setting up websites and paying for the internet connection. Others used the money for purchasing equipment and for one participant it was used for marketing materials.

*'Financially, the amount of time and energy and finance it takes you can't balance that out when you're trying to look for clients as well as work on projects. Balancing all that together without sufficient finance and advice wouldn't have been possible.'*

*Female, Self-employment strand, Final Evaluation stage, Aged 22 or older*

*'[Purchasing tools with the bursary] gave me the chance to start up faster.'*

*Male, Self-employment strand, Final Evaluation stage, Aged 22 or older*

- 5.63 For others, having the extra financial backing, particularly if they were also investing their own money, was comforting if either the business was not always doing well some months as much as others or if they were worried about the longevity of the business and losing their own money in the interim.

*'Everything's really gone as well as it could have to be honest, as I said I'm a bit of a worrier and always knowing that money is there mainly if I haven't got a lot of work but a lot of bills coming in I know I've got to be able to pay them, so I don't over worry things anymore.'*

*Female, Self-employment strand, Interim Evaluation stage, Aged 19 to 21*

- 5.64 Two young people who were interviewed in the final phase of the evaluation explained how they used the bursary as a wage (either for themselves or to part fund an employee that they had secured through a JGW job opportunity).

*'It [the bursary being used as a wage] gave me a lot of breathing space...I don't think I would have changed it or looked for anything else'.*

*Female, Self-employment strand, Final Evaluation stage, Aged 22 or older*

- 5.65 In terms of the evidence required for bursary payments all respondents described it as straightforward with only one respondent describing the process itself as a little time consuming.

*'That was fine... I would expect that, again it's just that professionalism... I would expect to provide evidence so it wasn't a surprise to me.'*

*Female, Self-employment strand, Final Evaluation stage, Aged 22 or older*

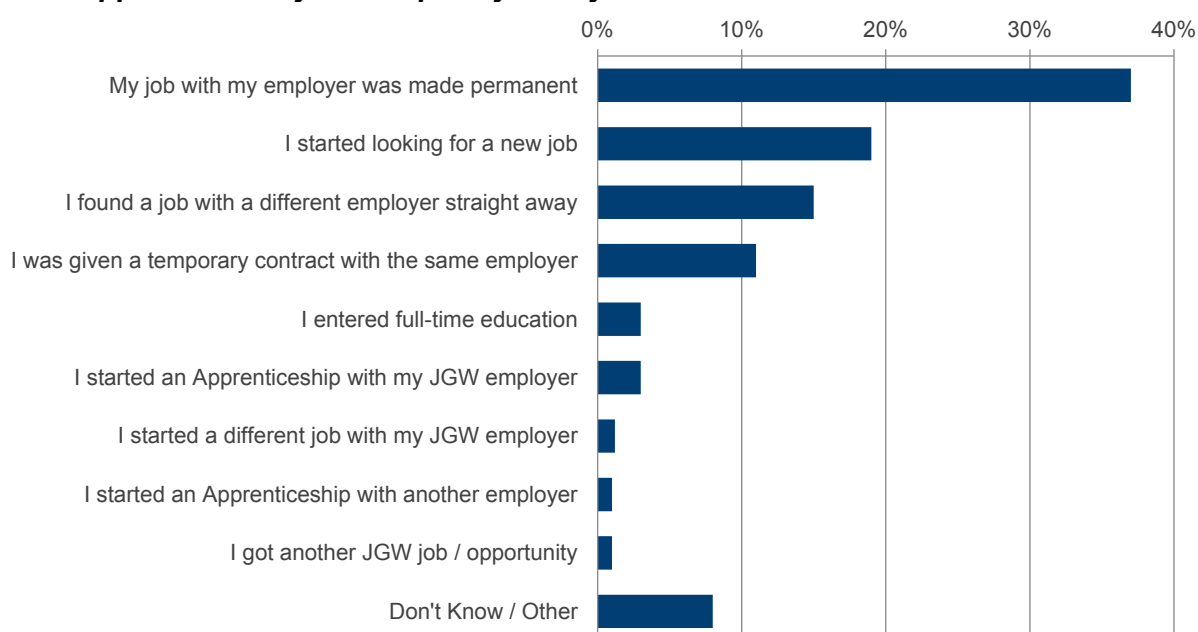
## Post JGW Outcomes

### Employment Outcomes

5.66 A key aim of the JGW programme was to provide young people with sustainable job opportunities, and the survey data indicates that the programme has been successful on this measure. The majority of participants successfully secured employment on completion of their 'temporary' six month job, either with the same employer or by finding a position with another employer. Nearly two in five (37 per cent) participants had their JGW job made into a permanent position. Of the remainder, 19 per cent started looking for a new job; 15 per cent found a job with a different employer straight away; and eleven per cent were offered a temporary contract with their JGW employer. A small number of participants entered full time education (three per cent); or started an apprenticeship with their JGW employer (three per cent) or with another employer (one per cent).

**Figure 5.15: Post JGW outcomes for JGW survey respondents**

#### *What happened when your temporary JGW job came to an end?*



n = 717

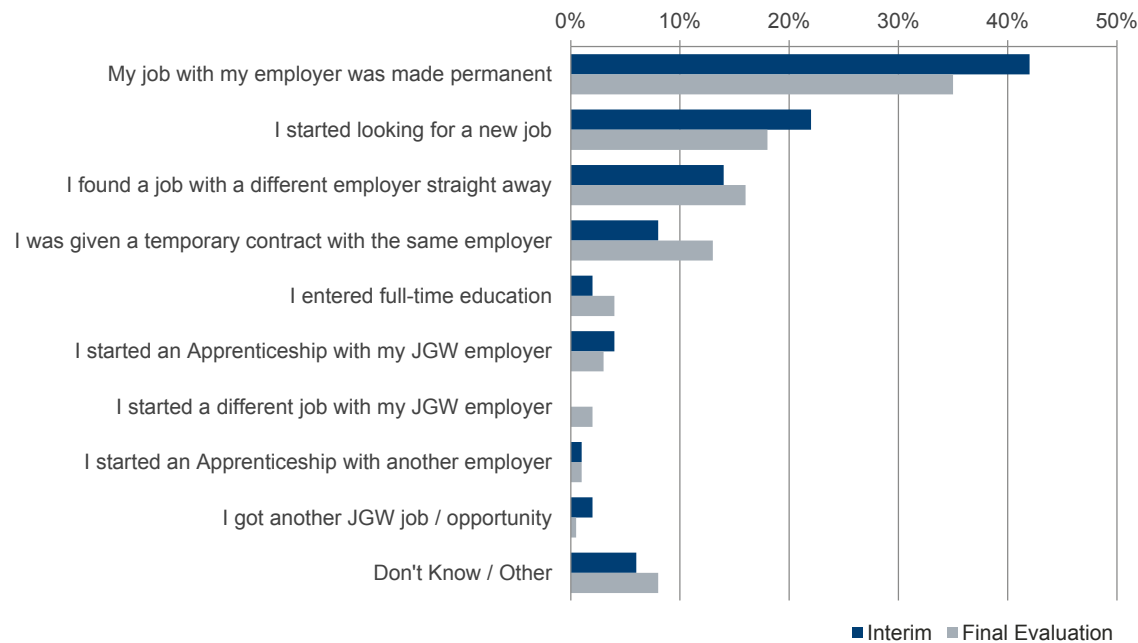
Source: Ipsos MORI survey of JGW participants

5.67 The survey data suggested there were no significant differences between the interim and final evaluation phases of the survey, with regards to employment outcomes. Participants surveyed in the final evaluation phase were as likely to have seen their JGW job made permanent with their employer (35 per cent compared to 42 per cent in the interim phase) and, similarly, were as likely to have started looking for a new job on

completion of their JGW job opportunity (18 per cent compared to 22 per cent in the interim phase).

**Figure 5.16: Post JGW outcomes for JGW survey respondents, by phase**

*What happened when your temporary JGW job came to an end?*



n = 329 (interim phase)  
n = 388 (final evaluation phase)  
Source: Ipsos MORI survey of JGW participants

5.68 Graduate strand participants were more likely than any other participants to have had their job made permanent by the same employer. Around three in five (61 per cent<sup>110</sup>) graduate strand participants saw their job made permanent, compared to 37 per cent of participants in the private sector and 33 per cent of participants in the third-sector strands.

5.69 The survey data identified no significant differences between the private and third-sector strands, with regards to employment outcomes. However, across the two phases of research there was a fall in the proportion of participants in the private sector, whose job was made permanent, from 44 per cent in the interim phase, to 34 per cent in the final evaluation phase.

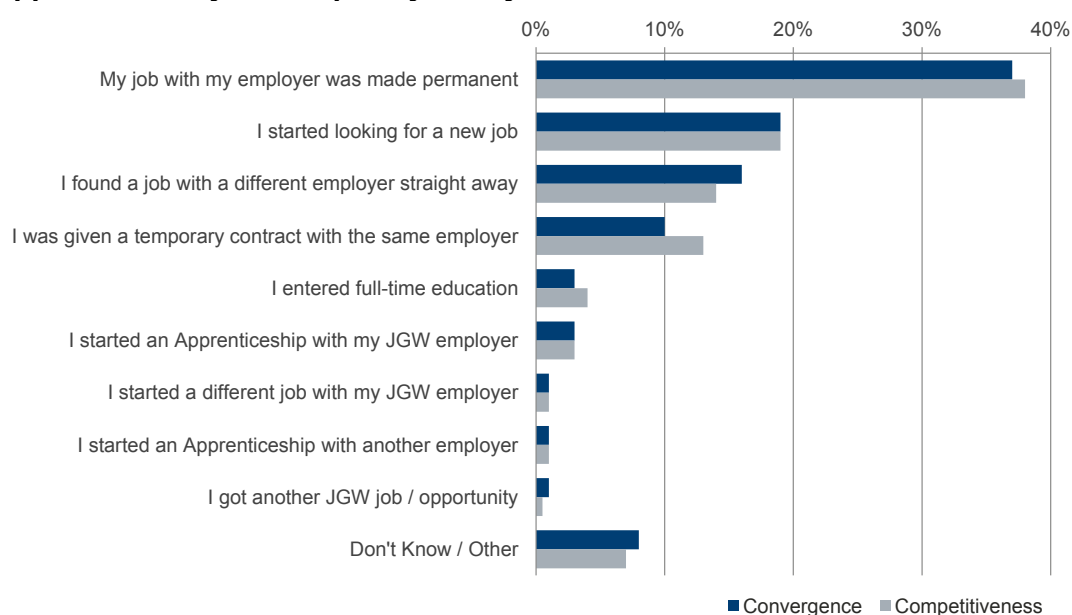
5.70 Overall, the proportion of young people who started looking for a new job was similar across strands; 20 per cent of participants in the private strand started looking for a new job, similar to 19 per cent of participants in the third-sector strands.

<sup>110</sup> Estimates are based on small sample sizes and therefore caution should be taken when interpreting the data.

5.71 Similarly, the survey data identified no significant differences in employment outcomes between ESF regions. Participants in Convergence areas were as likely to have seen their JGW job made permanent (37 per cent compared to 38 per cent in Competitive areas); to have started looking for a new job (19 per cent each); or to have found a job with a different employer straight away (16 per cent compared to 15 per cent in Competitive areas).

**Figure 5.17: Post JGW outcomes for JGW survey respondents, by ESF areas**

***What happened when your temporary JGW job came to an end?***



n = 443 (Convergence)

n = 274 (Competitiveness)

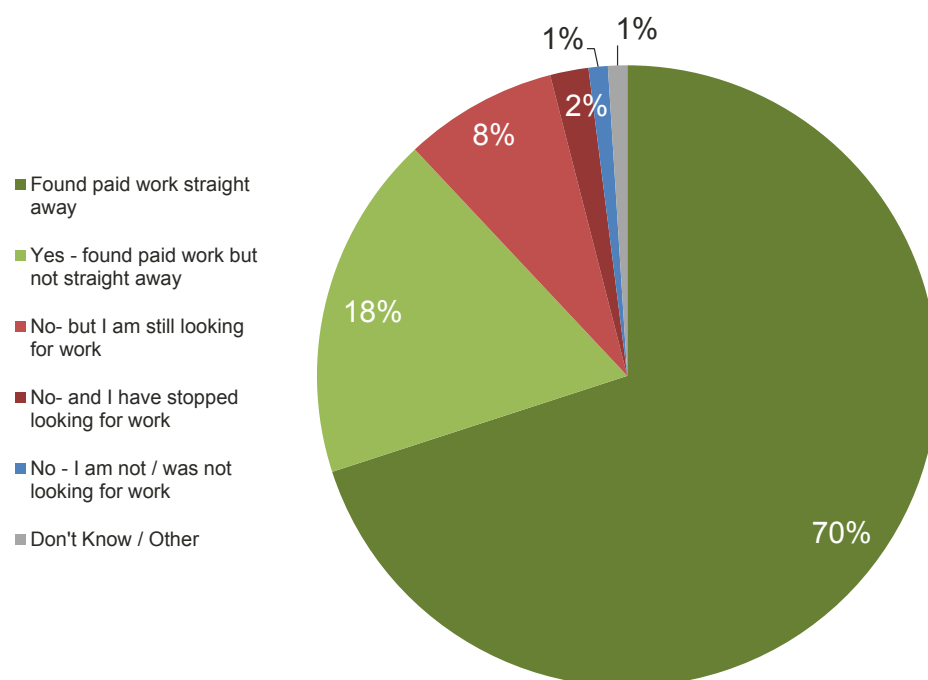
Source: Ipsos MORI survey of JGW participants

5.72 The survey data identified no significant differences in employment outcomes by gender or age group.

5.73 Overall, nearly nine in ten (88 per cent) participants found paid work on completion of their JGW job. The survey data identified no significant differences across strands, ESF areas, age groups or gender.

**Figure 5.18: Movement into paid work by JGW survey respondents post JGW**

***Did you find paid work after your JGW Job?***



n = 708

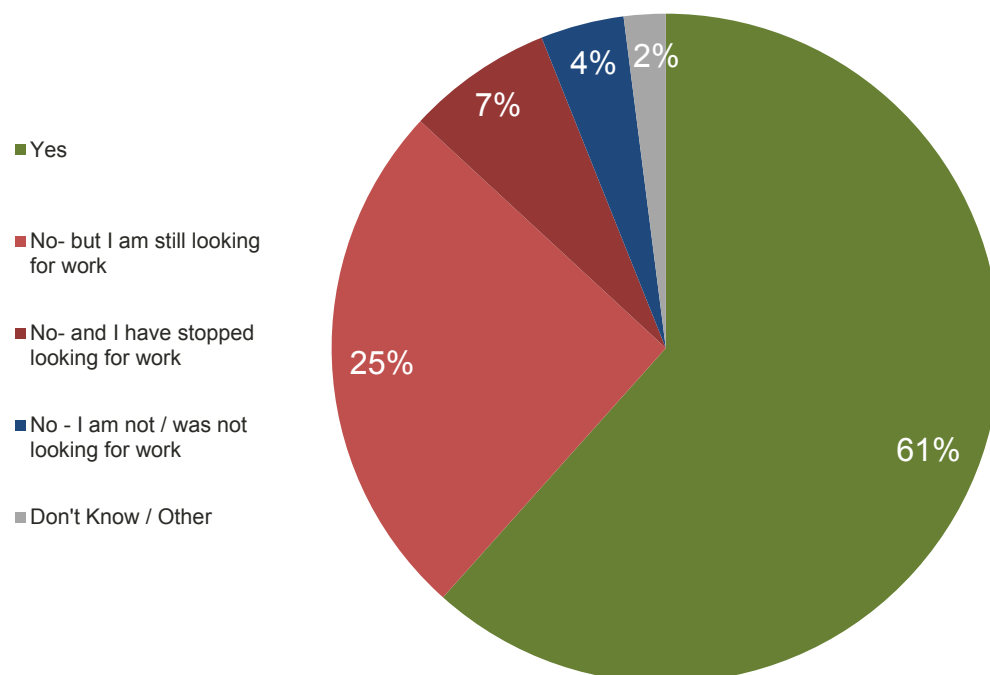
Source: Ipsos MORI survey of JGW participants

5.74 The majority of participants who did not immediately enter employment when their JGW opportunity came to an end, were successful in finding paid work afterwards. Around three in five (61 per cent) stated they eventually found paid work, although a quarter (25 per cent) were still looking for work at the time of the survey. Seven per cent of participants had stopped looking for work, and four per cent reported they had not actively been looking for work (the survey did not explore the reasons why these participants had entered economic inactivity).



**Figure 5.19: Movement into paid work by JGW survey respondents post JGW (participants who did not immediately find paid work)**

***Did you find paid work after your JGW Job?***



n = 210

Source: Ipsos MORI survey of JGW participants

5.75 Between the two phases of the survey, there was a positive shift in the proportion of young people who were able to eventually find paid work (but not immediately after their JGW job came to an end). Around two-thirds (65 per cent) of young people found paid work in the final evaluation phase, compared to just over a half (53 per cent<sup>111</sup>) in the interim phase. At the same time there was a reduction in the proportion of young people who were still looking for paid work at the time of the survey. Nearly two in five (38 per cent) young people were still looking for paid work in the interim phase, falling to 19 per cent in the final evaluation phase.

