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# Skills Conditionality Pilot Evaluation: Final report:

## Skills Conditionality Pilot Evaluation: Final Report



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

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## Table of contents

Glossary of Acronyms .....	4
Executive Summary .....	6
Programme Impact .....	6
Impact Assessment and Cost Benefit Analysis.....	7
Operational Effectiveness .....	8
Perspectives from the Learner Survey.....	9
Baseline Survey.....	9
Follow Up Learner Survey .....	9
Conclusions and Recommendations.....	10
1 Introduction .....	14
2 Project Description .....	23
Introduction.....	23
Project Objectives.....	23
Project Operation.....	24
Skills Conditionality: Referrals and Starts .....	26
3 Programme Impact.....	28
Past Evidence.....	28
Mandation and motivation to learn.....	38
Data analysis of the Pilot Management Information.....	39
Data construction.....	39
Potential caveats .....	41
Demographic profile of participants.....	41
Destinations within three months of the end of learning.....	47
Impact Analysis.....	56
Cost Benefit Analysis.....	62
Conclusions .....	67

4	Operational Effectiveness / What Works.....	69
	Previous policies.....	69
	Wales Skills Conditionality Pilot: The Experience to Date.....	75
	Qualitative Interviews.....	77
	Commencement of Pilot.....	77
	Referral and Diagnostic Process .....	78
	Training Provision .....	81
	Communication during Training Provision .....	83
	Perspectives on mandating people to skills training .....	83
	Partnership Working .....	84
	Improvements to the Programme .....	84
5	Skills Conditionality – Phase 2 Baseline Learner Survey Findings.....	86
	Introduction .....	86
	Survey Findings .....	88
	Participant Background.....	88
	The Influence of Mandation .....	92
	Outcomes .....	98
	Measuring Well-Being.....	99
	Measuring Self-Efficacy .....	100
6	Skills Conditionality – Follow-Up Learner Survey Findings .....	104
	Introduction .....	104
	Survey Findings .....	104
	Course Completion .....	104
	The Influence of Mandation .....	105
	Measuring Well-Being.....	115
	Measuring Self-Efficacy .....	116
7	Summary, Conclusions and Recommendations.....	120
	Programme Impact .....	120
	Impact Assessment and Cost Benefit Analysis.....	121

	Operational Effectiveness .....	122
	Perspectives form the Learner Survey .....	124
	Baseline Survey .....	124
8	Appendix 1: Case Studies – Baseline Survey Respondents .....	132
9	Appendix 2: Case Studies – Follow-Up Survey Respondents.....	146
10	Appendix 3: General Self-Efficacy Questions.....	156
11	Appendix 4: Impact Assessment .....	158

## **Glossary of Acronyms**

APS – Annual Population Survey

ASHE – Annual Survey of Hours and Earnings

BAME - Black, Asian, and minority ethnic (used to refer to members of non-white communities in the UK)

BME – Black and minority ethnic

BCR – Benefits to cost ratio

BET – Basic Employability Training

BIS – Department of Business, Innovation and Skills

CSCS - Construction Skills Certification Scheme

DWP – Department for Work and Pensions

ESA - Employment and Support Allowance

ESA WRAG - Work-Related Activity Group

ESF – European Social Fund

ESOL - English for Speakers of Other Languages

FE – Further Education

GDP – Gross domestic product

HMRC - HM Revenue & Customs

ILO – International Labour Organisation

ILR – Individual Learner Record

JCP - Jobcentre Plus

JSA – Jobseekers Allowance

LA - Local Authority

LFS – Labour Force Survey

LLFS - Longitudinal Labour Force Survey

LLWR – Lifelong Learning Wales Record

LMS – Labour Market System

LTU – Long Term Unemployed

NEETs – those young people aged 16 to 24 years who are not in education, employment or training

NIC – National insurance contributions

NOMIS – National Online Manpower Information System

NPV – Net present value

NVQ - National Vocational Qualification

NQF - National Qualifications Framework

NTfW – National Training Federation for Wales

OLASS – Offender Learning and Skills Service

ONS – Office for National Statistics

PCSPS - Principal Civil Service Pension Scheme

QCF – Qualifications and Credit Framework

RCT – Randomised Control Trial

STU - Short Term Unemployed

WEFO – Welsh European Funding Office

## **Executive Summary**

1. The Centre for Economic and Social Inclusion (now part of the Learning and Work Institute since 2016) and Wavehill Social and Economic Research were commissioned by the Welsh Government to evaluate the Wales Skills Conditionality Pilot which operated between June 2014 and December 2015. The evaluation sought to review skills conditionality and its strategic fit within the wider Welsh context, assess the impact of the Pilot and analyse its operational effectiveness. This evaluation used a mix of qualitative and quantitative methods: a review of programme documentation, a literature review of past research relevant to skills conditionality, interviews with stakeholders, delivery organisations, and participants, analysis of management information and surveys of participants.
2. Skills conditionality means that individuals in receipt of unemployment benefits can be mandated onto essential skills training<sup>1</sup> where their lack of such skills has been identified as a barrier to finding work, with potential benefit sanctions for non-participation.

### **Programme Impact**

3. Our review of past evidence indicated:
  - there was mixed evidence as to whether skills conditionality increases the uptake or completion of training
  - sanctions increased movement off benefit and into work
  - sanctions may have had a negative impact on the quality of employment, reducing the wages of those moving into work
  - most claimants had a good understanding of the obligations of claiming Jobseekers Allowance (JSA) and the reasons for sanctions
  - where individuals were sanctioned this was often because of a lack of understanding or poor organisational skills rather than a deliberate intention to 'break the rules'

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<sup>1</sup> Essential skills includes reading, writing, communication, numeracy and computer skills. These may also be referred to as basic skills or functional skills.



- there was mixed evidence regarding whether or not the incidence of sanctions fell more heavily on more disadvantaged individuals
  - training programmes did not have statistically significant impacts on unemployment in the short run but did reduce unemployment in the medium and long term. This impact increased over time. In contrast, sanctions programmes were found to have had a statistically significant short run impact in terms of reducing unemployment. However, this impact tended to decline over time.
4. Participants on the Pilot were generally representative of the profile of JSA claimants in Wales, although people who had been unemployed for less than three months and at the other end of the range over five years were overrepresented amongst the Pilot participants. Half of participants had either no qualifications or pre-entry level qualifications when they started on the Pilot. A further 30 per cent had entry or level one qualifications<sup>2</sup>.
  5. For those who had finished their learning the most frequent destination within three months was to be looking for work (83 per cent). Twelve per cent of participants had moved into work.

### **Impact Assessment and Cost Benefit Analysis**

6. Our impact assessment sought to estimate the net impact of the Pilot relative to what would have happened in its absence. This impact assessment was subject to a number of limitations and we concluded that it was not robust. We proposed an approach based on linked administrative data: since training interventions for unemployed people take time to have an impact we suggested undertaking such an impact assessment in 2018. This would allow at least two years of post-intervention tracking data on benefit receipt and job outcomes to be used as the basis for measuring outcomes.

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<sup>2 2</sup> The National Qualifications Framework classifies qualifications into different levels from Entry Level up to Level Eight (Doctorates). Entry Level qualifications recognise basic knowledge and skills and the ability to apply these practically under direct guidance or supervision. Level One qualifications recognise basic knowledge and skills and the ability to apply these practically with guidance or supervision. Level Two qualifications recognise the ability to gain a good knowledge and understanding of an area of work or study and perform varied tasks with some guidance or supervision.