5.76 In the final evaluation the first cohort of young people was recontacted to examine longer-term outcomes. Of those who were in employment in the interim evaluation (and participated in the second survey), around half (47 per cent) were still in the same job.

5.77 Of the remaining 53 per cent just 15 per cent of them had not found another job in the meantime. A majority (59 per cent) had found one job with the rest having found more than one. This means that overall 92 per cent of those working at the time of the

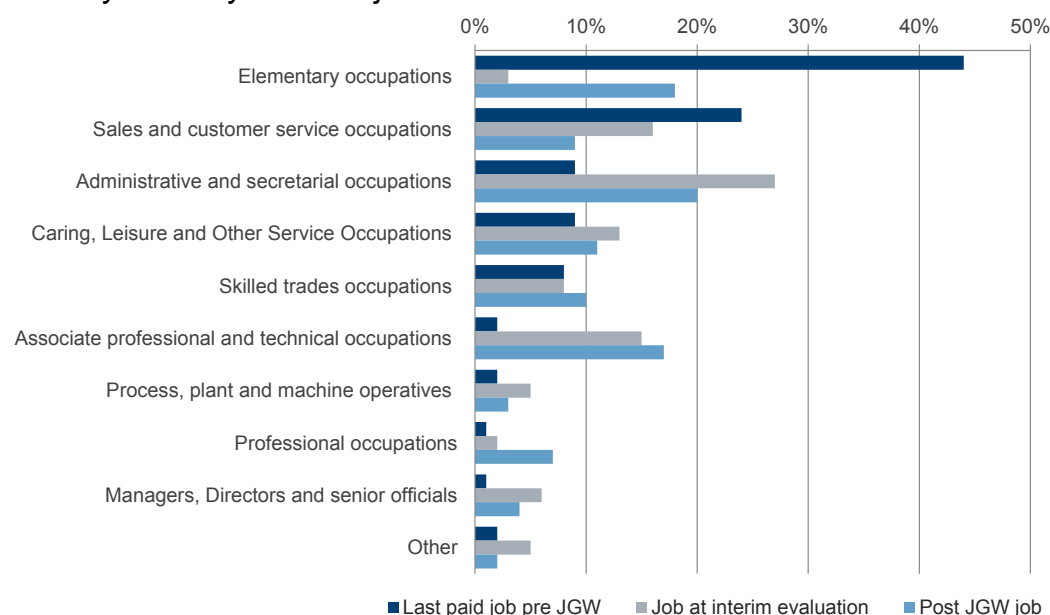
<sup>111</sup> Estimates are based on small sample sizes and therefore caution should be taken when interpreting the data.

interim evaluation were either in the same job or had since found other work by the time of the final evaluation.

- 5.78 The jobs obtained since the interim evaluation were across a range of occupational types, though the most common for the first new job was in administrative and secretarial (30 per cent), associate professional and technical and sales and customer service occupations (both 17 per cent). Just nine per cent found work in elementary occupations.
- 5.79 There were no significant differences between the range of job types of those who found new work and those who stayed in their JGW opportunity.
- 5.80 Among those who were still on their JGW opportunity in the interim evaluation that were recontacted, an even higher proportion, 86 per cent entered employment straight away at the end of their job. Six in ten (60 per cent) had their job made permanent when their opportunity ended (including four per cent who said they started an apprenticeship), seven per cent who were given another temporary contract by the employer and three per cent who got a different job with that employer. A further 16 per cent got a job with a different employer straight away. Six per cent started looking for a job while three per cent entered full time education. For those who had found work, the average number of hours per week in their job post JGW was 36 (similar to their JGW job).
- 5.81 Those who moved onto new work since the interim evaluation worked on average 36 hours per week, similar to other groups in the survey such as those who retained their JGW role.
- 5.82 As can be seen in the chart below there is evidence that job roles are in more highly skilled occupations after the JGW opportunity. While prior to taking part in JGW elementary and sales/customer service jobs were dominant, far fewer worked in these roles following the temporary job opportunity. The largest increases were in administrative, secretarial, associate professional and technical occupations, and also more young people were employed in professional occupations or as managers, directors and senior officials.

**Figure 5.20: Occupation type at various stages pre/post JGW of JGW survey respondents**

*What do/did you mainly do in this job?*



n = 205 (all in the interim evaluation who had spent time in paid work)

n = 101 (all who were working at the time of the interim evaluation)

n = 131 (all who found work with another employer after or since their JGW job opportunity ended)

Source: Ipsos MORI survey of JGW participants

5.83 Participants who had been unsuccessful in finding paid work after their JGW opportunity came to an end, identified a lack of jobs near to where they lived as the biggest barrier to securing employment. Around a third (33 per cent<sup>112</sup>) stated this as a barrier to finding employment, although having a lack of experience (18 per cent), or employers not recruiting new staff (twelve per cent) were also commonly mentioned. It is worth noting that almost twice as many participants who stated a lack of jobs in their local area lived in 'Convergence' areas (40 per cent compared to 21 per cent who lived in 'Competitive' areas). This may highlight a lack of labour mobility in particular areas, or a lack of jobs in the area.

5.84 Overall, few participants stated that not having the right qualifications (11 per cent) or skills (nine per cent) were barriers to finding paid work. This suggests that JGW did have a positive impact on reducing these barriers to work for some participants.

### Duration of employment search

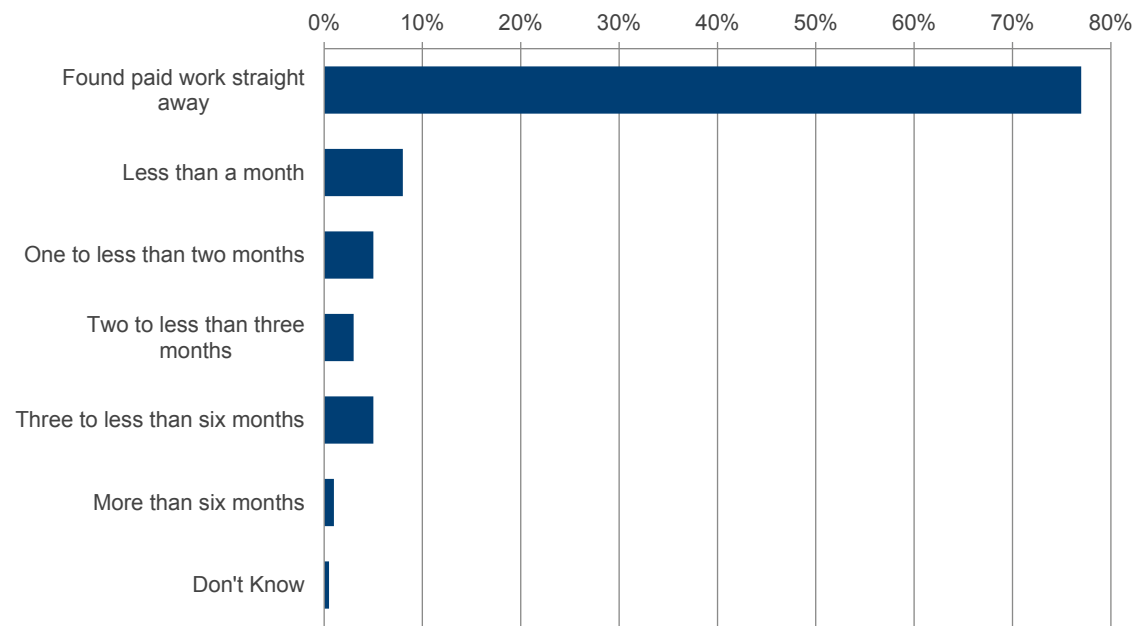
5.85 Overall, around nine in ten (91 per cent) participants who found paid work after their JGW job ended did so within two months of its completion. Around three-quarters (77

<sup>112</sup> Estimates are based on small sample sizes and therefore caution should be taken when interpreting the data.

per cent) found paid work straight away; eight per cent found paid work within a month; and five per cent did so in between one and two months. The survey data identified no significant differences by gender, or across ESF regions, age groups or strands.

**Figure 5.21: Time taken to find paid work by JGW survey respondents after end of JGW job**

*How many months did it take you to find this job?*



n = 616  
 Source: Ipsos MORI survey of JGW participants

5.86 Around three in five (60 per cent) participants who found paid work, but not immediately after their JGW job ended, did so within two months of its completion. Over a third (36 per cent) found paid work within a month, and around a quarter (24 per cent) did so in between one and two months. Only three per cent of participants spent longer than six months finding paid work.

5.87 There were only minor differences in the time taken to find paid work across the two cohorts of young people. The main difference was a reduction in the proportion of young people who did not immediately find work, and spent between three to six months looking for work, from 33 per cent in the interim phase, to 16 per cent in the final evaluation phase.<sup>113</sup>

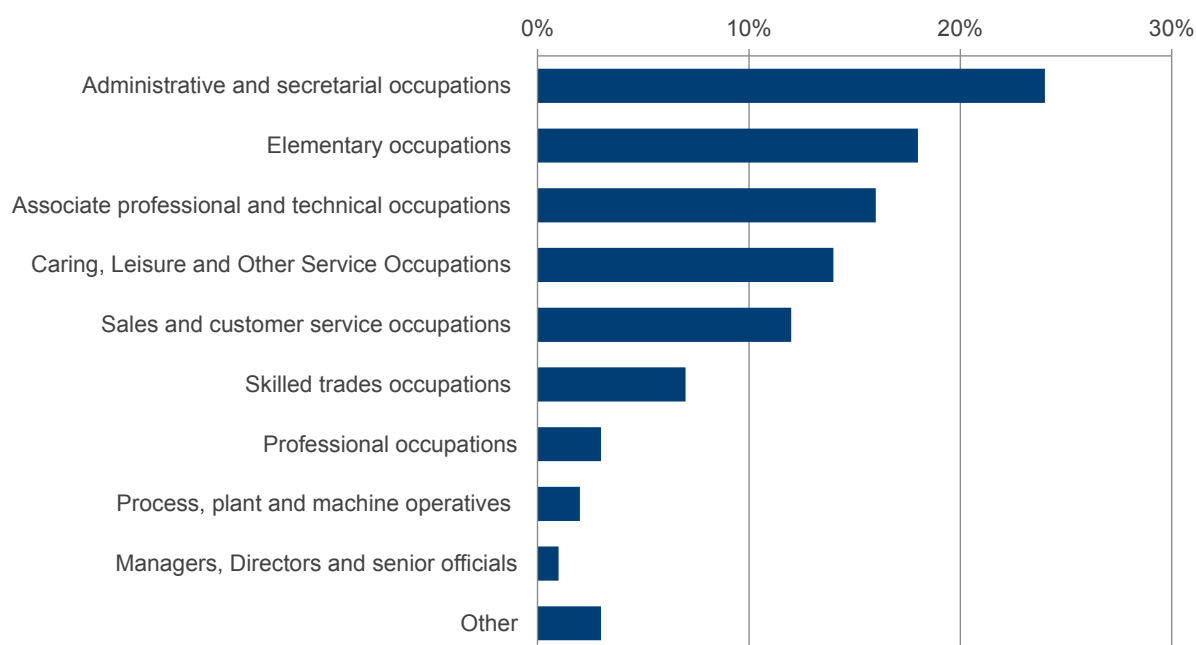
<sup>113</sup> Estimates are based on small sample sizes and therefore caution should be taken when interpreting the data.

## Indicators of job quality

- 5.88 The majority of participants were only working one job at the time of the survey; around nine in ten (91 per cent) participants were only working one job, while nine per cent stated they were working more than one job at the same time. This pattern did not change across phases of the survey.
- 5.89 Among participants who stated they were working multiple jobs at the same time, the majority had two jobs (38 out of 45 participants). Only a very small number (seven participants) stated they were working three jobs at the same time.
- 5.90 Around a quarter (24 per cent) of participants who had found alternative work after completing their JGW job were working in administrative and secretarial positions. Other common job roles included elementary positions (18 per cent); associate professional and technical positions (16 per cent); or caring, leisure and other service occupations (14 per cent). There were very few participants who were working as professionals (three per cent) or managers (one per cent), although this is to be expected given the age profile of these young people. The survey data identified no significant differences across phases of the survey.

**Figure 5.22: Occupations of JGW survey respondents in post JGW employment**

### *What are you doing in your new/this job?*



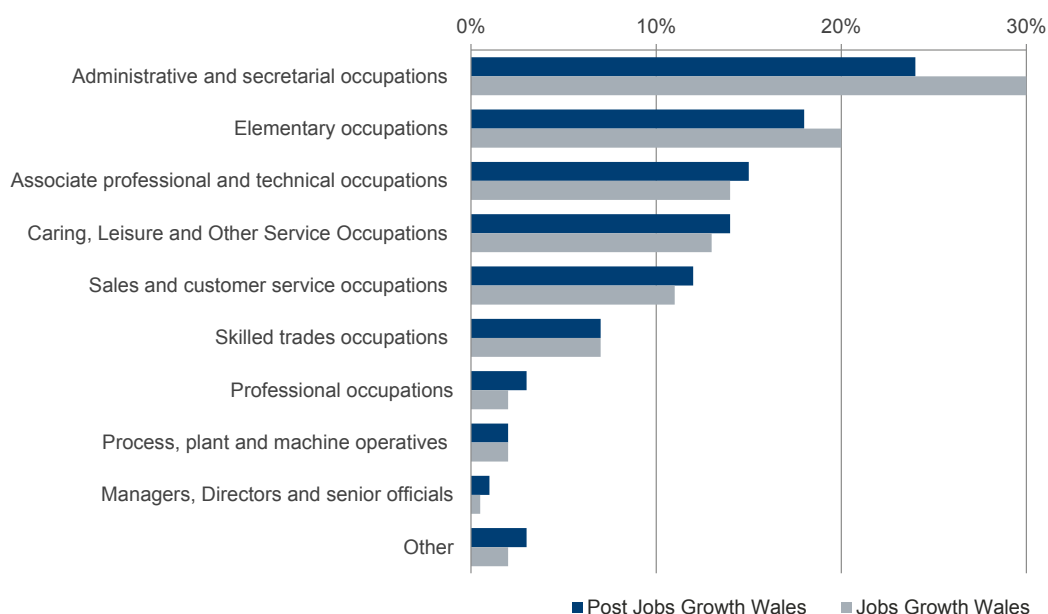
n = 616 (post JGW)

Source: Ipsos MORI survey of JGW participants

5.91 The profile of participants' employment remained largely the same in their transition from the programme to their post-JGW employment. The only significant difference was a lower proportion of administrative and secretarial occupations (24 per cent compared to 30 per cent in JGW jobs).

**Figure 5.23: Occupations of JGW survey respondents in post JGW employment, compared to JGW job**

***What did you do in the job you secured through JGW? What are you doing in your new/this job?***



n = 1020 (JGW)

n = 616 (post JGW)

Source: Ipsos MORI survey of JGW participants

5.92 Participants reported working an average of 34 hours per week in their post-JGW employment compared to 37 hours in the temporary job opportunity. There were no significant differences in the hours worked per week by strand. Participants in the private sector (34 hours) worked a similar number of hours on average as participants in the third-sector strands (32 hours).

5.93 Around three in five participants (62 per cent) who found paid work after their JGW job came to an end (but not including apprentices) earned a wage in excess of the NMW, a greater proportion than in their JGW job (27 per cent). The findings reflect a positive move into higher paid employment.

**Table 5.4: Post JGW wage distribution (excluding overtime and apprenticeships) according to National Minimum Wage (NMW)<sup>114</sup>**

		NMW/hr	Below NMW (%)	At NMW (%)	Above NMW (%)
<b>Interim</b>	<b>Under 18</b>	£3.68	*	*	*
	<b>18-20</b>	£4.98	18	18	65
	<b>21 and over</b>	£6.19	18	21	61
	<b>Total</b>		<b>18</b>	<b>20</b>	<b>62</b>
<b>Final Evaluation</b>	<b>Under 18</b>	£3.79	*	*	*
	<b>18-20</b>	£5.13	8	29	63
	<b>21 and over</b>	£6.50	13	24	63
	<b>Total</b>		<b>12</b>	<b>26</b>	<b>62</b>
<b>Total</b>			<b>14</b>	<b>24</b>	<b>62</b>

n = 233 (interim phase)

n = 294 (final evaluation phase)

Source: Ipsos MORI Survey of 527 JGW participants who have had one job since completing JGW, which was not an apprenticeship.

5.94 All participants who said they went on to do an apprenticeship earned a wage in excess of the NMW Apprentice Rate. In the interim phase there were 15 participants who started an apprenticeship after their JGW job came to an end. All of these were earning more than the NMW for apprentices (£2.65 in October 2012); their gross hourly wage was £5.21. Similarly, in the final evaluation phase there were 14 participants who started an apprenticeship after their JGW job came to an end. All of these were earning more than the NMW for apprentices (£2.68 in October 2013); their gross hourly wage was £5.34.

5.95 Table 5.5 compares the reported post JGW earnings, across various occupations. In their paid work after JGW, participants (but not including apprentices) were earning £6.77 on average. This is an improvement of the wages since participating in the programme.

<sup>114</sup> The post JGW wage calculations are based on the job respondents had after finishing JGW. If respondents were working more than one job at the time of the survey, then it is only based on their main job.

Age is based at the time of the survey and therefore might not be reflective of their age at the time of doing their post-JGW job which may affect the NMW brackets.

**Table 5.5: Gross earnings per hour (excluding overtime and apprenticeships) by type of occupation of JGW survey respondents (Post JGW)**

	Post-JGW job	
	Gross hourly earnings (excluding overtime)	Survey base
Elementary occupations	£5.66	99
Process, plant and machine operatives	**£5.99	14
Sales and customer service occupations	£6.52	70
Caring, leisure and other service occupations	£6.46	81
Skilled trades occupations	£6.89	34
Administrative and secretarial occupations	£6.77	137
Associate professional and technical occupations	£7.85	89
Professional occupations	**£7.89	16
Managers, directors and senior officials	*	5
Other	**£9.46	15
Average	£6.77	560

Source: Ipsos MORI survey of JGW participants

\* Categories with less than 10 responses have been suppressed.

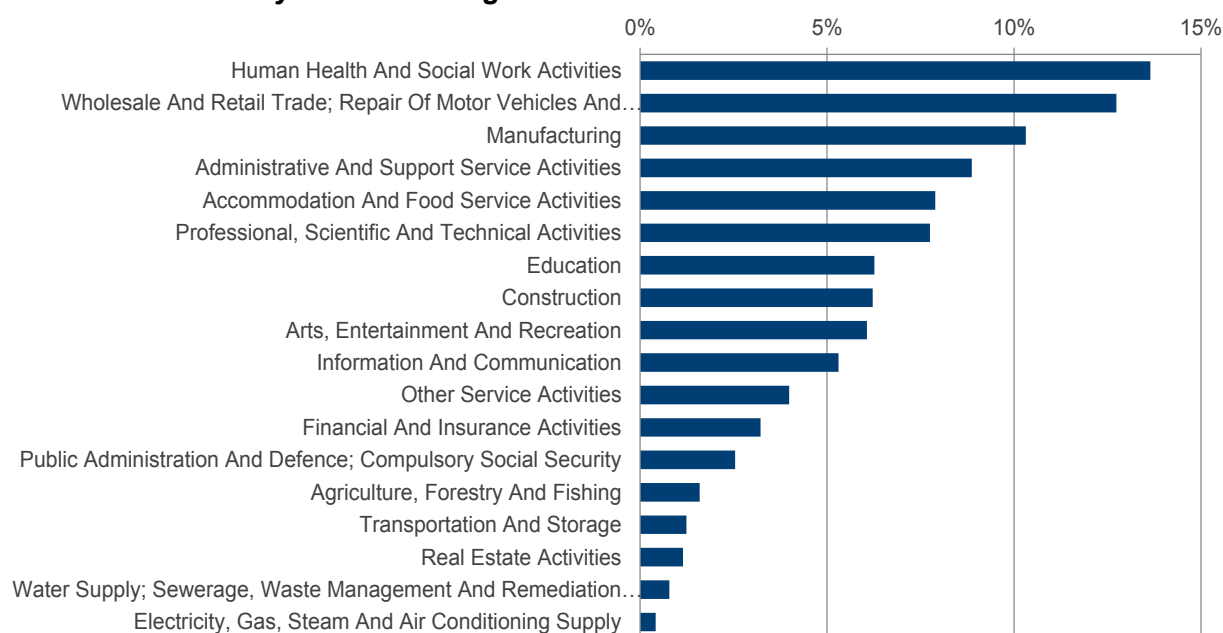
\*\* Small base size

5.96 The main destinations of participants who found paid work on completion of their JGW job – including those whose JGW job was made permanent – were in human health and social work activities (14 per cent), the wholesale and retail trade sector (13 per cent) and manufacturing (10 per cent). It is worth noting that the majority of participants working in the human health and social work sector were women (52 out of 64 employees in this sector). Participants in the two other main industries tended to be male; 34 out of 53 participants in the wholesale and retail trade sector; and 34 out of 47 participants in the manufacturing sector).



**Figure 5.24: Sector of post JGW employment of JGW survey respondents**

***What does the firm you are working for do?***



n = 443

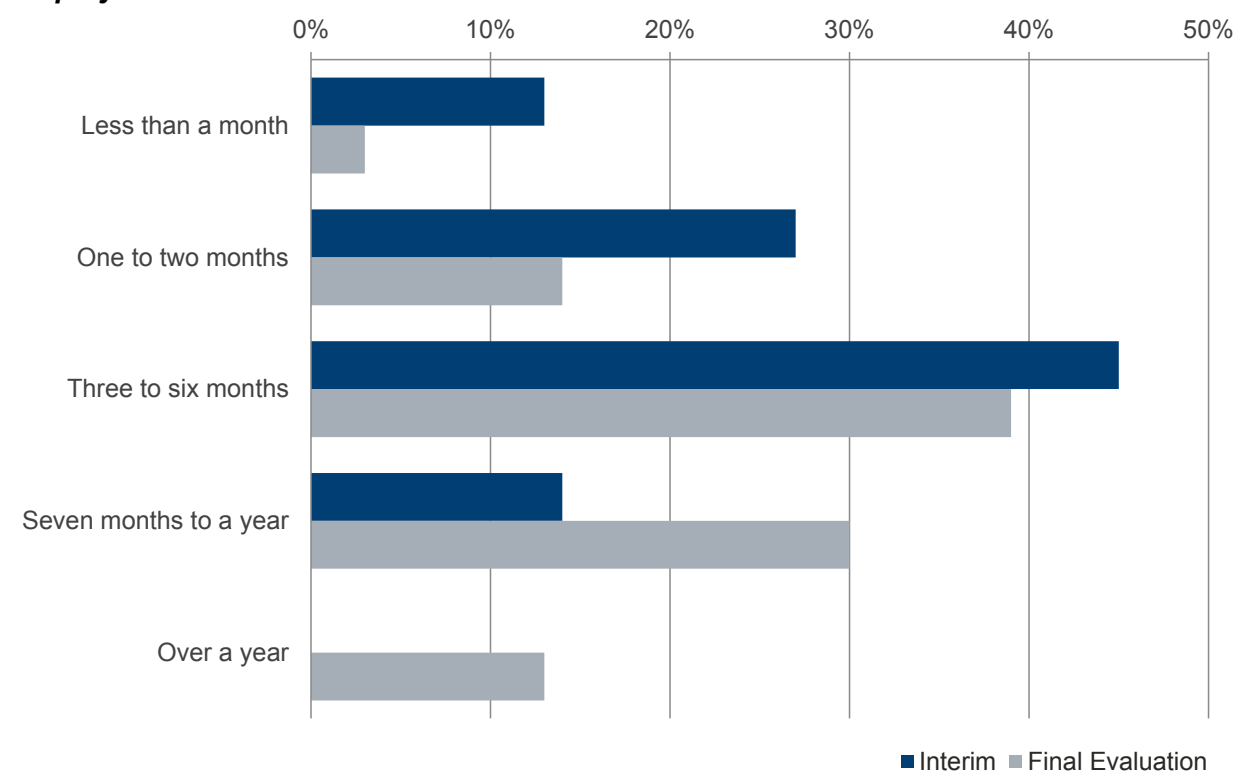
Source: Ipsos MORI survey of JGW participants

5.97 Around a third of participants (34 per cent) indicated that they had been in employment for more than six months since their JGW job had come to an end. Two in five (41 per cent) participants had been in employment for between three and six months. Only a small proportion overall - six per cent – had been in employment for less than a month.

5.98 A higher proportion of participants in the final evaluation phase had been in long-term employment after their JGW job came to an end, compared to participants in the interim phase. A larger proportion of participants had been in work for less than a month in the interim phase (13 per cent) than in the final evaluation phase (three per cent). The reverse was also true; a larger proportion of participants had been in work for more than six months in the final evaluation phase (44 per cent) than in the interim phase (14 per cent). This finding is likely to be a result of differences in the two cohorts of young people and when they were interviewed.

**Figure 5.25: Time spent in employment by JGW survey respondents since JGW job came to an end, by phase**

*In total, since your temporary JGW job came to an end [an average of two to three months at the time of the interim phase survey, and an average of eight months at the time of the final evaluation phase survey], for how many months have you been in employment?*



n = 269 (interim phase)

n = 347 (final evaluation phase)

Source: Ipsos MORI survey of JGW participants

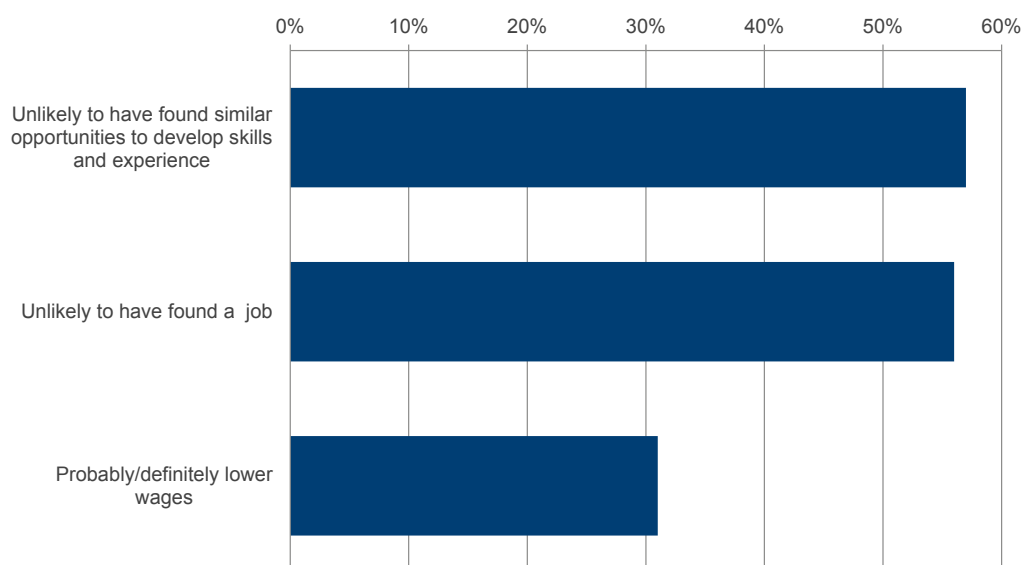
5.99 There were no significant differences in the length of time participants had been in employment after their JGW job came to an end, across ESF regions or strands. However, participants from the private sector strand were more likely to have been in long-term employment over a year (ten per cent) compared to participants from the third-sector strands (one per cent).

### Participant views on the impact of JGW

5.100 Participants who had secured a job or apprenticeship following their temporary job were generally positive about the impact of JGW. A majority (56 per cent) felt that it was unlikely they would have found a job without having their JGW opportunity, or found opportunities to develop their skills and experience without the JGW job (also 56 per cent). In both cases around two in five felt it was likely they would still have found a job or developed their skills and experience without their temporary job opportunity (42 per cent and 40 per cent respectively).

5.101 Participants were also on balance positive about the impact of JGW on their pay, with 31 per cent saying it would have been lower without them having their JGW job, and 16 per cent saying it would have been higher – though half (49 per cent) felt their pay would have been similar. There were no significant differences on these self-reported impact measures by strand, area or gender, or between young people who participated in the interim and final evaluations.

**Figure 5.26: Participants' views of impact of JGW**



n = 616

Source: Ipsos MORI survey of JGW participants

5.102 Of those who said they would have found a job even without their JGW job, just under half (45 per cent) expected their job search to have taken longer. This includes two in five (39 per cent) who expected it to have taken up to two months more, a further 23 per cent said two to three months longer while 18 per cent expected it to have taken between three and six months longer. Around one in ten (nine per cent) think it would have taken an additional six to 12 months to find work.

5.103 Although the numbers in the quantitative survey were too small in the graduate strand to analyse, there was evidence that some participants felt they would have not got their current job without having their JGW job first.

## Case study

Daniel graduated after doing a music degree in 2012 and was looking to pursue something in this field.

Daniel did a ten week GO Wales placement with a company in the field and after they had a position available that was advertised through JGW. As Daniel had really enjoyed working for them he applied and was successful.

*'JGW helped me to find work, it was a solid footing in finding work straight out of university, it was important to me not to have any gap regarding my employment history and also financially as I can't afford not to work. This has enabled me to stay living in Wales as I would have had to go to London or Manchester to get the work I'm doing now, especially paid work as many places expect you to do six months unpaid and who can afford to do that? I may have found work but it would have been in an industry my qualifications weren't suited to. This has also enabled me to be self-sufficient and independent.'*

He was offered a full time permanent contract by the organisation when his job opportunity ended.

*'The experience has been very positive; it's helped me to find work in an industry that is very difficult to get into. It has made me appreciate that people wanted me to stay in Wales as they recognise my skills and ability.'*

The graduate market in Wales that JGW were identifying was the type of market the business was looking for; as it was very competitive and there were a number of very highly qualified applicants.

*'I couldn't think of anyone better to do the job, his post is now part of our core costs. He has had a positive impact in every way. Financially, his ideas have brought in more money and with staff cohesion, he's the glue in the team and a joy to be around.'*

## Case study

Gillian had studied Film and Television at university. After graduating she completed an internship in the film industry. She then decided to become self-employed:

*'I suppose it's the industry I'm in, you can't really be any other way... as a videographer it's the route you have to go down'.*

She came across the JGW site when looking online for assistance to establish her business. She was aware of other funding options but decided to go for JGW because it seemed more professional, offered a lot of support, she liked the financial advice element and the expectation of objectives to deliver against.

*'There was a lot support and training offered, they have a lot of resources and follow up support, they handle things in a professional way'*

In terms of the JGW bursary she felt initially the process was unfamiliar and challenging, however upon receiving help with her application found it a lot simpler and could not remember it being a lengthy or difficult process. She also had help and information from her JGW adviser on:

*'The financial side [of running a business] and on projections...I just needed business help...I wouldn't have been able to do it without support'.*

She felt that she would have been able to set up the business and secured a few clients without JGW but would not have got as much exposure, would not be working as frequently and would have been less confident generally about going into self-employment.

The business is going well. She's not sure where going in the future – though she is hoping to work on feature films – but she feels that the business can adapt to situations, and that she is happy and confident about the future.

*'It's going steadily and in self-employment you can never predict what tomorrow will bring...as long as I'm looking for work and building the client base I'm happy that I'll continue'.*

5.104 For the self-employment strand, the programme was felt to have had a positive impact on their business' ability to survive in both stages of the evaluation. Evidence from qualitative interviews showed that beneficiaries felt that without the programme, and specifically the bursaries, they would not have a business and some felt they might not even be employed at the time of the research. One participant felt that they might have been able to set up their business without the bursaries but it would have taken them a lot longer to do. Another already had his business set up but the bursary meant that he could expand the business in terms of both head count and financially.

*'There would have been no way, no way that I could have started my business without JGW; I don't want to think about what I would have done without it'*

*Female, Self-employment strand, Interim Evaluation stage, Aged 19 to 21*

5.105 There was evidence that for those who had received the final payment and therefore the total amount of the bursary, that their businesses were continuing to exist and develop.

*'The business is still running and going from strength to strength. I'm now branching out into women's clothing and more along the vintage lines.'*

*Male, Self-employment strand, Interim Evaluation stage*

5.106 In the final evaluation stage four out of the five self-employed participants were still running their businesses.

*'There's endless work so it's going to be a good couple of years'.*

*Male, Self-employment strand, Final Evaluation stage, Aged 22 or older*

5.107 Most reported that their businesses were performing well with one saying their turnover had doubled since taking on an employee through a JGW job. This participant was in the process of applying for two more employees through JGW and intended to keep the employees on once the job opportunities finish.

5.108 One participant was unsure whether to continue the business as she is about to undertake a PGCE at university.

*'It's not going great at the moment...it's not as busy as should be for the summer'.*

*Female, Self-employment strand, Final Evaluation stage, Aged 22 or older*

5.109 Another participant explained their business ceased trading a few months previously and did not feel that there was anything that could have been done to prevent this.

*'I couldn't afford it anymore as it was not selling anything and the electricity and rent were expensive... [this could have been because] the area wasn't good for the business it opened in [and] it wasn't a good year for me to start a business...it was not [JGW's] fault; it was all on my hands, it was my own lack of experience'.*

*Female, Self-employment strand, Final Evaluation stage, Aged 19 to 21*

5.110 Private and third-sector support recipients were also asked in the qualitative research to speculate on what their situation might have been were they not supported by JGW. Most of the young people interviewed felt it was less likely that they would have been in employment or would have only secured part time, casual work. Some

commented that if they had ultimately gained employment it would have undoubtedly taken the longer to secure it.