7. The costs of the Pilot in net present value terms (using a discount rate of 3.5 per cent per annum in line with Treasury Green Book guidance) were estimated to be £2.4 million (in constant 2014/15 prices) of which £2.2 million were payments to training providers.
8. The magnitude of the potential benefits of the Pilot depend on the results of an impact assessment. As the impact assessment undertaken did not give robust results we were not able to estimate these benefits. We have outlined a method consistent with government guidance on how these benefits could be estimated once sufficient time has elapsed and assuming the linked datasets for a robust impact assessment were made available.

### **Operational Effectiveness**

9. Reviews of previous policies and the experience of the Pilot to date suggested the following factors impact on the operational effectiveness of such policies:
  - adequate lead in times at the start of delivery in order that guidance material is fit for purpose, training provision is in place, and links between Jobcentre Plus (JCP) and training providers are established
  - not overburdening providers with documentation and bureaucracy
  - support tailored to individuals' needs
  - close working relationships between, and preferably co-location of, Jobcentre Plus and training providers
  - teaching skills in a way that is relevant to work situations and providing work experience.
10. Subsequent consultations with key staff and stakeholders reinforced the above points with a number of additional ones also identified:
  - the complexity of the Pilot referral process. A more straightforward, process would have accelerated familiarisation with the Pilot
  - the need for clearer, more consistent information flows between Work Coaches and training providers during the referral process
  - the need for flexibility in teaching hours to lessen participant drop out

- the conflict between the need for communication between Work Coaches and training providers once a client had been mandated to training and the restrictions placed on this process.

## **Perspectives from the Learner Survey**

### **Baseline Survey**

11. The key findings from the baseline survey of 474 Pilot participants include:

- two thirds of all respondents felt a need to improve their skills prior to their referral to a training provider
- confusion over the point at which a client was being mandated onto the Pilot (almost one third met with a training provider because they thought they had to) albeit with 71 per cent aware that they could be mandated to the Pilot once they met the training provider
- similarly, 55 per cent of respondents were aware of the consequences of not starting the training, although a significantly greater proportion (68 per cent) of those who had started the training were aware of these consequences compared to those who had not started (35 per cent)
- thirty five per cent of respondents said they would not have started the training if they did not have to, so mandation appears to play an important role in engaging some clients in training provision.

12. Those who did not participate in training felt less confident in their ability to overcome barriers to employment. These same respondents were less likely to report that they had a skills need. These findings together suggest that there was a cohort of participants who were unlikely to identify a skills need when asked directly, but were affected by barriers that became apparent through the measurement of underlying self-perceptions.

### **Follow Up Learner Survey**

13. The follow-up survey of 230 of the respondents to the previous survey was undertaken two months following the baseline survey. Levels of awareness of the consequences of non-attendance and the reported impact of knowing the implications were highly consistent with the responses in the baseline, which gave some strength to the accuracy of these responses. Of those who did not

complete the training, 16 per cent (6/37) had their benefit payments stopped or reduced<sup>3</sup>.

14. In terms of impact from the training, 79 per cent felt it had helped to improve their skills whilst 57 per cent felt the training had improved their chances of getting a job.
15. Thirty nine per cent of respondents who started the training said they were now more likely to enrol in another course in the future suggesting that their attendance on the training had a positive effect on their attitude to learning.
16. On participant outcomes, almost half (47 per cent) were unemployed after participating in the Pilot whilst just under a quarter (24 per cent) were in employment. Attendance on essential skills training appeared to have helped secure job interviews, with just under a third of those who had secured an interview estimating that this would have been unlikely if they had not attended the training.

### **Conclusions and Recommendations**

17. Mandating participants onto training had a positive effect on their engagement in training if used in appropriate circumstances. **Recommendation 1: That mandation of participants in the right circumstances, where it can be expected to help participants to move into work, should be retained. This requires the training on offer to be reviewed and reformed and where possible work placements to be offered to enable participants to use their skills in a practical environment. In addition, essential skills training to those who have been out of work for a very long time needs to be part of a wider package of support to address their multiple barriers to work. (See Recommendation 8 below).**
18. **Recommendation 2: That alternatives to mandation should be explored for those identified as having particularly complex issues and who may not be ready for engagement in provision delivered in this format.**

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<sup>3</sup> It should be noted that DWP administrative data indicates that overall 2 per cent of participants (91 individuals) were sanctioned during their time on the pilot.

**Addressing complex issues requires their underlying causes, such as housing issues and substance abuse problems, to be tackled.**

19. There was quite widespread confusion over mandation. **Recommendation 3: Alongside the retention of mandating claimants to training, the consequences to claimants of them failing to attend training when mandated need to be clearly set out to claimants. This could be done as part of the initial screening process by Work Coaches for essential skills needs.**

20. The results of our benchmarking, albeit that the Pilot measures job outcomes just three months after the training was undertaken, suggested that the Pilot had not increased job entry amongst participants. This would suggest that the training offered needs to be reformed. Participants' feedback on the training provision offered was mixed. Greater flexibility in the training offer and the availability of work placements might better meet individual needs. Greater flexibility might also help reduce drop outs from provision that occurred because of a change in individuals' personal circumstances.

**Recommendation 4: The training on offer to address essential skills should be reviewed. Part of this review process should involve engagement with employers in order to get their input regarding what training would best meet their needs, as well as those of participants, in order to improve the chances of participants moving into work.**

**Recommendation 5: The training on offer should include work placement opportunities, this will strengthen the vocational emphasis, provide further reassurance to participants of the employment related benefits and may increase participant's progression towards employment.**

**Recommendation 6: The possibility of training providers being incentivised to increase the movement of learners into work by linking part of their payments to job entry and, or job sustainment should be investigated.**

**Recommendation 7: The training provision on offer should, if possible, be more flexible with regard to teaching hours so as to lessen participant drop out resulting from the need to tend to other (often family) responsibilities, or to combine with work if a participant found work during the course of their learning.**

21. Very long term unemployed claimants who had been out of work for three years had particularly low rates of job entry within three months of leaving the learning provided under the Pilot. This was not surprising as such individuals were likely to have multiple barriers to work which can only be addressed by a package of measures. **Recommendation 8: A package of personalised support and intensive help should be developed to address all of the barriers, including any essential skills needs, faced by those who have been unemployed for a very long time, and who might have been through the Work Programme without a positive work outcome.**

22. Confusion regarding the process of mandation was not limited to participants. **Recommendation 9: The process for referring and mandating clients to training provision needs to be streamlined to reduce both its complexity and the extent of variation in the processes actually adopted.**

**Recommendation 10: That approaches to communication between those involved in policy implementation and those involved in service delivery are reviewed with the aim of reducing confusion regarding the implementation of complex processes.**

23. Co-location of training providers with Work Coaches produced a much greater rate of conversion of referrals to starts. **Recommendation 11: Where the infrastructure exists this approach should be followed, where it does not, locations close to the jobcentre, that are highly accessible / recognisable should be sought to minimise drop off from referral to start of training.**

**Recommendation 12: In addition, the sharing of information on participant backgrounds with training providers to help with engagement and the assessment process should be the norm.**

24. The majority of training providers interviewed chose to inform Work Coaches where a participant failed to attend the course. The approach of training providers withholding attendance information from Work Coaches served to undermine the relationship between the training providers and the Work Coaches. **Recommendation 13: The requirement that training providers do not inform JCP of participants' non-attendance or similar issues should be ended.**
25. Despite being less likely to identify essential skills needs, those who chose not to participate in the Pilot had lower levels of self-efficacy than Pilot participants. This suggested that mandating people to the training earlier within the referral process would have increased the participation of individuals who might benefit from the training. **Recommendation 14: The point of mandation should be moved earlier in the referral process so that the initial referral of a claimant with perceived essential skills needs to a training provider for assessment should be mandatory.**
26. The impact assessment was unable to produce robust results because of the time elapsed since the intervention and limitations with the data available to us. **Recommendation 15: An impact assessment of the Pilot should be undertaken using linked administrative data on benefit receipt and employment. This impact assessment should be undertaken in 2018 in order that participants' employment and benefit receipt outcomes can be assessed for a period of two years after they have undertaken their learning.**
27. An impact assessment using such an approach requires administrative data to be shared across both UK government departments and with the Welsh Government. **Recommendation 16: Comprehensive data sharing arrangements to cover both UK government departments and the devolved administrations should be put in place.**

# 1 Introduction

## Scope of the Evaluation

1.1 This evaluation used a mix of qualitative and quantitative methods as follows:

- review of programme documentation
- literature review of past research relevant to skills conditionality
- interviews with stakeholders, delivery organisations, and participants
- analysis of management information
- surveys of participants.