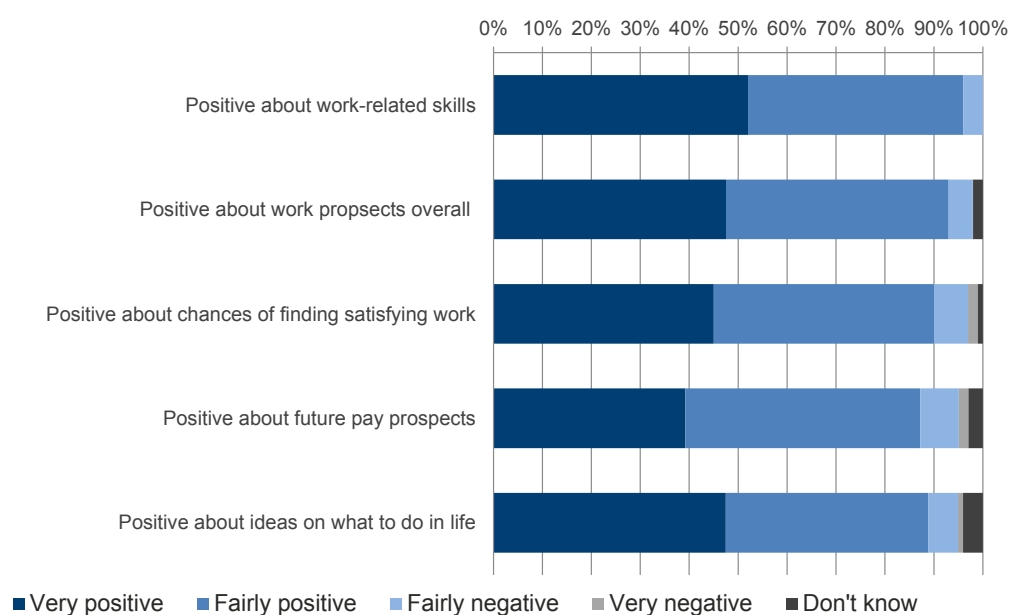
*'It would have been harder - going through JGW first was really helpful to give me an insight and a better understanding of what to do.'*

*Male, Private strand, Final Evaluation stage*

## Future employment prospects

5.111 Participants in the final evaluation were overwhelmingly positive about their future employment prospects, as well as ideas about what they want to do in life. Figure 5.25 indicates nine in ten were positive on a range of aspects, related to finding satisfying work, work-related skills and future pay prospects (with a relative even split between being 'very' and 'fairly' positive).

**Figure 5.27: Could you please tell me how positive or negative you are currently feeling about each of the following?**

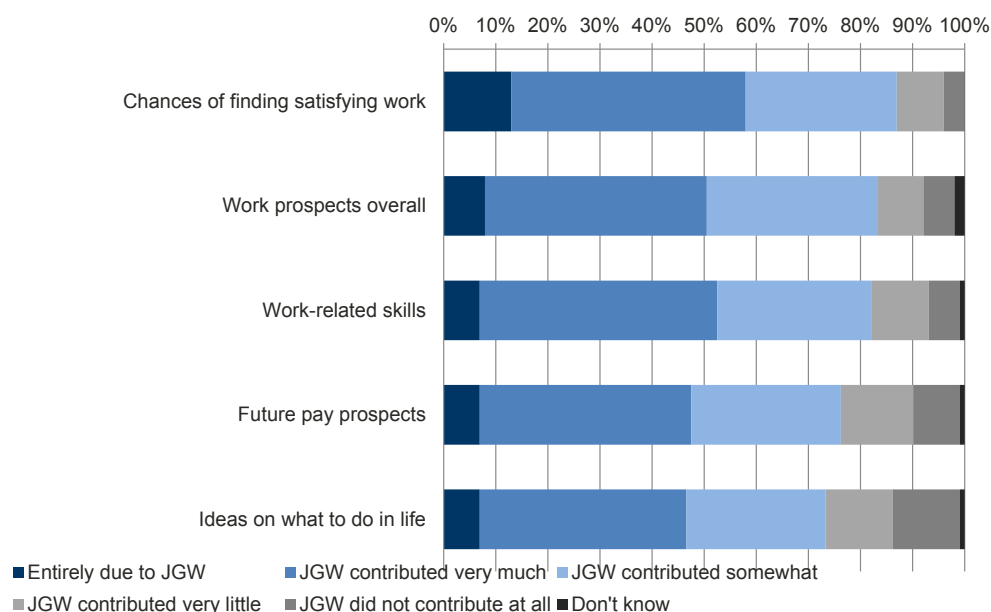


n = 425

Source: Ipsos MORI survey of JGW participants

5.112 It is also the case that participants that are positive feel that participating in JGW contributed to this to some extent, with at least three-quarters saying 'this about each aspect, as shown in Figure 5.26.

**Figure 5.28: To what extent do you think participating in Jobs Growth Wales has contributed to this?**



n = 381; 392; 403; 372; 371 (positive about each statement)

Source: Ipsos MORI survey of JGW participants

5.113 Female participants were even more positive than male participants (e.g. 96 per cent were positive about work prospects versus 92 per cent of men), as well as the extent to which they reported participating in JGW contributed to this (e.g. 89 per cent versus 82 per cent).

5.114 There were some significant differences by area type. For example, those in Convergence areas were more likely than those in Competitiveness areas to think that JGW contributed to feeling positive about their chances of finding satisfying work (90 per cent versus 81 per cent) as well as future pay prospects (81 per cent versus 72 per cent).

## Summary

5.115 The quantitative and qualitative research undertaken with JGW participants has highlighted some positive views towards the programme. The key findings include:

5.116 **Sustained employment for young people:** The programme has led to positive employment outcomes for participants. Following completion of their six month JGW job the majority of participants were in productive employment either with their JGW employer or another organisation (including apprenticeships). Furthermore, the majority of those who did not find paid work immediately did so within two months of completion of the temporary opportunity.



- 5.117 **Benefits of their Job Growth Wales job:** The main benefits reported by programme participants were gaining work experience and improved job-related skills which would help them secure future employment. Some of the young people had been out of work for long periods of time, and others had very little work experience prior to their temporary job opportunity. Getting the opportunity to participate in work and obtain practical experience via JGW enabled many young people to gain confidence and belief in themselves that they can work and achieve many benefits. This was deemed important to progressing further in their work with their JGW employer, or with other employers in the future. Indeed, over half of participants (56 per cent) who secured employment following their temporary job felt it was unlikely they would have found the job without their JGW work opportunity. Some participants from the self-employment strand felt that without the programme they would not have a business or employment. They explained how the bursaries provided a 'cash-injection' to help with set-up costs and a security net in case things did not go as planned.
- 5.118 **Training and skills development:** The majority of participants received at least some form of training on the programme, and the vast majority were satisfied with the training they received. Some participants reported receiving specific training that offered them the chance to gain qualifications. For the self-employment strand there were some incidences of recipients receiving training (e.g. workshops on the administrative side of running a business). The programme is therefore helping young people's employability by building up their CVs through providing both work experience and some formal training.
- 5.119 **Types of jobs:** The majority of JGW jobs have been in occupations which are associated with lower skill levels and low wages such as elementary positions and administrative and secretarial occupations. However, among the second cohort of young people there was an increase in the proportion of placements in associate professional and technical occupations. Overall the profile of employment is largely similar for participants who gained employment after completing the programme. Most were working full-time hours in one job and this pattern did not change across the two phases of research.
- 5.120 **Indicators of job quality:** Wage data indicates that participants earned a higher wage at their post JGW job compared to their temporary job (£6.77 versus £5.95). Three in ten (31 per cent) expected to have received lower pay if they had not participated in JGW (compared to 16 per cent who expected their pay to be higher). On the whole participants were overwhelmingly positive about their future

employment prospects and the majority felt that JGW contributed to this to at least some extent.

## 6 Outcomes for employers

### Introduction

- 6.1 This section of the report outlines the outcomes from the perspective of employers who participated in the JGW programme. This section draws on qualitative and quantitative data collated at the interim evaluation stage (2013) and more recent final phase of qualitative research, conducted in 2015.
- 6.2 The section focuses on: motivations of employers to engage with JGW, recruitment of employees, job effectiveness, skills and training of recruits, the benefits of JGW participation, and finally post JGW-job outcomes. This section also outlines the evidence on the role of MAs during the recruitment period. The chapter will first outline the interim findings, and will then present the more recent qualitative data. The final section of this chapter will summarise the evidence presented from both data sets.

### Methodology

- 6.3 The interim findings presented in this chapter draw upon data from Ipsos MORI's telephone survey of JGW employers and in-depth qualitative telephone interviews with employers, undertaken in 2013. The survey covered 328 employers who had participated (or were currently participating) in the programme. Of the 328 employers surveyed 213 were from the private sector; 76 from the third-sector; and 39 from the graduate strand of the programme.
- 6.4 The in-depth qualitative telephone interviews conducted during the interim stage involved 14 employers from the private sector strand; three from the 'third-sector suppliers'; and three from the graduate strand. Additionally, five case studies with employees, their employers and their MAs or mentors were conducted.
- 6.5 During the final phase of the evaluation (2015), interviews were again carried out, consisting of 25 in-depth interviews with employers. 14 of the interviewees were employers from the private sector, six from the 'third-sector supported sector' and five employers from the 'public sector'<sup>115</sup>.

### Interim Findings

- 6.6 **Recruitment of employers:** Interim findings showed that almost half of employers intended to recruit permanent staff at entry level (prior to hearing about JGW). Employers wished to recruit experienced staff whether on a temporary basis,

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<sup>115</sup> The 'third-sector supported' strand is a new element of the programme that was introduced since the interim evaluation report.

permanent basis, or as an apprenticeship. A small number of employers stated they had no recruitment plans.

- 6.7 **Levels of successful recruitment:** The majority of employers were able to fill all of the vacancies that they advertised through JGW (76 per cent), with a small number only able to fill some (13 per cent). Across all but the 'convergence' strand employers eventually chose to advertise more vacancies than were originally required.
- 6.8 **Candidate quality:** The most important attributes required by employers when recruiting a JGW participant were confidence and that candidates had the necessary skills to do the job.
- 6.9 **Job effectiveness skills and training:** The tasks carried out by JGW recruits were primarily focused around responsibilities associated with entry level positions in their workplace, or basic administrative, clerical or manual tasks to support permanent staff. Almost a third of employers (30 per cent) gave tasks to JGW employees that would have been conducted by experienced members of staff. Almost half of employers felt employees required a moderate amount of training to get them to an adequate standard to perform their job.
- 6.10 **Main benefits of JGW participation:** Employers agreed the programme benefited their businesses most by facilitating growth. Other benefits highlighted by employers were cost savings through reduced wage cost (29 per cent) and the JGW recruit assisting with the delivery of existing workloads. Of the few employers who did identify drawbacks, this was related to administration requirements (21 per cent).
- 6.11 **Post JGW job outcomes:** In total 73 per cent of employers retained their JGW recruit. This was more likely to happen in a business that hired only one recruit via JGW. Employers that chose not to retain their JGW recruits often quoted financial constraints.

#### **Evidence from the final evaluation phase**

- 6.12 Interviews with 25 new employers taking part in the JGW programme were carried out as part of the final phase of this evaluation. This was done to assess whether any new issues or benefits had emerged as the programme matured. The interviews with employers also allowed for emerging conclusions to be corroborated by a different sample of businesses.

### *Employers' reasons for engaging*

- 6.13 As with the interim phase of research, most employers were motivated to engage with JGW due to the clear benefit from the wage subsidy. Several stated that having extra members of staff to hand also gave them space to spend more time on training for all employees; or simply helped existing staff with current workloads. Interestingly, several employers in the final phase of interviews felt that, by taking on younger people through JGW, they were making a contribution back to society.

*'...I think it's good to give people an opportunity to get a job, to develop themselves as well as the organisation.'*

*Third Sector Supplier, Media, 10 or more employees, South Wales*

*'I think it's important for us to give back to society as well. There was a risk that we didn't know whether we'd turn over enough money to be able to keep them on'*

*Private sector, Food, 0-9 employees, Mid Wales*

Some employers engaged with the programme to support young people rather than being motivated by a business need; or desire to grow:

*'No problems at all, we didn't really even need extra people. The only reason we took them on was so we could train them and give them the opportunity to get something out of working with us.'*

*Private sector, Construction, 0-9 employees, South Wales*

- 6.14 As at the interim stage; many employers had intended to recruit staff, even without the support of JGW funding. However, while 'private' and 'third-sector supported employers expressed an interest in recruiting, both types remained concerned about costs and the impact they would have on their businesses going forward. Both 'private' and 'third-sector supported employers considered exploring other avenues for funding, in the absence of JGW, to aid them with recruitment:

*'We wouldn't have been able to; we possibly would have looked for another funding avenue but I don't think we'd have the time to do that or a better deal than JGW had given'*

*Private sector, Food, 0 – 9 employees, Mid Wales*

- 6.15 For some employers JGW helped to accelerate their process of recruitment, as many would have postponed employment (even if planned to recruit) until their organisations had sufficient financial resources to recruit:

*'Eventually something would have happened, but I think we would have had to struggle for a couple of months longer possibly.'*

*Private sector, Service sector, 0 – 9 employees, South Wales*

#### *Recruitment and the role of MA*

- 6.16 When asked, the employers discussed the applications process a great deal, including both the administrative tasks required as part of the process and the applications received from young people. For most this was as a straightforward process; stating that the support received from the MA as part of the applications stage was both flexible and responsive to the needs of the employer. For those that did identify issues during this stage, they often related to difficulties with contacting applicants during the recruitment process. The system used meant that, for one employer they were not able to confirm interview times. Another employer found writing the job advertisement difficult and was told that certain words could not be used.

- 6.17 The role of the MA varied considerably for employers during the application process; some reported excellent relationships with their MA, while others felt theirs had been a hindrance to the process of finding a suitable candidate. Several employers did, however, comment on the flexibility that MA provided in the process:

*'Their role was very flexible and I liked it like that. They took the lead and if I wanted more help then they'd give it, if not then they took a step back..... I sorted out which applicants to interview and who we'd take on, but they were able to give me some support on that.'*

*Private sector, Entertainment, 0-9 employees, North Wales*

- 6.18 This flexibility meant that some employers were able to approach the MAs for assistance when required but did not feel obliged to have them involved at every step. However, for others MAs had very little involvement and could have added more value to the process overall:

*'What would be a great help is if those people could sit down with the employer, ask them what their requirements are and offer what would be their solution. '*

*Private sector, Service Industry, 0-9 employees, South Wales*

- 6.19 Employers also saw that the MA acted as a middle man between them and the available funding from WG. Some saw this as a helpful factor, allowing businesses to access the JGW funding; however, for others this caused problems. One employer stated there were delays to payment; another employer felt the JGW structure was wasteful, preferring to deal directly with a JGW central body.

*'...there's a lot of money being wasted and not much value added as they acted as a sort of middle man.'*

*Private sector, Service Industry, 0-9 employees, South Wales*

- 6.20 The evidence, from interviews does suggest that the varying experiences had as much to do with the employers themselves as with the MAs. Where some employers stated they were happy that they could devolve responsibility for recruitment to the MA, others showed a preference for doing the selection work themselves:

*'When we took on people before with JGW, we sifted through them ourselves but this time they said they'd do it for us.'*

*Third sector supported, Media, 10 or more employees, South Wales Candidate quality*

- 6.21 It should be noted, that criticism of the MAs was limited. Only one employer explicitly suggested a clear dissatisfaction with the service they provided in the application process. When one employer had issues with the performance of his employee

*'No one really will step up to mark, have any sort of accountability.... It always seems to be a never mind, let's try something else rather than, you've squandered an opportunity...'*

*Private sector, Service Industry, 0-9 employees, West Wales.*

- 6.22 More generally, employers' expressed views similar to those given in the interim report; the quality of applicants was often low. One employer felt that the applicants were not trying hard enough with their applications, according to him: *'20 per cent had been filled in poorly.'*<sup>116</sup> Despite this view, most of the employers' interviewed

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<sup>116</sup> Private sector, Entertainment, 0-9 employees, South Wales.

described the quality of applicants as mixed, with many putting this down to the age group.

- 6.23 In addition to the quality of applications, some employers felt that there were not sufficient numbers of applicants for their vacancies. Several employers reported receiving applications from young people who later on did not respond to invitations to interview. For example, one employer highlighted the high drop off between identifying candidates and the interview process; identifying 12 potential candidates but only actually getting to interview four. This was consistent with the experiences of many of the employers interviewed for the interim report.

#### *Job effectiveness, skills and training*

- 6.24 The majority of employers were very pleased with the performance of those recruited through JGW, regardless of whether the participant had been retained. For some employers the JGW recruits had good communication skills and had grown in confidence. One employer in particular described his employee as having:

*'A lot of initiative, she had sufficient training and she had the confidence to ask if she wasn't sure about something'*

*Private sector, Service Sector, 0-9 employees, South Wales.*

- 6.25 A number of employers (all 'private employers') indicated that the JGW employees needed a moderate amount of training to be effective in their roles. Many detailed that a variety of training provisions had been offered to their candidates during their jobs, most of which were offered on the job, with the length of training provision ranging from one week to several months.