1.2 This approach allowed us to undertake the following research tasks:

- overview of conditionality
- assessment of the strategic fit of skills conditionality and the Policy context
- assessment of the impact of the Skills Conditionality Pilot covering evidence of the impact of past similar programmes, the profile of participants, gross outcomes, net outcomes and cost benefit analysis
- analysis of the operational effectiveness of the Pilot and what features contributed to, or detracted from this.

## Overview of conditionality

1.3 Conditionality is the principle that entitlement to welfare benefits should be dependent on satisfying pre-defined terms and conditions. Conditionality has long been associated with the payment of social security in the UK. (In 1936, the Ministry of Labour's Unemployment Assistance Board decided that the Jarrow marchers should not receive benefits while on the march on the grounds that they were unavailable for work should jobs arise.) Over the last 30 years conditionality has widened to include a broader range of working age benefits, whilst deepening the scope and reach of the obligations individuals face in ensuring eligibility. Proponents of conditionality suggest that mandation (i.e. being required to undertake an activity as a condition of continued benefit



receipt) of various forms can be an important mechanism by which to encourage benefit recipients into paid work, thereby avoiding debilitating long-term benefit receipt and also protecting the tax payer. Benefit conditionality is often seen as part of a wider activation strategy which aims to help workless people move into employment.

1.4 The OECD have defined activation as:

*'to bring more people into the effective labour force, to counteract the potentially negative effects of unemployment and related benefits on work incentives by enforcing their conditionality on active job search and participation in measures to improve employability, and to manage employment services and other labour market measures so that they effectively promote and assist the return to work.'*<sup>4</sup>

1.5 This definition of activation encompasses both benefit conditionality and employment programmes (or welfare to work programmes as they are often termed) which seek to help those without work acquire the skills and other attributes (e.g. work experience) to enable them to enter employment.

1.6 The OECD's review of activation policies in the UK stated that 'the United Kingdom has a long tradition of activation policies to promote effective reintegration into employment of working-age benefit recipients which helped limit the rise of unemployment even during the global financial and economic crisis'.<sup>5</sup> According to this review, it was thanks to active labour market policies that the UK labour market 'weathered the recession moderately well. After a fairly limited fall, total employment recovered and it recently reached 30 million for the first time'. Similar OECD reviews of activation policies in six other countries (Australia, Finland, Ireland, Japan, Norway and Switzerland) were surveyed in 2014<sup>6</sup>. The author reached similar conclusions as for the UK. He noted that the precise form that activation took differed across countries but

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<sup>4</sup> OECD (2013). *OECD Employment Outlook 2013*. Paris: OECD Publishing.

<sup>5</sup> OECD (2014). *Connecting People with Jobs: Activation Policies in the United Kingdom*. Paris: OECD Publishing.

<sup>6</sup> Martin, J. (2014). Activation and Active Labour Market Policies in OECD Countries: Stylized Facts and Evidence on their Effectiveness. *IZA Policy Paper*. 84

that they all involved different combinations of job search requirements, benefit conditionality and referrals to employment programmes. The evidence from the detailed OECD reviews indicated that effective activation was a successful approach to moving unemployed individuals into work. The mix of policies which formed part of an effective activation strategy varied across countries.

- 1.7 In 2010, a new form of conditionality for claimants of JSA and Employment and Support Allowance (ESA), who were in the Work-Related Activity Group (ESA WRAG), was introduced as a pilot in England. This enabled claimants whose lack of essential skills had been identified as a barrier to them finding work to be mandatorily referred to skills training to address these needs with the aim of improving their employment prospects. In 2011, this policy was introduced across England and extended to both Scotland and Wales in 2012. The Welsh Government was (and remains) unconvinced, on the basis of the evidence to date, about this approach. In June 2012, the Welsh Minister for Education and Skills stated that he had ‘continued to express concern about the Department for Work and Pension (DWP) policy of trying to enforce unemployed people to learn through the threat of benefit sanctions.’<sup>7 8</sup>. Thus in 2012, with the acknowledgement of the Welsh Government, this policy was taken forward in Wales via the DWP funded Skills for Work Wales programme rather than via Welsh Government funded provision. Skills for Work Wales ran from October 2012 to February 2014.
- 1.8 DWP provided the Welsh Government with an analysis of Skills for Work Wales which included numbers for referrals, starts, completions and qualifications achieved, but no comprehensive information on employment outcomes or the impact on behaviour. There were case studies which gave examples of how the behaviour of reluctant participants changed for the better during the course and

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<sup>7</sup> Andrews, L. (2012). *Written Statement - Skills Conditionality*. Available: <http://gov.wales/about/cabinet/cabinetstatements/2012/skillsconditionality/?lang=en>. Last accessed 6th April 2016.

<sup>8</sup> Skates, A et al. (2014). *Statement: Welsh and UK Government Alignment of Employment Support*. Available: [http://www.yoursenedd.com/debates/2014-04-29-statement-welsh-and-uk-government-alignment-of-employment-supportment of Employment Support](http://www.yoursenedd.com/debates/2014-04-29-statement-welsh-and-uk-government-alignment-of-employment-supportment-of-Employment-Support). Last accessed 6th April 2016.

helped them to achieve an improvement in their skills level. These case studies were explicitly 'success stories' and so it is not clear how generalisable these positive experiences were. This is discussed in more detail in Section 3 of this report. The Welsh Government was concerned that this analysis did not identify the actual impact of mandation as opposed to voluntary participation in skills training by unemployed people. Hence the establishment of the current pilot of skills conditionality for training that the Welsh Government funds – henceforth the Pilot - and the associated evaluation.

- 1.9 The Pilot required cooperation between DWP and the Welsh Government. It was JCP that referred people for skills assessment. If that assessment judged that they had a skills need then that training provision was procured and funded by the Welsh Government.

#### **Strategic Fit of the Skills Conditionality Pilot**

- 1.10 The Welsh Government's January 2014 Policy Statement on Skills<sup>9</sup> provides the strategic policy context for the Skills Conditionality Pilot. It highlights that:

'Skills have a major impact on both the economic and social wellbeing of Wales as a substantial policy area devolved to the Welsh Government. Together with policy action to support the employability of individuals, skills provide a strong lever for tackling poverty and strengthening the creation of jobs and growth.' (page 2).

- 1.11 The structure of this policy statement reflected its overall purpose in providing the long-term and strategic view of how the skills system in Wales needed to evolve over the next decade. It went on to note that 'Wales must develop a skills system that provides the employment support necessary to assist individuals into employment'. The statement covered four priority areas for the Welsh Government: skills for jobs and growth, skills that respond to local needs, skills that employers value, and skills for employment.

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<sup>9</sup> Welsh Government (2014a). *Policy statement on skills*.

1.12 The July 2014 Skills Implementation Plan<sup>10</sup> set out the policy actions designed to deliver the aims of the policy statement. In relation to skills for employment it noted an ambition of:

‘Supporting individuals to enter employment through access to skills information and work experience opportunities and aspiring that all working adults have a minimum level of literacy, numeracy and ICT skills to support their career progression.’ (page 4).

1.13 The purpose of the Skills Implementation Plan is thus to translate the high-level priorities within the policy statement on skills into delivery. It focused on post-19 employment and skills policy in Wales. The plan set out key policy actions which would take place until 2016–17 and would provide the basis for future employment and skills policy interventions over the next decade.<sup>11</sup>

1.14 It referred to the Skills Conditionality Pilot as part of employment support for those seeking work:

*‘... we are testing the approach to skills conditionality in Wales, in partnership with DWP, in order to determine the extent to which the policy should or should not be adopted as part of our new adult employability programme’.* (page 15).

1.15 In the meantime, the Welsh Government continued to support individuals to enter employment through access to skills and work experience opportunities through the following actions<sup>12</sup>:

*‘Simplifying arrangements for accessing skills and employment support through the introduction of a Skills Gateway. Providing employment support arrangements that add value to those available via the Department for Work and Pensions (DWP), including continuation of our flagship programmes Jobs Growth Wales and ReAct. Expanding the provision of Essential Skills support through the introduction of a new*

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<sup>10</sup> Welsh Government (2014b). *Skills implementation plan: Delivering the policy statement on skills*

<sup>11</sup> Welsh Government (2014b)

<sup>12</sup> Welsh Government (2014b)

*adult employability programme, underpinned by a standardised assessment tool for identifying literacy and numeracy needs.'*

#### Job Growth Wales

1.16 Job Growth Wales which commenced in April 2012 aimed to support the creation of around 3,000 new job opportunities per annum for 16-24 year olds. The programme provided unemployed young people with a job for six months which would be paid at or above the National Minimum Wage. The intention was that all jobs would be sustained by the host employer after the 6 month period has been completed.

#### ReAct

1.17 ReAct is a long standing programme in Wales which provided a package of support to help people gain new skills, overcome obstacles and improve their chances of returning to work in the shortest time possible following redundancy. The package is in addition to other support available from the Welsh Government and their partner organisations including Careers Wales and JCP. It had three parts: a vocational training grant for people who need to update their skills to return to work, extra support to help remove any barriers to vocational training, and a wage subsidy and help with training costs for the recruiting employers.

#### Other Provision

1.18 In addition to ReAct and Jobs Growth Wales a range of other provision, for individuals who were either long term unemployed or economically inactive, was also approved during the period to November 2015 for part funding from the European Social Fund (ESF) by the Welsh European Funding Office (WEFO). Individuals who are economically inactive are eligible for support regardless of whether or not they are in receipt of social security benefits subject to meeting the more detailed eligibility criteria which are set out in Table 1.1. WEFO defines the long term unemployed as those who have been unemployed for more than 12 months. As those on the Work Programme are ineligible for ESF support in Wales, this usually means that these individuals

will have been unemployed for over three years. These individuals will usually be in receipt of benefits.

**Table 1.1: Examples of skills and employment provision in Wales, part funded by the ESF 2014-2020 Programme**

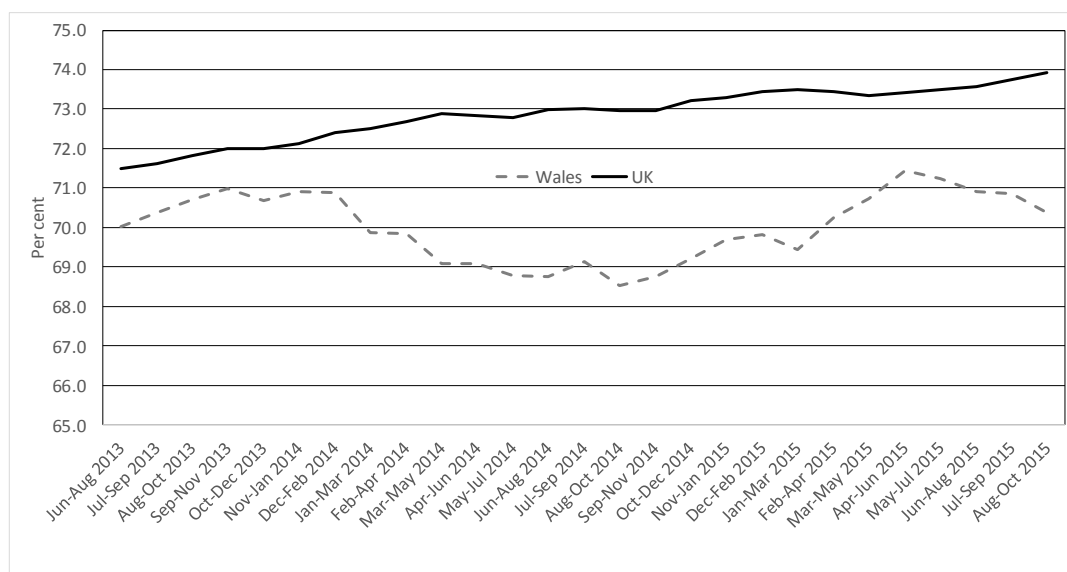
Programme	Funding	Target Groups
Active Inclusion Fund	£22.6m	<p>Economically inactive / long term unemployed individuals aged 25 and over who are / have:</p> <ul style="list-style-type: none"> <li>• low/non skilled</li> <li>• work limiting health conditions/disability</li> <li>• carers and those with childcare responsibilities</li> <li>• jobless households.</li> </ul> <p>Economically inactive individuals who are over 54 years</p> <p>Long term unemployed individuals aged 25 and over who are BAME.</p>
Communities4work	£41.4m	<p>16-24-year-old who have left compulsory education, who are undecided on a post 16 learning opportunity and/or do not have the skills and aptitudes to secure employment (NEETs). Those living within eligible areas who are disadvantaged and disengaged from mainstream services, economically inactive, or dependant on welfare benefits including: lone parents; parents from workless households; those with work limiting health conditions; those furthest removed from the labour market; those lacking in skills or no skills; those who have restricted or no access to IT services; those from BAME communities.</p> <p>Economically inactive aged 25 and over with low or no skills, with working limiting health conditions or disabilities (including substance or alcohol abuse), with care or childcare responsibilities, from jobless households and over 54 year olds. Long term unemployed males aged 25 and over with low or no skills, work limiting health conditions or disabilities (including substance and alcohol abuse), from a BME group and jobless households.</p>

<b>Programme</b>	<b>Funding</b>	<b>Target Groups</b>
Bridges2Work (South Wales Valleys only)	£7.0m	<ul style="list-style-type: none"> <li>i) Economically inactive (aged 25 and over), not in education or training.</li> <li>ii) Economically inactive (aged 25 and over), with low or no skills.</li> <li>iii) Economically inactive aged 54+</li> <li>iv) Economically inactive (aged 25 and over), from a jobless household.</li> <li>v) Economically inactive (aged 25 and over), with care or childcare responsibilities.</li> <li>vi) Economically inactive (aged 25 and over), with a work limiting health condition or disability.</li> </ul>
Parents, Childcare and Employment	£10.9m	<p>Priority target groups are economically inactive parents aged 25 and over, with childcare as their main barrier to education, training or employment as follows:</p> <ul style="list-style-type: none"> <li>a) Lone parents</li> <li>b) Couple parent – workless household</li> <li>c) Couple parent – one parent working</li> </ul>
Traineeships	£70.3m	16-18-year-old NEETs