#### *Benefits of JGW participation*

- 6.26 Employers identified a number of benefits, most identified the financial aid provided through the scheme as an enabler for growth. According to one employer, who was highly satisfied with the programme overall, JGW was very helpful for those firms that wanted to grow and expand.<sup>117</sup>
- 6.27 Four employers from the Private Sector chose to engage with JGW because they were facing financial challenges at that time. Two of these referred to their organisations having gone through a period of contraction; as their workload had started to increase

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<sup>117</sup> Private sector, Service sector, 0-9 employees, West Wales.



again they did not had the resources available to respond to this increase in demand; however, the wage subsidy (through JGW) helped to overcome this:

*'We weren't able to grow as a company without the workforce and wouldn't have been able to afford anyone. We weren't able to supply although the demand was there because we needed additional help.'*

*Private sector, Food, 0-9 employees, Mid Wales*

- 6.28 This was similarly expressed by all the 'third-sector suppliers' employers. They explained that they all had opportunities to expand that financial constraints were acting as a barrier to recruitment:

*'As far as recruitment goes, we almost depend solely on volunteers, so getting a regular paid member of staff through JGW was a real bonus.'*

*Third Sector Supported, Retail, 0-9 employees, North Wales*

- 6.29 The benefits detailed were not limited to facilitating growth. The programme allowed them to secure more suitably skilled staff, or in some cases staff members that were willing do some jobs that had previously been difficult to fill:

*'At the time I was finding it difficult to find anyone who wanted to do the work. I think people think that café work is beneath them and its actually hard work...'*

*Public Sector, Food, 0-9 employees, North Wales*

- 6.30 Finally, some stated that the benefit of the programme was to reduce the workload for existing employees, giving them the ability to trial new ideas within their company.

- 6.31 Many employers felt there were no negative impacts arising from their participation with the programme. For the few who detailed some disadvantages, these primarily centred around the administrative burden. There were again additional (unforeseen) resource demands of supervising the participants; and issues with wage reimbursements, which could at times cause issues for employers, specifically for those who were smaller in size.

- 6.32 The costs incurred from having to give training to new, inexperienced, staff members was also quoted by employers. This was either the explicit costs or the in-kind expense of spending time coaching JGW employees during normal working hours.

*'... the costs for additional supervision, that's where future jobs fund was so much better, we got a lot from it and they provided the training costs as well'*

*Public sector, Service industry, ten or more employees, North Wales*

#### *Post-JGW outcomes*

6.33 For those employers that chose not to retain their JGW recruits, many stated that it was down to the employees' decisions themselves; either because employees had secured more suitable roles prior to the completion of the six months period; employees went on to start their own business; or had chosen to return to education following their opportunities. In one instance where the employee was not offered a job, the employer explained that he had actually recruited for a seasonal job and agreed that they were never likely to retain the young person; however, they felt they had been clear about this with the MA when they first engaged with JGW:

*'[We] were upfront before applying because we didn't think they would have a job after the six months. They performed very well, four out of the five got full time employment in a similar line of work.'*

*Public sector, Manual, ten or more employees, North Wales*

6.34 For around half of the JGW employers interviewed the programme made little difference to their future recruitment strategies, this was mainly because they already had a positive attitude to employing young people and were not specifically selecting individuals who were older. Some agreed they now had a more positive view of younger employees, with many saying they had become less judgmental and more open to exploring different options when recruiting. Others stated the programme had made them a lot more optimistic about hiring young people in the future. A small number of employers interviewed did however state their attitudes had changed for the worse following the programme, with one explaining:

*'Yes, [our attitude had changed] but not in a good way, I don't put up with a lot anymore. I've become a lot harder because of the people I've had through JGW.'*

*Private sector, Construction, 0-9 employees, South Wales*

## Summary

- 6.35 **Recruitment of employees:** There were an equal proportion of JGW employers that did, and did not, have some intention of recruiting staff, or planned to recruit in the absence of the programme. Although this was the intention for some, both waves of research showed that financial restrictions would have delayed, or in some instances prevented, the desired recruitment and so the JGW programme accelerated the process of recruitment for many companies. For those that had no intention of recruiting staff, the JGW programme offered the opportunity to create additional jobs.
- 6.36 Employers described the applications process itself as straightforward, and most valued the flexibility and help received from Management Agents. Very few complained about the service they received from MAs during this process.
- 6.37 With regards to the quality of applicants, final phase data showed that the quality of applicants was mixed while the initial research gave a more negative view of JGW applicants. In spite of quality concerns most employers were able to fill the vacancies advertised through the JGW programme.
- 6.38 **Job effectiveness, skills and training:** Most tasks carried out by JGW recruits were generally entry level positions and basic administrative jobs. Overall, most employers were happy with the skills of their employee hired through JGW, both waves showed that a small number of JGW employees needed a moderate amount of training to perform the tasks that formed part of their job. This added an additional cost to their businesses. Training costs were seen as being the biggest costs incurred by employers as part of the programme.
- 6.39 In the absence of JGW two fifths of employers intended to deal with existing workloads without recruiting new staff; most employers also stated they were bound by existing workloads so could not reduce their output.
- 6.40 **Main benefits of JGW participation:** Employers identified one of the main benefits of the programme as helping businesses grow. Many businesses wanted the ability to expand but were financially restricted. The programme therefore subsidised new staff members and businesses claim that they were able to expand or increase their turnover as a result. For one individual the programme allowed their business to trial new ideas with the extra capacity.

- 6.41 While most employers were unlikely to identify downsides to their involvement in the programme, one consideration which has arisen in both waves of research has been the time employers invested in supervising and training young people. Other aspects of the programme which employers considered to be a minor frustration included programme administration tasks taking too much time to complete.
- 6.42 **Post JGW-job outcomes:** A large number of JGW recruits had been offered some sort of employment through their JGW employer (73 per cent) at the interim stage. Employers interviewed in the final phase supported this conclusion.
- 6.43 Employers that did not retain their JGW recruits stated this was at times the choice of the employee themselves; either because the employee had secured alternative employment or returned to their studies. In the interim report non-retention of JGW employees was as a result of poor financial circumstances for businesses, or the expectation that retaining the young person would be too costly. This change may reflect the recent improving job outlook in the economy.
- 6.44 Currently the evidence from employers shows relatively high levels of satisfaction with the programme. Most employers; however, felt the programme would have no impact on their attitudes towards employing young people, but this was primarily because they already had positive attitudes to employing young people. A few reported becoming more optimistic about recruiting young people, but for one individual they were now less likely to employ young personal in the future as a result of their JGW experience.

## 7 Impact assessment

7.1 This section provides an overall assessment of the labour market effects associated with the JGW programme, focusing on the net impacts of the programme on labour supply, employability and productivity among those 16 to 24 year olds benefitting from the programme over a two year period. This moves beyond the analysis set out in the previous sections by considering the counterfactual (i.e. what would have happened in the absence of the JGW programme). Consideration is also given to how far these results represent value for money on the resources invested by the WG in the delivery of the programme. The analysis set out in this sections draws primarily on a longitudinal survey of a cohort of young people participating in JGW over its first year of delivery (2012/13) and a comparison group of unsuccessful applicants to the programme.

### Key anticipated impacts of JGW at an individual level

7.2 As illustrated in Chapter 2, the market failure rationale for the programme is grounded in the risk of scarring effects during recessionary periods: long episodes of unemployment experienced by young people during such periods lead to negative impacts on earnings that are visible over the course of a lifetime<sup>118</sup>. This implies there is a social cost associated with youth unemployment resulting from a permanent loss of productivity to the economy, through the long term underemployment (or unemployment) of these individuals. For example, well qualified young people emerging from education may be forced into less productive occupations than they might have otherwise obtained in normal economic conditions, as a consequence of competition from more experienced unemployed workers. These compromises may have a permanent effect on their ability to move into more productive occupations during a period of economic recovery, leading to economic costs in the form of lost potential economic output (GVA) as well as other costs (for example, the resource cost of 16-18 year olds NEET in England was estimated at between £21m and £76m in a 2010 Audit Commission study<sup>119</sup>).

7.3 The JGW programme reimburses the wages of young people aged 16 to 24, creating financial incentives for employers to offer work experience to this group of individuals. To the extent that these incentives enable young people to obtain work experience that helps them compete more effectively in the labour market, such a scheme has the

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<sup>118</sup> See for example David N. F. Bell and David G. Blanchflower, 'Youth Unemployment: Déjà vu?' *IZA DP No.4705* (January 2010): 15-17.

<sup>119</sup> Audit Commission (2010). *Against the Odds: Re-engaging Young People in Education, Employment or Training*. London: Audit Commission.

potential to deliver lasting economic benefits. This might be achieved through a permanent improvement in the employability of the young people concerned or increasing their ability to secure higher paid work. Both of these impacts imply an expansion in the productive capacity of the Welsh economy, which can be valued in terms of the additional economic output produced by the young people concerned over the course of their lifetime (which will be visible in their earnings).

- 7.4 Finally, where wage imbursements have led to short and longer term effects on the employability of young people, there may also be positive fiscal effects. If young people would have otherwise been claiming out-of-work benefits, then this will reduce pressure on public finances (an effect that is particularly important to consider given the UK wide priority of reducing Government borrowing and the deficit).

## **Methodology**

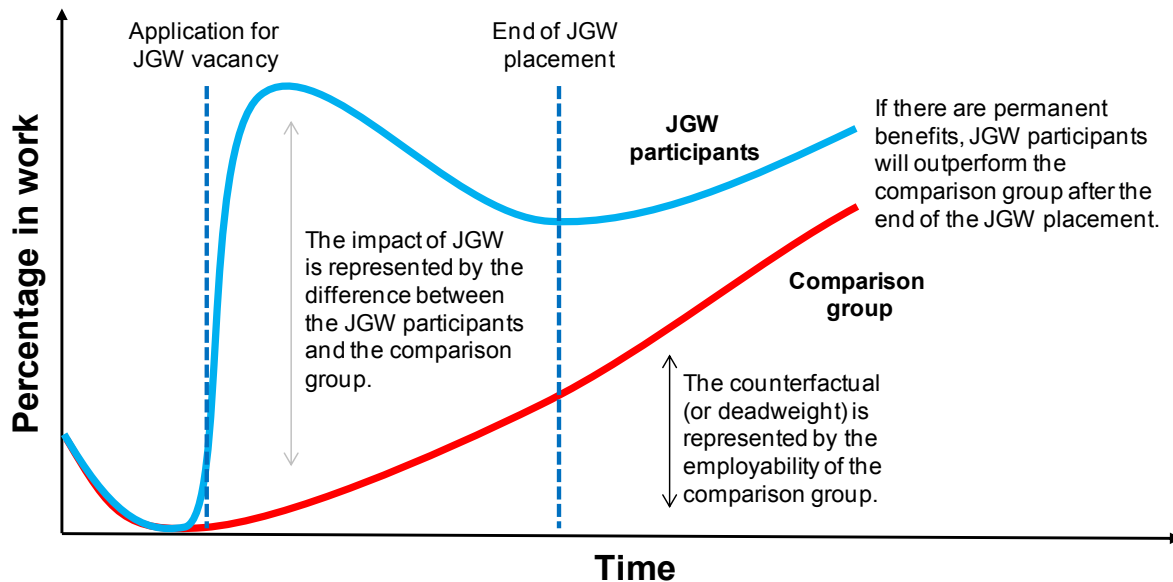
- 7.5 A credible assessment of the labour market impacts of JGW should incorporate an appropriate counterfactual (i.e. an assessment of what would have happened in the absence of the programme). This evaluation has adopted an approach in which the labour market outcomes achieved by JGW participants have been compared to a group of non-participants providing this counterfactual.
- 7.6 In principle, comparisons between participants and non-participants should describe the impact of JGW at an individual level (i.e. the increase in employment, earnings, and economic output that would not have occurred without the programme). Figure 7.1 provides a stylized representation of these expectations.
- 7.7 In order to address possible concerns that there are unobserved factors influencing a particular individuals decision to apply for a JGW vacancy that might bias results<sup>120</sup>, a counterfactual sample of non-participants was drawn from the pool of unsuccessful applicants. This group was selected to as closely resemble the observable characteristics of JGW participants in terms of their key labour market characteristics (such as prior educational attainment, working history, and age) both through the sampling strategy adopted in the execution of the surveys described in the following paragraph, and the application of appropriate statistical techniques (Propensity Score Matching).
- 7.8 Longitudinal evidence on the outcomes of interest was collected through a longitudinal survey of a cohort of 505 applicants for JGW vacancies during 2012/13. This survey

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<sup>120</sup> For example, vacancies advertised through JGW may be less attractive to those that feel they can compete more effectively for permanent or higher paid vacancies.

took place in May 2013 (an average 6.5 months following the initial application) and in September 2015 (an average of 27 months following the initial application). The former was also used to retrospectively establish the characteristics of applicants at the point of their application.

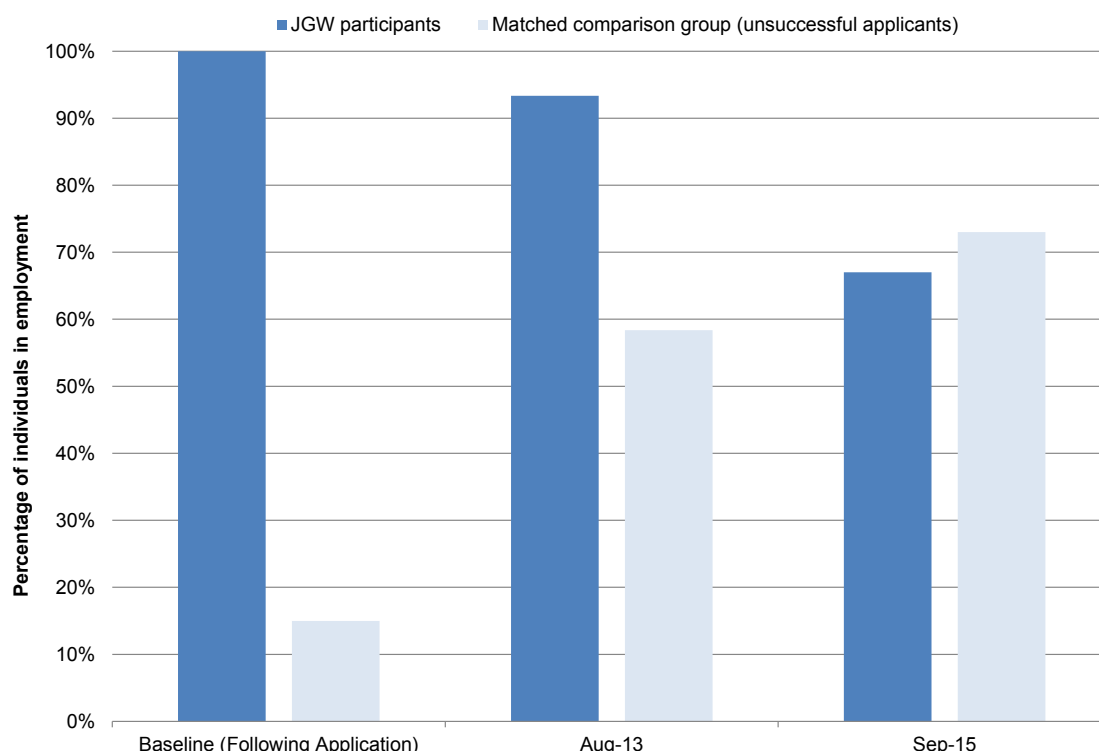
**Figure 7.1 Stylised expectations of the percentage of JGW participants and comparison group in work over time**



## Employment Impacts

7.9 The figure below illustrates the employment rates of JGW participants and the matched comparison group of unsuccessful applicants following their application to the programme, in 2013, and in 2015. Employment rates among this group of JGW participants fell from 100 per cent at the baseline to 93 per cent at August 2013, and to 67 per cent in May 2015. In parallel, employment rates among unsuccessful applicants rose from ten per cent to 57 per cent in August 2013, and to 73 per cent in May 2015.

**Figure 7.2 Employment rates - JGW participants and matched comparison group between 2012/13 and September 2015**



7.10 This evidence suggested that JGW had significant effect in terms of accelerating the passage of young people into employment. It is estimated that 35 per cent of JGW would not have been in employment after six months in the absence of the programme (though it should be recognised that a share of these participants had not completed the six month period of the JGW job at this stage). However, there were no statistically significant differences in the employment rates of JGW participants and the comparison group at this stage some 27 months following the initial application. As such, the results indicate that the impacts of the programme were largely confined to the short term, with little compelling evidence that participation in JGW had lasting positive effects on employment rates.

7.11 Evidence was also gathered on the overall time spent in work by the treatment and comparison groups. The findings suggested that after six months following their application for a vacancy, JGW participants had spent 2.1 months longer in employment than the matched comparison group. This effect rose to 4.6 months after 27 months. It is not possible to fully discount the possibility that there may be further employment effects in the future. However, given the convergence of employment rates across JGW participants and the matched comparison group over the period, a scenario in which this represents the full effect of the programme on the time spent in work by JGW participants is considered the most probable result.



## **Benefits Dependency**

7.12 The results of the analysis also indicated that the programme had a significant effect in terms of reducing the period of time over which JGW participants were claiming state benefits. It is estimated that participants of the programme spent 0.6 fewer months on benefits than they would have done in the absence of the programme, six months following the initial application. After 27 months, this effect is estimated to rise to 2.2 months. This suggests the programme has had a positive effect in terms of reducing fiscal expenditures, though given the results above, it is considered unlikely that further reductions in public spending on welfare payments will be achieved in the future.

## **Productivity and Hours Worked**

7.13 Finally, the results were used to examine how far any effects have been achieved in terms of raising the productivity of workers (as visible in their earnings) or their weekly hours worked (as a measure of under-employment). After six months, the average weekly working hours among JGW participants that were still in work was 35.5 hours, four hours more than members of the matched comparison group. This effect was offset by differences in the average gross hourly earnings of the two groups (£6.31 per hour among participants and £6.92 among those members of the comparison group that had found work). However, these differences had largely disappeared at 27 months following the initial application: average gross hourly earnings of JGW participants rose to £7.61 over the period (compared to £8.14 among the comparison group<sup>121</sup>), while both groups supplied average weekly working hours of around 35 to 36 hours. At no stage were there any statistically significant differences between JGW participants and the comparison group in terms of their gross weekly income.

7.14 Given the hypothesised scarring effects underpinning the rationale for the programme, a longer term effect of JGW on the productivity or earnings of participants might have been expected or desired. However, these results do not provide strong evidence that such an effect has been achieved in practice.

## **Substitution Effects**

7.15 The employment effects achieved by the JGW programme may lead to offsetting effects, if employers are encouraged to recruit 16 to 24 year olds at the expense of older unemployed individuals to take advantage of the wage reimbursements (i.e.

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<sup>121</sup> In this case, there were no statistically significant differences between the two groups.

substitution effects). A separate econometric analysis was completed examining the relationship between the number of young people filling JGW vacancy and the number of individuals aged 25 plus living within the same unitary authority<sup>122</sup> area claiming JSA. None of the analyses completed provided any evidence that the programme has led to any adverse effects on the employment rates of older workers. As a consequence, it is concluded that any offsetting substitution effects were likely negligible (aligning with the evidence derived from the survey of employers that provided little indication that the wage reimbursements incentivised them to recruit young people in place of older workers).

## **Economic Impacts**

7.16 The results above suggest that JGW has acted as a significant stimulus to the employability of young people in the short term, without leading to adverse effects on older workers. However, the acceleration of young people into employment did not translate into longer term impacts on employment. Additionally, the evidence did not suggest that participation in JGW led to longer term effects on the productivity of the individuals involved.

7.17 As a consequence of these results, it is assumed the primary economic benefits of the programme will have been experienced in the form of short term income benefits to the participants concerned. Overall, it is estimated that the average gross additional income accruing to participants as a consequence of their participation in the programme totalled £4,400. The table below illustrates how this estimate was derived from the results of the impact analysis.

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<sup>122</sup> Using a variety of unitary authorities in England - where no comparable wage subsidy programme was in operation - as a control. These controls included all unitary authorities in England, unitary authorities spatially adjacent to Wales, and unitary authorities within the North East of England.

**Table 7.1: Estimated Additional Income Accruing to JGW participants**

	<b>JGW Participants</b>	<b>Comparison Group</b>	<b>Additional income</b>
<b>May 2013</b>			
Months spent in work since initial application	6.3	4.2	
Average weekly hours	35.6	31.5	
Average gross hourly earnings (£ per hour)	6.3	6.9	
<b>Income from employment (£s)</b>	<b>6,100</b>	<b>3,900</b>	<b>2,200</b>
<b>September 2015</b>			
Months spent in work since initial application	22.5	18.0	
Additional months spent in work since May 2013	16.2	13.8	
Average weekly hours	36.2	35.2	
	7.6	8.1	
<b>Income from employment (£s)</b>	<b>19,400</b>	<b>17,100</b>	<b>2,300</b>
<b>Total additional income from employment (£)</b>	<b>25,600</b>	<b>21,100</b>	<b>4,400</b>

*Source: Ipsos MORI analysis*

7.18 In order to estimate the total impact of the programme on incomes accruing to participants, it has been assumed that these effects are uniform over time (i.e. effects have not increased or diminished for participants benefitting in later years) and additive where individuals have benefitted from multiple jobs funded through JGW. Under these assumptions, it is estimated that the programme led to total additional income for participants of £66.2m. Applying the discount rate of 3.5 per cent recommended in the HM Treasury Green Book, it is estimated that these income benefits had a present value of £63.6m in 2012/13.

**Table 7.2: Present value of income benefits (£ms)**

	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total</b>
Number of JGW vacancies filled	3,682	5,363	5,937	14,984
Total additional income for participants (£m)	16.3	23.7	26.2	66.2
Discount factor	1.0	0.97	0.93	-
<b>Present value of income benefits (£ms)</b>	<b>16.3</b>	<b>22.9</b>	<b>24.5</b>	<b>63.6</b>

*Source: Ipsos MORI analysis*

7.19 These results do not provide a full estimate of the economic impacts associated with JGW. Firstly, employers will have likely earned a return or profit on the labour provided by participants that are not accounted for in these estimates. Secondly, the scheme

will have reduced the effective cost to employers of employing young people to close to zero over a period of six months. This will have acted as an incentive for employers to deploy young people in capacities where the marginal value of their labour was lower than the wages paid. As a consequence, it is likely that the scheme, while incentivising employers to recruit additional young people, will have caused some offsetting losses in productivity at a firm level. It has not been possible to explore these types of effect in any quantitative detail as part of this evaluation.

## Fiscal Effects

7.20 As noted above, JGW participants spent 2.1 fewer months claiming benefits than the comparison groups, highlighting the potential for the scheme to have delivered positive fiscal effects through reducing Government expenditure on welfare payments. In order to monetise these effects, a simplifying assumption was adopted under which these participants would have otherwise claimed JSA at a rate of £57.90 per week. Under these assumptions, it is estimated that these fiscal savings had a present value (in 2012/13) of £7.8m.

**Table 7.3: Present value of fiscal savings (£ms)**

	2012/13	2013/14	2014/15	Total
Number of JGW vacancies filled	3,682	5,363	5,937	14,984
Total additional income for participants (£m)	2.0	2.9	3.2	8.2
Discount factor	1.0	0.97	0.93	-
<b>Present value of income benefits (£ms)</b>	<b>2.0</b>	<b>2.8</b>	<b>3.0</b>	<b>7.8</b>

*Source: Ipsos MORI analysis*

7.21 This will overstate the extent of fiscal savings where those in work are eligible to claim in-work benefits (such as income support where the individual involved works for less than 16 hours per week, or tax credits to assist with the cost of childcare). However, the savings involved will be understated where the individuals involved would have otherwise claimed state benefits associated with higher weekly payments (such as ESA). It should also be acknowledged that these fiscal savings will not accrue directly to the WG (though a share of the expenditures involved would have been funded by taxpayers resident or located in Wales).

## Value for Money

7.22 The table below describes the costs incurred by the WG in the delivery of JGW between 2012/13 and 2015/16 (excluding the costs of bursaries made under the self-employment strand). The main category of expenditure was in the form of the wage reimbursements made to employers through the programme, which totalled £55.5m over the period. Payments made to delivery agents totalled £6.9m, while management costs incurred by the WG totalled £0.7m. The present value (in 2012/13) of these costs was estimated at £58.5m (after adjusting for changes in prices using the HM Treasury GDP Deflator).

**Table 7.4: Programme Delivery Costs (£m)**

	2012/13	2013/14	2014/15	2015/16	Total
Management (£m)	0.1	0.3	0.2	0.1	0.7
Payments to Delivery Agents (£m)	0.2	1.3	3.3	2.1	6.9
Wage Reimbursements (£m)	9.9	17.6	22.4	5.6	55.5
<b>Total Costs (£m)</b>	<b>10.2</b>	<b>19.2</b>	<b>25.9</b>	<b>7.8</b>	<b>63.1</b>
GDP Deflator	1.00	1.02	1.03	1.05	
Discount Factor	1.00	0.97	0.93	0.90	
<b>Present Value of Costs (£m)</b>	<b>10.2</b>	<b>18.1</b>	<b>23.4</b>	<b>6.8</b>	<b>58.5</b>

Source: WG Monitoring Information provided 18.8.15

7.23 Using these results, it is estimated that:

- **Economic impacts:** The present value of the additional income accruing to participants delivered by JGW is estimated at **£63.6m**. Including only these direct effects, return on investment is estimated at £1.09 per £1 of WG expenditure.
- **Inclusion of fiscal savings:** Including fiscal savings through reductions in benefit payments (£7.8m), the present value of those impacts of JGW that have been feasible to quantify is estimated at £71.5m. This equates to a return on investment to the public sector of **£1.22 per £1 of WG expenditure** (though as noted above, reductions in benefit payments will not represent a direct cashable saving to the WG itself).

7.24 This analysis falls short of a full social welfare analysis of JGW for a number of reasons. Firstly, the resource cost of JGW will be primarily represented by the additional wage expenditures made by employers (rather than the wage reimbursements made by the WG which should strictly be treated as transfer

payments). Additionally, losses of productivity caused by the wage reimbursements have not been accounted for in this analysis. Finally, there will likely be a wide range of economic costs involved in sustaining the entry of young people into employment (such as transport and childcare costs) that have also not been accounted for in this analysis.

## **Benchmarking**

- 7.25 There are few studies that have examined the long term impacts of wage subsidy schemes in the UK in quantitative detail to offer benchmarks in terms of the effectiveness of JGW relative to other schemes. A quantitative evaluation of the analogous FJF was published in 2012. The FJF was a DWP funded scheme offering wage reimbursements targeted at a similar age group to JGW delivered between 2009 and 2011. While the FJF had similar objectives to JGW, there are some important points of departure in policy design and delivery. Applications to FJF also became an option for young people as part of the mandatory Young Persons Guarantee once they had claimed JSA for ten months or more (and as such, benefitted those that would be ineligible under JGW). Additionally, while the majority of JGW jobs were created in the private sector, the bulk of FJF vacancies originated in the public or third-sector.
- 7.26 The evaluation examined rates of benefit dependency among a group of 20 to 24 year olds starting a FJF funded job between October 2009 and March 2010, primarily using administrative data. This study suggested that wage reimbursements in this case led to persistent impacts in terms of reducing benefits dependency that were sustained for a period of up to two years following a young person's participation in FJF. This is in marked contrast to the results of this evaluation, which suggests that the effects involved were not sustained in the longer term.
- 7.27 However, using the findings presented in the report, it is also possible to derive a comparable measure of return on investment to that presented above. In this case, the total average impact on the earnings of young people was estimated at £4,300 (broadly comparable to those associated with JGW). The value of estimated benefit savings was larger per participant than for JGW (at £1,450 in comparison to £550), though the estimated average value of wage reimbursements were substantially higher under FJF than for JGW (at £6,850 in comparison to £3,700). These figures imply a return on investment of £0.85 per £1 of expenditure, suggesting JGW compares favourably in terms of value for money, despite delivering less sustainable employment effects.

## Summary

- 7.28 The results of the analysis suggest that JGW had a significant short term effect on employability of participants. Six months following initial application for a JGW vacancy, it is estimated that 35 per cent of participants would not have been in work without the programme. Additionally, it is estimated that JGW participants spent an additional 4.6 months in work and 2.1 fewer months claiming benefits over the 27 months following their initial application as a consequence of the programme. Finally, there was no evidence of adverse effects on the employability of older workers as a consequence of the programme.
- 7.29 The combined monetary value of these impacts is estimated at a present value of £71.5m and compares to programme delivery costs of £58.5m. This implies a return on investment to the public sector of £1.22 per £1 of WG expenditure on the programme, in the form of additional income for young people and costs savings through reduced benefit payments. This rate of return compares favourably to those associated with the FJF, an analogous scheme with similar objectives delivered between 2009 and 2011 by the DWP (despite delivering less sustainable effects).
- 7.30 However, while there was evidence that JGW delivered positive results in the short term, the extent to which the scheme addressed its underlying objective of ameliorating the threat of scarring effects in the longer term has been limited. The results of the evaluation suggest that the impacts of JGW have been primarily short term in nature: 27 months after the initial application for a JGW vacancy, there were no statistically significant differences between the employment rates of JGW participants and the matched comparison group. Additionally, there was no evidence that the programme had a significant effect on the productivity or hours worked by participants. Such effects might have been expected given the underlying aim of the programme to avoid the 'scarring' effects associated with episodes of unemployment caused by recessionary conditions (though it is not possible to fully discount the possibility that such effects might emerge in the future).
- 7.31 There are a number of caveats associated with the findings presented here. For example, our evaluation strategy does not accommodate any unobserved characteristics of participants that might influence the probability they are successful in their application to the programme.

## 8 Welsh language and WEFO cross-cutting themes

- 8.1 In Wales, to qualify for ESF funding, projects must incorporate actions to address the WEFO cross-cutting themes (CCT). These themes are considered essential for the achievement of a well-balanced, sustainable and innovative economy.
- 8.2 There are two CCT integrated into the 2007-2013 Structural Fund Programmes for West Wales and the Valleys and for East Wales. The first of these, Equal Opportunities and Gender Mainstreaming, require gender equality, equal opportunities and the protection of all persons against discrimination to be promoted in the preparation, implementation, monitoring and evaluation of the Structural Funds Programmes. In Wales, the commitment to integrate the equal opportunities CCT also includes provision to support speakers of the Welsh Language. The second CCT, Environmental Sustainability, responds to the requirement for environmental mitigation issues and promotion of environmental sustainability to be integrated into all aspects of the programmes.<sup>123</sup>
- 8.3 JGW has integrated these CCT through promoting green jobs and offering supported employment as well as other forms of support. Environmental sustainability and equal opportunities and how these have been incorporated into JGW activity will be discussed.
- 8.4 This chapter draws on MI data to provide evidence of the extent to which the CCT have been incorporated into the programme. Whilst data was also available for some CCT from the final WEFO claims forms provided to the study team<sup>124</sup>, the MI was felt to provide the most complete picture of performance<sup>125</sup>. This considered, we note, as per the chapter 1 of this report, that whilst the MI files provided to the evaluators for the purposes of the final evaluation were felt by the WG to be largely complete, this could not be confirmed as some data from MAs was outstanding. Quality assurance procedures for the final WEFO claim submission were also not complete at this time,
- 8.5 For the 2014-2020 ESF programmes, the CCT are Equal Opportunities, Gender Mainstreaming and the Welsh Language, Sustainable Development and Tackling Poverty and Social Exclusion.<sup>126</sup>

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<sup>123</sup> <http://gov.wales/funding/eu-funds/2014-2020/applying/cross-cutting-guidance/?lang=en>

but not for lone parent status or green , but not for lone parent status or green jobs

<sup>125</sup> Final claims forms indicate that 11,285 jobs received ESF funding. This compares to 13,067 jobs identified as ESF-eligible in the MI

<sup>126</sup> <http://gov.wales/docs/wefo/publications/150715cccesfkeydocumentkeydocument.pdf>.



## Environmental Sustainability

### Green Jobs

- 8.6 The WG has stated that creating jobs that contribute to the WG's drive to deliver their low-carbon strategy must be prioritised, and JGW targeted this by promoting 'green' jobs, although it did not have a specific target for the proportion of jobs created that are 'green'. 'Green' jobs were defined as those commonly recognised as such; solar panel installation; providing energy advice services; or working within waste recycling industries, although more 'light green' occupations, such as facilities managers, could be included within this definition if the role had a positive impact on the environment and the future sustainability of Wales.
- 8.7 'Light green' jobs included work in agricultural, manufacturing, research and development, administrative and service activities that contributes to preserving or restoring environmental quality. This could include jobs that either: helped to protect ecosystems and biodiversity; reduced energy, material and water consumption; de-carbonised the economy; or minimised, the generation of forms of waste and pollution.<sup>127</sup> The WG recommended MAs to seek views from the recruiting employer as to whether they perceive the scope of the work to be undertaken within a job as fitting within this broad definition.

**Table 8.1: Green jobs by strand (percentage points) (pan-Wales)**

	Green Jobs	Total No. jobs for strand	% Green Jobs within Strand	% of total JGW jobs
Graduate	67	547	12.3	0.5
Private	652	12,132	5.4	4.4
Self-employed	0	392	0.0	0.0
Third Sector - Not Supported	301	1001	30.0	2.0
Third Sector - Supported	247	912	27.0	1.7
<b>Grand Total</b>	<b>1,267</b>	<b>14,984</b>	<b>8.46</b>	<b>8.46</b>

Source: JGW Management Information provided on 2/09/15 (graduate strand) and 25/08/15 (all other strands)

- 8.8 In total, eight per cent of jobs filled in the JGW programme were classed as 'green' within the programme MI. This is slightly lower than the 11 per cent reported in the interim evaluation. While the 'private' strand filled the highest *number* of green jobs; the two 'third-sector' strands had the highest *proportion* of all green jobs across the entire strand, accounting for 43 per cent of all green jobs ('not supported' strand accounts for 24 per cent and 'supported' the remaining 19 per cent).

<sup>127</sup> Programme Specification, Version 3 – For WG Jobs Growth Wales Programme.