Source: WEFO

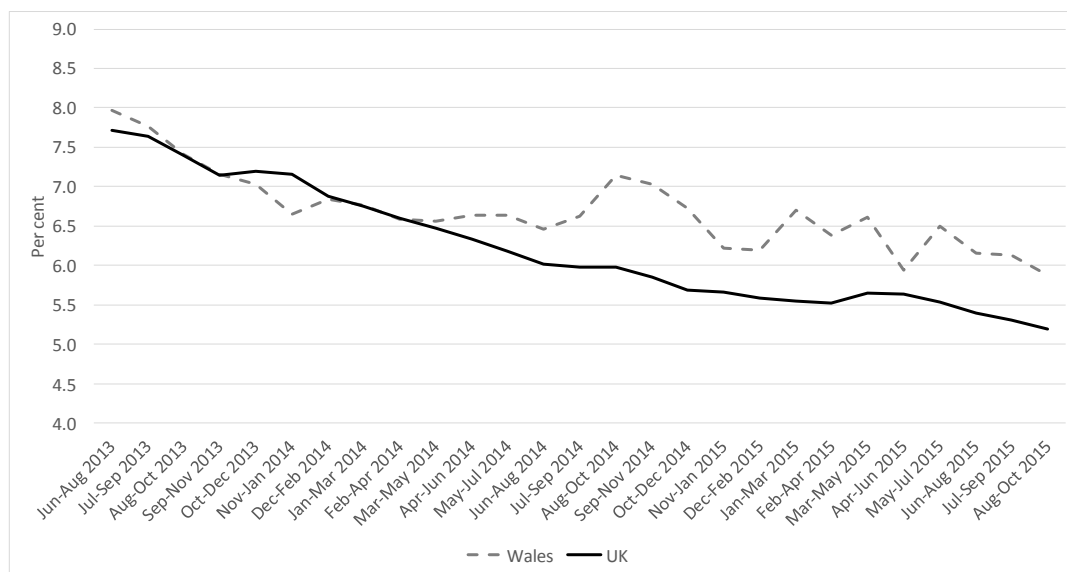
1.19 The Wales labour market context for the operation of the Skills Conditionality Pilot and other interventions to assist workless people into employment is one with a relatively low employment rate and a relatively high unemployment rate compared to the UK as a whole. In addition, the Welsh Government decided to undertake this Skills Conditionality Pilot in order to test this approach to getting more claimants with essential skills needs to undertake training.

**Figure 1.1: Employment rate (16-64 years) in Wales and the UK**



Source: Labour Force Survey

**Figure 1.2: Unemployment rate (16+ years) in Wales and the UK**



Source: Labour Force Survey



## **2 Project Description**

### **Introduction**

- 2.1 Skills conditionality is a referral mechanism by which individuals claiming unemployment benefits can be mandated onto essential skills training where their lack of skills has been identified as a barrier to finding work. Where an individual has been identified as having essential skills needs, particularly around numeracy and literacy, they may be referred to training with potential benefit sanctions for non-participation.

### **Project Objectives**

- 2.2 The Skills Conditionality Pilot aimed to explore the labour market effects of mandating participation in essential skills training. Introduced between June and August 2014 provision was originally due to end in April 2015, but was extended so the last intake of participants was at the end of June 2015 with delivery running to the end of December 2015. The Welsh Government sought to test the effectiveness of conditionality in encouraging individuals to overcome essential skills barriers to employment. The empirical evidence originating from the Pilot will inform longer-term policy decisions concerning the further implementation of mandation.
- 2.3 In detail, the Welsh Government identified the following specific objectives for the project:
- determine the initial scope of the project with regard to client groups to be included and elements of skills delivery to be provided, taking account of the regime currently operating in Scotland
  - working with DWP to devise an appropriate referral and tracking system to monitor the impact of the project
  - working with contracted providers to implement the chosen skills provision delivery arrangements
  - working with the Welsh Government Knowledge and Analytical Services to gather evidence to support an informed decision regarding skills conditionality policy in Wales

- At the end of the project Welsh Ministers would be provided with robust evidence to make an informed decision on whether to adopt skills conditionality or not.

### **Project Operation**

- 2.4 The Pilot operated through the Work Ready Programme (which is administered by the Welsh Government) and offered numeracy and literacy training at Levels One and Two over a period of up to 25 weeks. The approach to the Pilot differed from the model offered in England with the adoption of partial conditionality as discussed immediately below and to both England and Scotland with its particular focus on Essential Skills (at Entry, Level One and Level Two)<sup>13</sup>. Prior to project initiation, DWP estimated that there could be 4,900 potential participants with essential skills needs up to Level Two.

### **Redraft of the Skills Conditionality**

- 2.5 The model is usefully summarised in the tender specification with additional intelligence on the model italicised below:

1. (JCP Work Coach identifies potential skills barriers (using 'light touch screening') and makes referral to a potential provider. The referral is voluntary at this stage so claimants cannot be sanctioned for failing to attend referral assessment with the provider. This was a key difference to skills conditionality in England and Scotland where the referral is mandatory and attendance at the initial provider interview is also mandatory.

*The claimants were referred to training (work based learning) providers that form part of the Welsh Government framework for delivering the Work Ready programme. It was understood that the referral approach differed from one jobcentre to the next depending on the relationship and proximity of the training provider to the jobcentre. In some instances, for example the referral assessment will take place within the jobcentre. This was when a 282 code*

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<sup>13</sup> The National Qualifications Framework classifies qualifications into different levels from Entry Level up to Level Eight (Doctorates). Entry Level qualifications recognise basic knowledge and skills and the ability to apply these practically under direct guidance or supervision. Level One qualifications recognise basic knowledge and skills and the ability to apply these practically with guidance or supervision. Level Two qualifications recognise the ability to gain a good knowledge and understanding of an area of work or study and perform varied tasks with some guidance or supervision.

*was recorded with a referral date on the DWP's Labour Market Statistics (LMS) database<sup>14</sup>*

2. Claimant attended referral assessment and provider decided whether the individual was suitable (i.e. below essential skills level 2) and offered a training place if they are.

*It was at this point that they were recorded on the DWP's LMS database with a start date under the 282 code.*

3. If the provider notified JCP that they were prepared to accept the participant, the adviser then made a mandatory referral for training under skills conditionality informing the individual of potential sanctions if they failed to complete/attend.

*A 293 referral date was recorded at this point on the LMS database.*

4. Individual starts and provider notified JCP.

*It was at this point that the claimant was recorded on the DWP's LMS database as starting training with the relevant code (293). Once again, the model for training delivery differed across Jobcentres with some housing the training provision within the Jobcentre.*

5. The provider notified JCP when that learning is completed. However, as instructed by the Welsh Government the Provider did not notify JCP of the reasons if someone dropped out early. This was a key feature of the policy design. This limited communication might have affected JCP's ability to operate the conditionality element of the policy. This was another difference with how skills conditionality operates in England.

6. If the JCP Work Coach suspected early termination without good reason they could ask the claimant about this. The onus was on JCP to collect information directly from claimants, the experience being that claimants did not self-declare reasons that could subsequently result in a benefit sanction.

*The Welsh Government had instructed skills providers not to inform JCP when someone mandated to undertake training did not attend. This approach followed the Scottish one on skills conditionality. This meant that*

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<sup>14</sup> The Labour Market System (LMS) is the claimant management system used by Work Coaches in JCP to record activity undertaken by claimants to support their movement back into work.

*the onus was on JCP to collect information directly from claimants. JCP reportedly typically did become aware when the claimant had not attended. However, JCP might not know the specific reason for dropping out which would guide a judgement on whether sanctions might have been warranted.*

7. If JCP believes sanctions are warranted then JCP refers the matter to a Decision Maker<sup>15</sup>.

### **Skills Conditionality: Referrals and Starts**

2.6 Table 2.1 compares the Skills Conditionality Pilot against the previous Skills for Work Wales programme and against skills conditionality in England and Scotland. The ratio of starts to referrals in the Pilot was rather lower than was achieved by Skills for Work Wales or in England and Scotland more generally.