- 8.9 The data above has been presented at Pan-Wales level as opposed to for ESF-eligible jobs only, as there were no specific targets attached to the green jobs CCT. Taking only ESF-eligible jobs into consideration (as indicated in the MI), the proportion of jobs categorised within the MI as 'green' is seven per cent<sup>128</sup>.
- 8.10 It was not possible from the MI collected to identify where in the economy these green jobs were created (by industry sector). A review of the job titles of jobs labelled as 'green', while not conducted across the entirety of the records, revealed it was not clear how some of these jobs contribute to a 'green' agenda. The information collected is limited to job title alone; examples include 'chip shop assistant', 'trainee maternity health care assistant' and 'hairstylist' highlight the limitations of MI. It would be difficult to make statements on the actual number of green jobs created without collecting further information from participating firms. Fundamentally this issue shows the need to treat the reported figures with a degree of caution.
- 8.11 For MAs submitting details of JGW jobs to WG's MIS for the programme, completion of the green jobs field was mandatory and some of the job titles suggest this has not been completed correctly or that they have misinterpreted the guidance shared with them. It is not clear whether WG have at any point undertaken a QA process of this data and/or refined the guidance to MAs.

## **Equal Opportunities**

### *Equal Opportunities and Diversity*

- 8.12 All MAs were required to demonstrate that they have formal policies and procedures in place to ensure equal access and equality of opportunity, irrespective of disability, gender, race, age, religion/belief or non-belief and sexual orientation. This requirement formed part of their contractual obligation to ensure that their duties towards current and potential participants are implemented consistently and effectively.<sup>129</sup> There was also a specific mechanism in place to promote employability of those with disabilities: JGW linked with Access to Work to reduce barriers to employment for this group.
- 8.13 The effectiveness of JGW in promoting the employment of various equality strands has been assessed by comparing the proportion of successful applicants in each group to the targets set out in the JGW Business Plans<sup>130</sup>.

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<sup>128</sup> Or - 859 of 13,067 jobs labelled as ESF-eligible

<sup>129</sup> Programme Specification, Version 3 - *For WG Jobs Growth Wales Programme*.

<sup>130</sup> There were two JGW Business Plans; one for Convergence areas and one for Competitiveness areas

8.14 JGW has achieved its targets for the proportion of women participating in the programme, see Table 8.2. This target appeared to suggest the programme has aimed for a slightly higher proportion of females participating in JGW compared to the population parameter for all-Wales level, based on the national claimant count data for the 12 months prior to the launch of JGW.

8.15 As in Table 8.3, JGW has also met its targets for the proportion of participants who are disabled or have a Work Limiting Health Condition (WLHC), who are from Black and Minority Ethnic (BME) groups, or who are lone parents. The only under-achievement is against lone parents in Competitiveness areas and this is slight (1.5 per cent compared with a target of 1.6 per cent).

As the Equal opportunities and diversity CCT has specific targets assigned to it by WEFO (in contrast to green jobs which had no targets), the data presented below include only ESF-eligible jobs, as indicated in the MI.

**Table 8.2: Participation in JGW by gender**

	Proportion of men/women of all 16-24 year old unemployed in Wales (Claimant Count)	Convergence		Competitiveness	
		WEFO Business Plan target of males/female ratio	Proportion of 16-24 males/females engaged in JGW (per cent)	WEFO Business Plan target of males/female ratio	Proportion of 16-24 males/females engaged in JGW (per cent)
Male	61.7	60	58	57	54
Female	38.3	40	42	43	46

*Source: Claimant Count figures March 2012 from NOMIS (accessed 22 June 2016), WEFO Business Plans, MI data provided by the WG on 25/08/15*

**Table 8.3: Participation in JGW of those with disabilities, from BME backgrounds and lone parents**

	Convergence		Competitiveness	
	WG Business Plan target of proportion of JGW participants (per cent)	Actual proportion of eligible JGW participants (per cent)	WG Business Plan target of proportion of JGW participants (per cent)	Actual proportion of eligible JGW participants (per cent)
Participants with WLHC or disability	1.4	2.5	1.4	2.3
BME <sup>131</sup>	1.4	1.7	5.3	6.0
Lone parents	1.7	2.0	1.6	1.5

*Source: WEFO Business Plans and MI data provided by the WG on 25/08/15*

8.16 As outlined within the interim evaluation report, an Equality Impact Assessment completed for JGW by the WG found that there were no issues relating to equality legislation for any of the equality strands assessed<sup>132</sup>, although a more in-depth assessment of the age-targeted nature of the programme was required. The position on the targeted approach taken with this programme is that it is lawful to take positive action (not to be confused with positive discrimination) to encourage people from particular age groups to take advantage of opportunities for training or work experience schemes, or encourage them to apply for particular employment where they are underrepresented. The evidence to support positive action is provided through the statistics that demonstrate that 16 to 24 year olds are disproportionately affected by the economic conditions, resulting in high levels of unemployment for that age profile, though as observed at Chapter 2: Rationale and programme overview, the situation has improved over the last couple of years to some extent and the gap between younger people and older generations is reducing.

#### *Link with the Work Programme and DWP Access to Work*

8.17 JGW was linked with the Work Programme in terms of making available opportunities for those with health conditions and/or a disability (such as pre-employment training). If individuals needed special help or if they were unsuccessful in applying for a JGW post, the young person would be signposted to the Work Programme and then encouraged to resubmit their application to JGW. Furthermore, the WG stated that additional support must be provided for participants with additional needs which:

<sup>131</sup> Excluded from MI data to produce BME category: 'English', 'Welsh', 'White', 'Irish', 'White-British', 'White-English', 'White-Irish', 'White-Scottish', 'White-Welsh', 'Any other white background' and non-response/ refused and 'Other' without specifying.

<sup>132</sup> These included disability, race, gender, age, religion and belief, sexual orientation, human rights, pregnancy and maternity and civil partnerships.

- arise from a learning difficulty and/or disability
- are over and above that provided for in the programme
- are necessary to enable the individual to participate in the programme.

8.18 Participants who are disabled were able to access the DWP Access to Work programme which is a specialist disability service delivered by JCP. This service provides practical advice and support to disabled people and their employers to help them overcome work-related obstacles resulting from disability. It is provided where the employee requires support or adaptations beyond those 'reasonable adjustments' which an employer is legally obliged to provide under the 'Equality Act 2010'.

8.19 Where necessary, applications for further additional support (such as reasonable aids and adaptations) can be made separately, in writing, to the WG.

8.20 The WLHC scheme was also available for applicants needing additional support. In total, 169 participants in JGW have received assistance through WLHC across the life of the programme.

### *Third sector supported strand*

8.21 The third-sector supported strand aimed to support to those candidates who had additional barriers to overcome in seeking employment. Some of the eligible candidates for JGW will have faced personal factors that have a greater impact on their employability and cause more difficulty in successfully applying for jobs and/or staying in employment than the typical JGW candidate.

8.22 Several stakeholders stated that they felt the target set for jobs in this strand were too ambitious. The nature of the barriers to engaging with employment opportunities have the potential for being far reaching and it is not clear from the MI data the extent to which these barriers were in line with what was expected by the strand when setting the target. In total, 912 posts in this strand were filled throughout the duration of the programme, slightly below the stated targets for years one and two of the programme (which were 500 and 475 respectively).

8.23 This strand of the programme is aimed at candidates who may find it difficult to successfully interview for a job aimed at a 'job-ready' 16-24 year old, and may struggle to adapt and apply themselves immediately to a work environment. These candidates were supported through this strand with the help of mentors as per the other strands of JGW.

8.24 Some typical characteristics of candidates who would best suit the supported employment route are:<sup>133</sup>

- poor confidence levels and/or self-esteem issues
- disillusionment causing issues around motivation and personal discipline
- history of knock-backs in job applications beyond the typical experience of a JGW-eligible young person
- a background issue or specific personal circumstance that has hindered the individual in employment terms
- a physical or mental disability that requires a workplace adaptation and/or specific in-work support

8.25 Jobs created through the third-sector supported strand are new roles in the same way as the other opportunities created through JGW, but with added support to meet the needs of the least job-ready candidates. This strand intended to provide the optimum outcome in terms of experience, and future employment prospects beyond the six-month funded period for this group of young people.

8.26 The features of these jobs include:

- designated mentors and employability coaches providing in-work support
- needs and skills gaps assessment at the outset leading to support to develop broader employability skills and to provide for individual requirements beyond those specific to the job
- use of support tools such as numeracy and literacy assessments and soft skills analysis to chart the personal development of the individual

8.27 Young people on the third-sector supported strand were intended to benefit from a greater closeness of mentoring compared with other strands of the programme, but the interviews undertaken as part of the final evaluation indicated they had had limited contact (though they were not especially negative about this), in line with the experiences of most other young people. Contact had been mostly over the phone with face to face visits less common, again, in line with other strands.

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<sup>133</sup> Agreement between WCVA and the Welsh Ministers, 'Supported Employment and Direct Employment'.

### *Skills assessment*

- 8.28 Where appropriate, prospective participants identified through the referral agents (Careers Wales and JCP) underwent a Skills Assessment prior to applying for JGW jobs to obtain independent advice and guidance on what jobs might be suitable and how to improve their application. Through this, an action plan is then developed with the young person.
- 8.29 Where prospective participants were self-referring to JGW opportunities, the MA endeavoured to work in partnership with Careers Wales and JCP to identify participants who would benefit from a Skills Assessment and refer to Careers Wales. However, the WG recognised that advice and guidance may already have been received by the young person through previous engagement with JCP, Careers Wales or a WBLP while in a previous programme (for example Traineeships or Steps to Employment) In such cases a Skills Assessment may not then be necessary. Applicants were also automatically offered to undergo a Skills Assessment if they are unsuccessful in applying for a JGW job three times.
- 8.30 In practice, the Skills Assessment has not been a prominent element of the programme; this is clear from evidence at both interim and final stages of the evaluation. As per Chapter 4 – the WG is looking to implement more effective and consistent processes for referral partners who are assessing young people's suitability for the programme for JGW II.

### *Welsh Language Scheme Requirements*

- 8.31 The WG placed a duty on MAs to ensure that delivery of all elements of the support was compliant with the WG's Welsh Language Scheme. The scheme requires that both Welsh and English be treated on the basis of equality; ensuring that "in the conduct of public business in Wales, it will treat the English and Welsh languages on a basis of equality".<sup>134</sup> In practice this means that Welsh services must be pro-actively offered rather than only provided when requested.
- 8.32 While we note that it is the responsibility of the Welsh Language Commissioner to undertake a full assessment of JGW's compliance with the scheme, evidence collected as part of this evaluation suggests that JGW MAs and employers adopted a needs-based approach to Welsh language. All MAs collected information about candidates' abilities in reading, speaking, writing and understanding the Welsh language; this is

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<sup>134</sup> <https://www.gov.uk/government/organisations/department-for-business-innovation-skills/about/welsh-language-scheme>.

clear from the MI data. Candidates were also asked for their language preferences. The geographical concentration of Welsh language usage means that generally where there is a need, or preference, for Welsh skills then this is likely to be available in the local labour force. Around a third of the employers interviewed as part of the final phase requested Welsh language skills as part of their jobs advertised through JGW. None of these employers reported issues in filling the vacancies. These employers were in majority Welsh speaking areas, or were well known pro-Welsh language organisations.<sup>135</sup>

*'We were asked about Welsh language use and we were looking for applicants with those skills. A lot of the young girls learn it in school now so we found that a lot of the applicants came through with those skills anyway.'*

*Private sector, service industry, 10 or more employees, East Wales*

*'The managing agent asked about Welsh language when preparing the adverts... every time we have a vacancy available we always say that we're looking for Welsh language skills. Being a Welsh company...we need to apply it along with that'*

*Private sector, Food, 0-9 employees, West Wales*

- 8.33 There is no evidence of dissatisfaction among either employers or participants; however, evidence suggests that the Welsh Language Scheme has not been fully enforced through JGW. This is clearest from the evidence of mentors interviewed as part of the final evaluation; services appear to be provided reactively (if requested), at best. A number of mentors confirmed that they had worked with an individual with Welsh language preferences, but did not provide their mentoring support in Welsh:

*'I know that [MA] does promote Welsh speakers but I was never requested to speak in Welsh'*

*Graduate strand mentor, South Wales*

- 8.34 Evidence suggests that a reactive approach was adopted as part of the application process tool; MAs and mentors were happy to respond to requests and work out how to support language use, but did not pre-empt need or offer support:

*'We had somebody working in [media organisation]. Unfortunately I don't speak Welsh myself and none of the staff who were actually going through the CVs did. So for that*

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<sup>135</sup> Examples include a food producer that promotes its brand as Welsh, thus Welsh language skills fit well; and a cultural venue that is well known for its promotion of the Welsh language.



*role, as they wanted people to apply in Welsh, I spoke to [Welsh media organisation] and asked them if they were happy for me to forward all applications because I wasn't able to translate them myself'*

*Private sector strand mentor, South Wales*

8.35 MI data sheds further light on the use of Welsh. The number of young people with Welsh language skills is consistent with census data; albeit with a slightly higher level of competency, as might be expected given their recent educational experiences. It is well known that there is geographical variation in Welsh usage; with high concentrations of Welsh language communities in the North West (Gwynedd and Anglesey), and south west (Carmarthen and Ceredigion) local authorities. There is also substantive variation by age; the Welsh language is mandatory subject in Wales until GCSE level. The 2011 census shows that 19 per cent of Wales report that they are able to speak Welsh. This number increases to 29 per cent for 15 to 19 year olds but drops to 18 per cent for the 20 to 24 age cohort.<sup>136</sup>

**Table 8.4: Proportions of JGW employees with Welsh language skills, and communication preferences**

	Graduate%	Overall %
Understand Welsh	29.8	21.7
Speaks welsh	23.0	19.1
Read Welsh	25.8	18.6
Preferred language of communication	4.4	4.2

*Source: JGW full MI data – National level calculated from 2011 census results*

8.36 Only a small proportion of participants (four per cent) said Welsh was their preferred language of communication; however Welsh capabilities were still higher than the national average, with generally the highest level of skills in the graduate strand. The WG does not currently mandate the collection of data regarding the language requirements of jobs; meaning further analysis of the supply of Welsh language skills to the labour market is not possible. Notwithstanding the policy requirement to place Welsh on an equal footing with English, it may be that the Welsh Language Scheme offers an opportunity for younger people, who may have better Welsh language skills than older candidates. By collecting Welsh language requirements for vacancies it may be that MAs can better highlight to young people the opportunities that are available to them as Welsh speakers. A recent evaluation of the Families First programme<sup>137</sup>

<sup>136</sup> Welsh speakers by local authority, gender and detailed age groups, 2011 census (downloaded from StatsWales 21st September 2015).

<sup>137</sup> Families First is a programme of support for families in need across Wales. Local authorities commission a range of services to support local needs. Services have ranged from cookery classes to bereavement counselling.

suggested that there may be, at times, a Welsh skills gap – where technical/professional public sector vacancies are difficult to fill because the Welsh language requirements for the post cannot be found in conjunction with the more specific job requirements.<sup>138</sup> Understanding the language requirements of the Welsh job market may, therefore, expose both opportunities for young people who will have a competitive advantage (because of their language skills) or highlight to all Welsh speakers what job opportunities may be available to them.

## Summary

### *WEFO themes*

- 8.37 Elements of JGW have attempted to address each of WEFO's original CCT, environmental sustainability<sup>139</sup> and equal opportunities and gender mainstreaming.
- 8.38 JGW sought to address the environmental sustainability theme by monitoring the proportion of 'green' jobs; or jobs that would commonly be recognised as having an environmental focus. Although there is no target for the proportion that must fulfil this criterion. Across all strands, eight per cent of JGW jobs<sup>140</sup> are classified as 'green' jobs – this is lower than the result seen in the interim report. It may be that 'green' jobs are not well enough defined for the purposes of reporting – the MI data suggests this may be the case.
- 8.39 The second CCT of Equal Opportunities has been addressed in a number of ways. MAs are required to ensure that their duties towards current and potential participants are implemented consistently and effectively regardless of participant characteristics. There is no evidence to suggest that they have acted otherwise. An Equality Impact Assessment of JGW was also conducted, and the programme was found to be compliant with equality legislation.
- 8.40 Applicants with disabilities or health conditions are provided with additional support through the WLHC scheme and links to provision through the Work Programme and Access to Work. JGW has mostly met its targets for the proportion of participants who are disabled or have a Work Limiting Health Condition (WLHC), as well those for the

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<sup>138</sup> In the evaluation of Families First, several local authorities reported that Welsh language skills requirements were hard to meet when looking for employees who had 'technical skills' such as social work experience.

<sup>139</sup> For the 2007 to 2013 programme, the CCT included environmental sustainability. The CCT were revised for the subsequent 2014-2020 ESF programme, see <http://gov.wales/funding/eu-funds/2014-2020/applying/?lang=en>.

<sup>140</sup> For the pan-Wales programme. The figure is 7 per cent among ESF-eligible participants according to the MI provided to the evaluators.

proportion from Black and Minority Ethnic (BME) groups or who are lone parents. The only under-achievement is against lone parents in Competitiveness areas and this is slight.

- 8.41 Applicants who are further from the labour market and need additional support are referred to the third-sector supported strand, which provides additional funding to enable MAs and employers to provide these participants with the support they need. This strand has provided seven per cent of all JGW jobs across the three years of delivery.
- 8.42 It is understood that activity around, and monitoring of, WEFO themes, will now be conducted centrally across all ESF programmes, presenting the opportunity for a more proactive approach or consideration of new processes to drive outcomes with regards to these things.