**Table 2.1: Skills Conditionality Pilot compared to other skills conditionality interventions**

Programme	Starts / Referrals	Referrals / JSA	Starts / JSA	Dates covered
Skills Conditionality Pilot	38%	0.6%	0.2%	May 2014 to May 2015
Skills for Work Wales	54%	1.0%	0.5%	October 2012 to February 2014
England and Scotland	56%	2.0%	1.1%	August 2011 to August 2015
England and Scotland Essential Skills Only	59%	0.3%	0.2%	August 2011 to August 2015

Source: Calculations based on DWP data

2.7 A smaller proportion of JSA claimants were referred to or started training than was the case for the previous Skills for Work Wales programme or in England and Scotland more generally. (This is based on dividing the average monthly number of referrals / starts by the average monthly number of people claiming JSA for the periods shown in the final column of Table 2.1.) However, the range

<sup>15</sup> JCP decision makers are specialist officials separate from the JCP work coach whose role is to assess whether sanctions are warranted and make a decision on this basis.

of training provision available under skills conditionality in England and Scotland was greater than was available in Wales. When the Pilot is compared to just essential skills training provided under skills conditionality in England and Scotland, then the proportion of JSA claimants was at a comparable level with this.

### 3 Programme Impact

#### Past Evidence

- 3.1 Past evidence provided information on the impact of employment programmes where failure to participate can result in the imposition of a benefit sanction. These were reviewed below. This section is a summary of the main evidence, but it is not intended to be a systematic literature review.
- 3.2 A report for the Scottish Government<sup>16</sup> showed mixed evidence as to the impact of sanctions. In the short-term, sanctioned claimants would experience positive outcomes with regard to looking for work; leaving unemployment and entering employment. However, individuals were found not to usually enter 'sustainable employment' and tended to have low earnings. Further negative outcomes from being sanctioned reported over the long-term included: debt and hardship; poor physical and mental health; negative impacts on children; potential impacts on crime; and entering informal work.
- 3.3 The report found that the proportion of JSA claimants sanctioned was around four to five per cent in Scotland and around four per cent in Great Britain as a whole in the 2007 to 2012 period. More vulnerable groups were more likely to be sanctioned, including those with physical and mental health problems, those with barriers to work e.g. no access to car, and women who have suffered domestic abuse.
- 3.4 Claimants who were sanctioned were often unable, rather than unwilling, to comply. Sanctions can result from a lack of awareness / knowledge / understanding, practical barriers (e.g. access to transport / phone), and personal barriers (e.g. chaotic lifestyles).
- 3.5 Joyce et al. (2006)<sup>17</sup> used a difference-in-difference modelling approach (and a linear probability model) to measure the impact the essential skills mandatory training pilot had on customer outcomes. Under this programme jobseekers

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<sup>16</sup> Scottish Government, (2013). The potential impacts of benefit sanctions on individuals and households. *Welfare Analysis*

<sup>17</sup> Joyce, L et al. (2006). Evaluation of basic skills mandatory training pilot: synthesis report. *Department for Work and Pensions Research Report*. 385

who had been unemployed for at least six months or were entering New Deal (usually after 18 months) were screened for a essential skills need. There were four main types of essential skills needs identified – literacy, numeracy, oral communication skills and English for Speakers of Other Languages (ESOL). If an essential skills need was identified at the initial screening process, customers were referred to an Independent Assessment (IA) to further assess their essential skills needs.

- 3.6 In pilot areas five per cent more claimants that were referred to provision actually started it compared to claimants in the comparison areas, compared to the difference between the areas before the introduction of the mandatory pilot. Hence, the threat of sanctions had increased the number of JSA claimants who started essential skills provision.
- 3.7 The threat of sanctions also increased the percentage of claimants who completed provision once they had started it by around three percentage points. However, for claimants who were referred to provision the percentage who started a job following this referral was lower by around three percentage points. The reasons for this are unclear. For the last entrants into the pilot this was just seven months, so it is possible that many claimants were still participating in training and therefore unable to start work.<sup>18</sup>
- 3.8 Overall this research found the threat of sanctions was deemed to be effective in encouraging jobseekers to attend training, especially the more resistant. Advisers and providers believed that this generally increased the flow of jobseekers onto essential skills training.
- 3.9 However, the threat of a sanction was not effective in encouraging customers to attend training in all cases. In some instances it resulted in a number of other impacts occurring, such as jobseekers signing off (and only in some cases as a result of finding employment), changing benefit, or being sanctioned. Following

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<sup>18</sup> Joyce, L et al. (2006).

a sanction being imposed jobseekers tended to either comply or, ultimately, sign off or change benefit.<sup>19</sup>

- 3.10 In that same year Peters and Joyce (2006) produced a summary of the research findings from several reports produced by DWP on the JSA sanctions regime.<sup>20</sup> Their methodology also included a quantitative survey and qualitative research with face to face interviews and focus groups. They presented an analysis of the characteristics of sanctioned customers, their knowledge and understanding of the sanctions process, and the impact and responses to sanctions.
- 3.11 Their report found that the sanctions regime was seen as being broadly effective. However, there was thought to be a lack of clarity regarding basic JSA conditions, particularly for ESOL jobseekers and for those with literacy needs or with some level of learning difficulty.
- 3.12 Although most people were found to understand the general requirements of claiming JSA and the sanctions regime (with 80 per cent saying they had a good or fair understanding of this), it was felt by jobseekers that overall they would benefit from a 'simpler, clearer and regularly repeated message about their responsibilities.' The authors argued that there was scope for improved communication regarding sanctions, especially for the 20 per cent with ESOL, literacy difficulties or learning difficulties.<sup>21</sup>
- 3.13 Regarding the impact of sanctions, sanctions did not appear to discriminate against BAME groups, women, or those with health conditions or disabilities. Jobseekers lacking in qualifications and those with literacy difficulties were no more likely to be sanctioned. However, younger jobseekers and jobseekers with self-reported learning difficulties were found to be more likely to be sanctioned. The large majority of jobseekers were sanctioned only once (73 per cent) and jobseekers generally viewed the sanctioning process as fair (70 per cent). Nevertheless, sanctions did have tangible impacts on jobseekers, with

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<sup>19</sup> Joyce, L et al. (2006).

<sup>20</sup> Peters, M and Joyce, L. (2006). A review of the JSA sanctions regime. *Department for Work and Pensions Research Report*. 313

<sup>21</sup> Peters, M and Joyce, L. (2006).



over two-thirds of sanctioned jobseekers suffering financial hardship, for example, needing to borrow money or getting into debt.

- 3.14 Emotional impacts were also highlighted including: depression, frustration, anger and humiliation. These emotional impacts were more pronounced for those who already experienced emotional issues, such as depression or anxiety-related problems. Stress caused by a sanction was said to also aggravate existing health conditions.
- 3.15 The impact of sanctions was moderated by support from family and friends, as well as by hardship payments received (these were received by about a quarter of all those sanctioned). Young people in particular were helped by their parents.<sup>22</sup>
- 3.16 Rolfe's 2012 article<sup>23</sup>, drawing very largely on a research report done for DWP which evaluated the 2010 Pilot of Skills Conditionality<sup>24</sup>, tested two main hypotheses: whether conditionality increased participation in training; or whether it reduced time available for job search and did not improve their skills. The 2010 pilot was designed to assist those jobseekers whose lack of skills was a barrier to employment. Skills needs were interpreted as essential skills, occupational skills, or employability skills needs by JCP advisers. The methodology involved face to face interviews with 40 people referred to the pilot and 25 JSA advisers.
- 3.17 Regarding the attitude of the long-term unemployed towards training, customers were generally inclined to accept training in order to improve their skills and employment prospects. There were however concerns about poor quality training, repeated 'employability' training and not being able to acquire occupational skills. Some respondents also said they would have chosen different training if they had been able to. However, where people felt the training on offer would help them then lack of choice was not a problem.