#### *Welsh language*

- 8.43 MAs are required to ensure delivery of all elements of the support is compliant with the WG's Welsh Language Scheme. While the level of completeness of the MI in relation to the Welsh language skills of participants suggests that MAs are fulfilling their commitments in relation to the reporting aspect of the policy area, there is room for a more proactive approach as part of JGW II. Welsh language skills are higher among young people, and may represent a competitive advantage to them in the workplace. Collection of data related to the language needs of vacancies could give further insight into where opportunities exist for young people.

## 9 Conclusions and considerations for the future

- 9.1 This section draws on all the evidence presented throughout this final evaluation as well as the interim evaluation report in order to conclude on the achievements of the JGW Programme 2012-2015. A short summary is provided immediately below; a more detailed findings section follows with a similar number of considerations for future programming.

### *High level conclusions*

- 9.2 JGW was the WG's mitigation action/insurance policy against the potentially significant recessionary impacts on the future employment prospects of its young people. The design and implementation of the scheme was quickly established against a backdrop of slower moving mainstream policy provision. There were a number of challenges during the delivery, and the programme was delivered with a minimal overhead/central cost. Despite this, regular reviews and flexibility in the targeting approaches has meant that the scheme has delivered a large volume of jobs for young people in Wales over the last three years.
- 9.3 Over the period of the programme's delivery both the economic context and labour market opportunities in Wales and the UK have shown substantial improvements, more so than would have been anticipated at the outset to the recession. As such the rationale for such high levels of investment in youth unemployment is not as strong now as it was pre-2012. This said there still are differences between how Wales compares to the broader UK in this regard and so extra support provision to young people in Wales could still be justified.
- 9.4 Young people who have participated in the programme and employers alike are generally positive about their experience. Young people have gained valuable experience, improved their confidence and acquired broader employability skills from their time in employment. Employers were able to recruit at an uncertain time when they may have held off making an investment in staff.
- 9.5 There is evidence of a significant net short term employability impact on young people participating in JGW (compared to a matched comparison group) but limited evidence of any longer term gains. And while the Return on Investment for the programme is relatively modest (£1.22 return for the public sector for every £1 the WG spent) this does compare favourably with other similar programmes such as the FJF. There is no

evidence to suggest that the focus on employment for young people has had any negative effects on the employment prospects of older people in the Welsh labour market.

*Economic context for intervention has changed in recent years however there was a strong rationale for intervention when JGW was conceived*

- 9.6 Young people in Wales were disproportionately affected by the recession; unemployment rates rose more rapidly among 16 to 24 year olds in Wales between 2009 and 2012 than for both similarly aged individuals across the UK, and faster than older age groups within Wales also. Graduates had also experienced a greater rise in unemployment, at UK level. There was considerable concern (based on information available at the time of programme development) that these impacts in the short term would lead to scarring impacts for younger people in the long term. This was the context in which JGW was designed and implemented, providing a strong rationale for public intervention in order to mitigate against this sizeable risk.
- 9.7 Given the pressured environment in which JGW was conceived, there was a requirement for the project to be developed quickly, whereby main features of the programme were largely decided at a political level. The project team developed the more detailed design of the project considering different approaches for the support provided through JGW (e.g. length of job opportunity, amount of wage subsidy). The design of JGW drew on lessons from the FJF, and the pilot phase of the programme, as well as wider evidence available from other work experience programmes in the UK.
- 9.8 A review of the wider literature suggests that the WG's policy response was broadly in line with the activities of other nations (in particular those of other EU countries and the US) attempting to respond to youth unemployment. Many sources identify some benefits from wage subsidy programmes; however, these may not always represent the best value for money. Furthermore, these types of ALMP are shown to be less effective (with higher levels of deadweight) when targeting criteria is broad, and unemployment levels are at a high level.
- 9.9 Overall, national statistics and other data sources indicate that economic recovery has now taken hold in Wales; levels of unemployment among young people are beginning to return to pre-crisis levels (consistent with the experienced older generations), and the 'gap' between young people and older generations reducing somewhat. Despite

this recovery for young people in Wales, however, performance continues to lag behind that seen in the UK overall, suggesting a continued need for intervention.

*JGW is strongly aligned with other WG programming, its eligibility criteria were designed to avoid overlap with UK mainstream provision and it is the most significant investment in youth unemployment in Wales*

9.10 JGW is one of a large number of programmes which have been identified as targeting young people in Wales to assist them into work. Its job opportunities, wide scale of eligibility and a high level of subsidy make JGW distinct from the other programming. It is aligned with both key WG strategies and has close strategic and operational links with key programmes designed to address issues of youth unemployment and unemployment more widely.

9.11 However, the alignment of the programme with mainstream provision developed on a UK wide basis by the DWP has created challenges. Addressing youth unemployment has become an increasing priority for mainstream provision and has led the development of comparable initiatives (most notably the Youth Contract and the NEA). In both instances JGW offers far greater investment per individual (either as a wage reimbursement or a bursary) and would therefore appear a more attractive route to those beneficiaries eligible for both WG and DWP initiatives.

*JGW has performed well against its core objective of creating job opportunities for young people in Wales, and exceeded most of its ESF targets for post-JGW outcomes*

9.12 JGW has delivered 14,984 jobs including supporting 392 business start-ups across the three years of delivery, and has achieved 135 per cent of its combined (final agreed) target for jobs filled/businesses supported.

9.13 Performance at a strand level was however variable. The private sector strand over-performed against targets, the third-sector and self-employment strand performed less well against their original targets and there were some issues with the third-sector supported strand referring young people who were not job ready to the programme. That said, close monitoring of strand and MA level performance allowed WG's central management team to flexible reallocated jobs targets across the programme to successfully manage risk around under achievement of targets for the programme as a whole.

9.14 The programme had targets associated with its ESF funding, for participation and post-JGW outcomes (employment, further learning, and other positive outcomes). All of these were comfortably exceeded, with the exception of the Convergence region employment target, against which an achievement of 88 per cent was recorded.

*Employers were able to recruit quicker in a time of economic uncertainty than they would have otherwise without the JGW subsidy*

9.15 There were an equal proportion of JGW employers that did, and did not, have some intention of recruiting staff, or planned to recruit in the absence of the programme. Although this was the intention for some, both waves of research showed that financial restrictions would have delayed, or in some instances prevented, the desired recruitment and so the **JGW programme accelerated the process of recruitment for many companies**. For those that had no intention of recruiting staff, the JGW programme offered the opportunity to create additional jobs. Employers interviewed for this final evaluation re-confirmed that the main benefit of the programme was to help their business to grow at an uncertain time when it was difficult to commit to recruitment. Employers suggested they were able to achieve cost savings and the recruit helping to deliver the existing workload.

9.16 Evidence from employers at both the interim and final evaluations stages indicated that in some cases JGW employees needed a moderate amount of training to perform the tasks that formed part of their job. This added an additional cost to their businesses but would be anticipated when hiring someone in their first position. Training costs were seen as being the biggest costs incurred by employers as part of the programme.

9.17 Most, but not all, employers interviewed as part of the final evaluation stated that the programme would have no impact on their attitudes towards employing young people, but this was primarily because they already had positive attitudes to employing young people.

*Young people gained valuable work experience, improved their job-related skills and the majority were in paid work within two months of completing their temporary job.*

9.18 The programme has led to positive employment outcomes for participants. Following completion of their six month JGW job the majority of participants were in productive employment either with their JGW employer or another organisation (including apprenticeships). Furthermore, the majority of those who did not find paid work immediately did so within two months of completion of the temporary job opportunity.

- 9.19 The main benefits reported by programme participants were gaining work experience and improved job-related skills which would help them secure future employment. Some of the young people had been out of work for long periods of time, and others had very little work experience prior to their temporary work. Getting the opportunity to participate in work and obtain practical experience via JGW enabled many young people to gain confidence and belief in themselves that they can work and achieve many benefits. This was deemed important to progressing further in their work with their JGW employer, or with other employers in the future. Indeed, over half of participants (56 per cent) who secured employment following their temporary job felt it was unlikely they would have found the job without their JGW work opportunity. Some participants from the self-employment strand felt that without the programme they would not have a business or be employment. They explained how the bursaries provided a 'cash-injection' to help with set-up costs and a security net in case things did not go as planned.
- 9.20 The majority of participants received at least some form of training while on the programme, and the vast majority were satisfied with the training they received. Some participants reported receiving specific training that offered them the chance to gain qualifications. For the self-employment strand there were some incidences of recipients receiving training (e.g. workshops on the administrative side of running a business). The programme is therefore helping young people's employability by building up their CVs through providing both work experience and some formal training.
- 9.21 The majority of JGW jobs have been in occupations which are associated with lower skill levels and low wages such as elementary positions and administrative and secretarial occupations. However, among the second cohort of young people there was an increase in the proportion of job opportunities in associate professional and technical occupations. Overall the profile of employment is largely similar for participants who gained employment after completing the programme. Most were working full-time hours in one job and this pattern did not change across the two phases of research.
- 9.22 Wage data indicates that participants earned a higher wage at their post JGW job compared to their temporary job (£6.77 versus £5.95). Three in ten (31 per cent) expected to have received lower pay if they had not participated in JGW (compared to 16 per cent who expected their pay to be higher). On the whole participants were



overwhelmingly positive about their future employment prospects and the majority felt that JGW contributed to this to at least some extent.

*There is evidence of a significant net short term employability impact on young people participating in JGW (compared to a matched comparison group) but limited evidence of any longer term gains. The return on investment to the public sector of £1.22 per £1 of WG expenditure spent compares favourably to the FJF.*

- 9.23 The results of the analysis suggest that JGW had a significant short term effect on employability of participants. Six months following initial application for a JGW vacancy, it is estimated that 35 per cent of participants would not have been in work without the programme. Additionally, it is estimated that JGW participants spent an additional 4.6 months in work and 2.1 fewer months claiming benefits over the 27 months following their initial application as a consequence of the programme. Finally, there was no evidence of adverse effects on the employability of older workers as a consequence of the programme.
- 9.24 The combined monetary value of these impacts is estimated at a present value of £71.5m and compares to programme delivery costs of £58.5m. This implies a return on investment to the public sector of £1.22 per £1 of WG expenditure on the programme, in the form of additional income for young people and costs savings through reduced benefit payments. This rate of return compares favourably to those associated with the FJF, an analogous scheme with similar objectives delivered between 2009 and 2011 by the DWP (despite delivering less sustainable effects).
- 9.25 However, while there was evidence that JGW delivered positive results in the short term, the extent to which the scheme addressed its underlying objective of ameliorating the threat of scarring effects in the longer term has been limited. The results of the evaluation suggest that the impacts of JGW have been primarily short term in nature: 27 months after the initial application for a JGW vacancy, there were no statistically significant differences between the employment rates of JGW participants and the matched comparison group. Additionally, there was no evidence that the programme had a significant effect on the productivity or hours worked by participants. Such effects might have been expected given the underlying aim of the programme to avoid the 'scarring' effects associated with episodes of unemployment caused by recessionary conditions (though it is not possible to fully discount the possibility that such effects might emerge in the future).

*Actions have been taken to address many of the process effectiveness issues flagged in this and the subsequent evaluation in the redesign of JGW II*

- 9.26 JGW was designed and implemented in a pressurised environment and delivered by a relatively small team who perhaps did not anticipate the volume of work involved in administering the programme. While there have been issues in relation to establishing clear processes, monitoring MAs to an appropriate level and data capture, the delivery team has done well to achieve the level of jobs that have been filled through the programme.
- 9.27 Employers generally have positive experiences of the processes employed to deliver JGW including the role of the MA. The majority of employers were able to fill all of the positions they advertised through JGW and at the final evaluation stage cited more satisfaction with the quality of candidates they were accessing through JGW.
- 9.28 Young people generally found the process of applying for a job straightforward and few reported issues. There were some issues with the self-employment strand specifically where, interviewees revealed they found the application challenging initially, but most had received support which had been helpful. Young people were also broadly happy with the level of support they received from mentors however it was described as more of a 'light touch monitoring' as opposed to 'mentoring among some MAs.
- 9.29 There is a lot for WG to consider in implementing JGW II but broadly the changes to the model and the process refinements appear to align with feedback from the interim evaluation. In addition, the reduction in MAs from over 20 to six across Wales should enable closer dialogue and management of MAs from the central team.
- 9.30 From the evidence collected across the interim and final evaluation, it appears the stranded approach for JGW enabled the WG to test out different routes to employment, but the streamlining to only the private and third-sector strand appears very sensible on balance. The private sector jobs have been crucial to the programme, whereas the graduate strand was felt to overshadow the GO Wales offer and was also less attractive to employers compared to employing graduates through the other strands with higher wage subsidies.
- 9.31 The third-sector supported strand suffered from a lack of clear eligibility criteria and was to some extent at odds with the core principle of the programme in that the programme was for young people who were more work ready. It should be noted

though that evidence has not suggested young people on this strand have had a poorer experience.

- 9.32 The self-employment strand was discontinued as part of the successor programme JGW II on the basis that the programme would work more efficiently with a more streamlined design, and that business support should be accessed via the European Regional Development Fund (ERDF) rather than ESF. As the study team understands it, there is no alternative start-up bursary available to young people now that the Young Enterprise Allowance through JGW has been discontinued.
- 9.33 The improvements made to programme processes for mentoring and screening are in line with findings from the interim evaluation. In relation to the latter; it will be important to get the balance right and consider the approach in the context of the employers allowed to access the programme. For example, small charities may be open with MAs about the funding uncertainty they face (as some have reported that they have been through the qualitative interviews). This may impact on their ability to state that they could sustain the jobs beyond the programme and this should be considered in context by the MAs.
- 9.34 Planned links with RSPs should ensure that the WG is truly getting the most out of the programme increasing the quality and economic relevance of jobs created through the programme.
- 9.35 Young people taking multiple jobs through the programme should be minimised as part of JGW II – potentially these young people should be referred back to pre-employment provisions.

*Cross-Cutting WEFO Themes and Welsh Language Scheme are delivered against. Performance in this regard could be enhanced beyond the minimum.*

- 9.36 Elements of the JGW programme were designed to address each of the WEFO cross cutting themes (CCT) (environmental sustainability and equal opportunities and gender mainstreaming). While there were no discrete targets for Green Jobs approximately eight per cent of JGW jobs<sup>141</sup> created were classified in this way, this may be an overestimate of achievements however due to poor classifications within the management information (MI). In relation to equal opportunities and gender mainstreaming, the evaluation found that JGW addressed this in a number of ways. The

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<sup>141</sup> This figure is for the pan-Wales programme. Isolating the jobs identified as being ESF-eligible, the figure is 7 per cent.

programme met its targets for the proportion of participants who were disabled or had a Work Limiting Health Condition (WLHC), who were from Black and Minority Ethnic (BME) groups, or who were lone parents. The only exception was the lone parents target in the Competitiveness area, against which the underachievement was slight (1.5 per cent of participants, according to the MI, compared to a target of 1.6 per cent).

- 9.37 Applicants who are further from the labour market and need additional support accounted for seven per cent of all JGW jobs across the three years of delivery. It is understood that activity around, and monitoring of, WEFO themes, will now be conducted centrally across all ESF programmes, presenting the opportunity for a more proactive approach or consideration of new processes to drive outcomes in this regard.
- 9.38 Evidence from the review of MI and stakeholder interviews indicates that more could be done to proactively embrace the WG's Welsh language scheme as part of JGW II. Welsh language skills are higher among young people, and may represent a competitive advantage to them in the workplace. Collection of data related to the language needs of vacancies could give further insight into where opportunities exist for young people.

#### *Considerations for future programming*

- 9.39 Based on the conclusions discussed above this section includes a number of high level considerations for JGW II.
- 9.40 Given the considerable shift in the economic context and in particular unemployment rates of young people in Wales it may be worth WG reconsidering the level of investment needed to deliver a positive employment outcome for young people in Wales. This may involve some or a number of the following:
- A review of the full suite of interventions targeting young people into employment in Wales to determine where investment could best help to achieve a positive outcome at reduced levels of deadweight
  - A reduction in the subsidy offered to employers in Wales who provide a six month job for JGW participants
  - A reduction in the number of job opportunities created through the programme in line with the reduction in need.

- A change in the targeting for the programme, which prioritised providing job opportunities for those who are further from the labour market and from disadvantaged backgrounds.

9.41 Other minor enhancements to the current design for JGW II which should be considered include:

- Reviewing the feedback mechanism so that it is clear and easy for young people to request feedback as to why they have been unsuccessful in their job application
- Ways in which the programme could more proactively engage with and monitor progress against WEFO cross-cutting themes and the Welsh Language scheme
- Giving careful consideration to specific rules around employer eligibility and ensuring that the business or organisation's particular context is fully understood by the assessor. This would help to both ensure that certain employers such as charities are not disadvantaged or excluded whilst also helping to minimise the possibility of employers taking advantage of the programme.
- Embedding mechanisms to encourage MAs to provide better quality management information within a quicker timeframe to the WG so that the programme monitoring is enhanced.