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<sup>22</sup> Peters, M and Joyce, L. (2006).

<sup>23</sup> Rolfe, H. (2012). Requiring The Long-Term Unemployed to Train: Is Benefit Conditionality Effective? *National Institute Economic Review*. 219

<sup>24</sup> Dorsett, R et al. (2011). The Jobseeker's Allowance Skills Conditionality Pilot. *Department for Work and Pensions Research Report*. 768

- 3.18 The most positive response to training came from those who had been offered occupational skills courses. Many jobseekers were interested in occupational skills (especially those that led to certification rather than employability training). Long term unemployed people also welcomed training regarded as a social activity, as it helped them boost their confidence. For some customers lack of confidence was a barrier to participating in training.
- 3.19 Negative views from customers regarding the training were brought up when customers were given courses different to the ones they wanted (they did not regard them as useful), when they were already taking part in training they had organised themselves and were concerned that the mandatory training would give them less time for their own courses, and when they thought their barriers could not be addressed by training (e.g. health barriers). More generally, those against skills conditionality believed that the training had not moved them closer to obtaining work.
- 3.20 Some attended training not for positive reasons but because they were concerned about losing benefits. Some also took part in training despite not knowing that they were mandated. Many participants accepted the obligations placed on the unemployed to be active in seeking work, and also were concerned not to be regarded as 'work shy'.
- 3.21 For those who failed to attend the training course, poor organisational skills were responsible for a substantial part of the sanctions imposed. These findings echo previous research which found little indication of deliberate non-attendance or non-engagement with programmes and that failure to participate in activity or to attend was usually unintentional.
- 3.22 Generally, the study finds that while sanctions are a reasonable way to underpin obligations associated with benefit receipt, their universal application as in skills conditionality seemed unnecessary. Individuals who were sanctioned undoubtedly experienced hardship, but this did not appear likely to lead to future change in behaviour, since they felt they had been right to refuse to participate or to leave training to which they had been mandated. Sanctions did not appear to be effective in ensuring future compliance either. The evidence suggests little adverse effect in terms of reducing time for job search.

- 3.23 Overall, there is little evidence from this evaluation that either of the two features of conditionality, mandation or sanctioning, had affected individuals' behaviour. The jobseekers interviewed were generally welcoming of training and accepting of conditionality and said they would have behaved in a similar way in the absence of mandation.
- 3.24 Bloch et al.<sup>25</sup> (2013) reported on the JCP Offer. This included, but was much wider than, skills conditionality. The research methodology included qualitative fieldwork; interviews with all District Managers, case studies, and surveys of customers. The report analysed the composition of JSA and ESA claimants and their attitudes towards sanctions, and any changes in behaviour arising from conditionality and the impact of sanctions.
- 3.25 Findings relating to the extent to which claimants recalled being told about the conditions attached to the receipt of JSA and ESA, and claimants' experiences of having their benefits stopped or reduced are listed below.
- Nine per cent of JSA claimants said they were not given an adequate explanation of the conditions associated with JSA, while 13 per cent said they were never told by an adviser that their benefit would be affected if they did not agree to certain conditions.
  - 70 per cent of JSA claimants who were aware their benefit could be reduced or stopped if they did not comply with certain conditions felt this information had made them more likely to follow the rules, but lower proportions said it had made them more likely to look for work or take steps that would move them closer to work.
  - Women were more likely than men to say that knowledge of the impact of JSA conditions had affected their behaviour. This applied to both following the rules (78 per cent compared with 69 per cent) and looking for work (68 per cent compared with 61 per cent).

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<sup>25</sup> Bloch, A et al. (2013). The Jobcentre Plus Offer: Final evaluation report. *Department for Work and Pensions Research Report*. 852

- Among those who had not worked for more than two years (or at all), 79 per cent said that they were more likely to follow the rules, and 75 per cent were more likely to look for work. By contrast, those who had worked in the previous three months were much less likely to say they were affected by this knowledge (66 per cent for following the rules, and 55 per cent for looking for work).
- 3.26 The proportion of JSA claimants who said that their benefit had been stopped or reduced was similar across most sub-groups. The only differences were that JSA claimants with a criminal record were more likely (33 per cent) than other claimants (22 per cent) to say that their benefit had been stopped or reduced; the same was true of JSA claimants with a drug or alcohol dependency (30 per cent) and those with lower qualifications.
- 3.27 Among JSA claimants, the most common reason mentioned for benefits being stopped or reduced was missing a signing-on appointment (26 per cent), while there were also instances of benefit reductions or stoppages resulting from claimants missing other appointments at JCP (12 per cent) or at outside organisations (seven per cent).
- 3.28 Among those who had been sanctioned, claimants with complex needs and relatively chaotic lifestyles, such as those that were homeless, with a drug or alcohol dependency or suffered from mental health issues, described being significantly affected by the experience. For this group, sanctions were more likely to be deemed unjustified, with claimants believing that their barriers to finding work had not been taken into account when the sanction was applied.
- 3.29 A recent literature review<sup>26</sup> reported on the impact of sanctions. This review covered ten studies of the effect of sanctions on benefit exit and / or job entry in various European countries. These studies were chosen because they all had a clear approach to separating the effects of sanctions from the effects of differences in observed and unobserved characteristics between those claiming unemployment related benefits who were sanctioned and those who were not

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<sup>26</sup> McVicar, D. (2014). The impact of monitoring and sanctioning on unemployment exit and job-finding rates. *IZA World of Labor*. 49

(selection effects). All ten studies found a positive impact on exit from benefits and / or entry into work. Of these seven showed evidence of a positive impact on job entry (exit from benefits may not be a positive impact depending on the destination that individuals exit to).

- 3.30 The review also showed some evidence of negative long term effects. One study found that sanctions increased the probability of leaving the labour market and hence looking for work. Another two studies found that sanctions reduced post-unemployment wages (lower quality job matches) and that these negative impacts persisted – for over 30 months in one study and for up to four years in the other after the return to work.
- 3.31 Sanctions have both a ‘threat effect’ and an impact from the actual imposition of a sanction. Two studies were able to assess the impact of the threat of sanction. Both found negative impacts on the duration of unemployment. One found a positive impact on job entry which the other did not assess.
- 3.32 A recent meta-analysis of 207 studies<sup>27</sup> of the impact of employment programmes from 47 (mainly OECD countries) considered the impact of training programmes, alongside other forms of intervention for individuals not in work (including job search assistance, subsidised private sector employment and subsidised public sector employment) and sanctions for failing to undertake job search activity, including the threat of assignment to an employment programme<sup>28</sup>. This research found that training programmes did not have a statistically significant impact on unemployment in the short run but did reduce unemployment in the medium and long term and that this impact increased over time. In contrast, sanctions programmes were found to have a statistically significant short run impact in terms of reducing unemployment. However, this impact tended to decline over time. Sanctions programmes were

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<sup>27</sup> Studies were selected for inclusion in the meta-analysis only if they were well documented studies using individual level data and incorporated a comparison group, or counterfactual, or some form of correction for selection effects. In short, only methodologically robust studies were included in the meta-analysis.

<sup>28</sup> Card, D et al. (2015). What Works? A Meta Analysis of Recent Active Labor Market Program Evaluations. *IZA Discussion Paper*. 9236

also found to be more widely used in Nordic and Anglo-Saxon (or English speaking) countries.

- 3.33 The above literature reviews considered employment policies in general rather than the specific issue of skills conditionality. There was some limited evidence from the UK on this more specific issue. In 2010, DWP undertook a pilot of skills conditionality and in 2011 an evaluation of this pilot was published<sup>29</sup>.
- 3.34 An impact assessment was attempted but its results can be interpreted as either unclear or as showing no impact from the pilot. The attempted impact assessment indicated no statistically significant difference (at the five per cent level) between those who were mandated to participate in training activity (the treatment group) and those for whom participation in training continued to be voluntary (the comparison group) on participation in training, exit from JSA, or entry into employment. There was also no significant difference in the rate of sanctioning between the treatment and comparison groups. This suggested that the comparison group was more likely to be sanctioned for reasons other than skills conditionality. Alternatively, this lack of significant difference might reflect the fact that it takes time for sanctions to register in the data because the sanctioning process is not instantaneous. Thus it was possible that an impact on sanctioning of being in the treatment group would have become apparent with time, but that the data on which the analysis in the evaluation of the 2010 DWP pilot was based covered too short a period to show this.
- 3.35 However there were problems with how the impact assessment was undertaken. Notably, everyone in the pilot should have been referred to training, but only around 40 per cent appeared to have been referred. This fact alters the interpretation of the observed differences in outcomes between the treatment and comparison groups. It is not appropriate to see such differences as reflecting the impact of mandatory referral to training if only a fraction of 'treated' individuals were actually referred. Other issues included some observed differences between the characteristics of the two groups. The comparison group were more likely to be from Manchester and have no skills

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<sup>29</sup> Dorsett, R et al. (2011).

needs, and there was some incorrect assignment between the two groups (about 95 per cent were correctly assigned). The authors concluded tentatively that their results were indicative of conditionality having no impact on exit from benefit or job entry.

3.36 No formal impact evaluation has been undertaken to date of skills conditionality following the roll out of the policy in England in 2011 and in Scotland and Wales (Skills for Work Wales) in 2012. However, the wider evaluation of recent skills policies<sup>30</sup> did contain some assessment of the impact of the policy. It found no clear evidence that the policy was effective at tackling skills gaps or improving attendance at training. Participants in skills conditionality divided up into the following groups:

- claimants who were not aware that they had been mandated and so mandation could not have impacted on their behaviour
- some who would have volunteered to go to the training they were mandated to. Although there was some indication that the possibility of being sanctioned might have increased their attendance rate
- those who went along in order to maintain their entitlement to benefit, but did not believe the training was worthwhile
- some who did not attend the training even though they had been mandated to do so
- most positively, some initially reluctant participants who attended training because of being mandated to do so, but subsequently believed that the training had been beneficial to them.

3.37 Overall, Oakley et al. (2013) concluded that it was not clear that skills conditionality had a positive impact on either addressing claimants' skills needs or increasing attendance at skills diagnostics sessions or training courses. Furthermore, for young people in particular, the conclusion was that the policy had been either ineffective or counterproductive where young people reacted against being mandated.

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<sup>30</sup> Oakley, J et al. (2013). Employment, Partnership and Skills. *Department for Work and Pensions Research Report*. 830

3.38 In addition, Ofsted undertook a review of skills conditionality provision in England in 2012<sup>31</sup>. Ofsted (2012) concluded that most local provision did little to improve the employment prospects of participants. Overall, 19 per cent of participants moved into work which Ofsted judged to be low, although no formal counterfactual analysis was undertaken.

3.39 DWP undertook an analysis of their Skills for Work Wales programme which delivered skills conditionality in Wales between 2012 and 2014. No counterfactual was established as DWP did not believe any method for trying to do so was feasible, and information on outcomes was limited. The focus of the analysis was on referrals to training, attendance at training, completions of training, and mainly qualifications outcomes. Data from October 2012 (programme start) to August 2013 showed 7,570 referrals, 3,620 starts (a 48 per cent attendance rate) and 1,640 completions. 91 per cent of completers, 1,490, gained a qualification and 27 per cent of completers left benefit within 13 weeks of completing their training. Subsequent data released by DWP in November showed that up to February 2014, there were 12,200 referrals to Skills for Work Wales and 6,610 starts on the programme (a 54 per cent attendance rate).

### **Mandation and motivation to learn**

3.40 One theme that emerged from a review of past evidence was the concern that motivation is a prerequisite for learning and that mandate may undermine this<sup>32</sup>. Some are of the opinion that by removing choice, mandate might result in claimants being referred to training which did not suit their needs but which they felt compelled to continue with, even if they did not engage positively with the provision, and this could have an adverse impact on job entry. Even for appropriate training, the act of mandate might disillusion claimants who would have engaged positively on a voluntary basis.

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<sup>31</sup> Ofsted. (2012). Skills for employment: The impact of skills programmes for adults on achieving sustained employment.

<sup>32</sup> Warner, P. (2011). Skills conditionality: Just because you can, doesn't mean you should... *Centre for Economic and Social Inclusion Working Briefs*. No. 168



3.41 Both the DWP report on Skills for Work Wales and the DWP February 2015 note on the operation of the Wales Skills Conditionality Pilot included success stories of particular individuals who had obtained positive benefits from skills conditionality in Wales. The case studies were explicitly success stories and so the experiences described cannot necessarily be taken as typical of the average experience, but the Skills for Work Wales cases indicated that:

- based on the case study descriptions, it was likely that six of the seven individuals profiled would not have participated in training without mandation
- participants gained skills, most often improved literacy
- prior to participation six of those profiled appeared to have taken the view that training would not help them, but the actual experience of the training transformed their views. Hence, the skills benefits they obtained would probably not have been achieved without mandation.

3.42 Similarly, the case studies reported in the DWP note of February 2015 from the Wales Skills Conditionality Pilot indicated that:

- four of the six individuals profiled would have been unlikely to have started their courses if they had not been mandated to do so
- all four had benefitted notably in terms of confidence and numeracy and literacy skills, and three had moved into work
- again before participation these four appeared to have taken the view that training would not help them, but the actual experience of the training changed their views. Hence, the benefits they obtained would probably not have been achieved without mandation.

### **Data analysis of the Pilot Management Information**

3.43 This part of the report presents the analysis of the latest management information (MI).

### **Data construction**

3.44 This data analysis covers the datasets sent by DWP and the Lifelong Learning Wales Record (LLWR) dataset. These datasets were sent in two phases. Firstly, in the first half of 2015 and was analysed in the Initial Evaluation Report.

A second quantum of data from DWP and the LLWR datasets was received in the summer of 2015. On both occasions, the DWP and LLWR datasets were combined into a merged dataset. The DWP data comprised all referrals to initial provider interviews and essential skills training (opportunity types 282 and 293) taken from the analytical version of the LMS Opportunities Dataset. This was merged by DWP with other LMS data to give demographic information on the Pilot participants and with the DWP National Benefits Database to give their benefit type. This DWP data was then merged with the LLWR data with the matching being done on the basis of first name, surname, and postcode.

3.45 Now, in order to extract as much information as possible we have combined these two merged DWP and LLWR datasets into a unified dataset as follows:

- 1 We 'stacked' the two datasets so that each column contained the same variable from the two datasets.
- 2 As necessary we recoded the data so that the values were in the same format in both datasets.
- 3 Given the format of the unique identifiers in the two datasets was different (so potentially the same individual could appear in each dataset with an apparently different unique identifiers) we were not able to match on unique identifiers and therefore matched on partial postcode<sup>33</sup>, gender, age, ethnicity (white / BAME), disability (disabled / not disabled) and removed duplicates using the Excel tool for this.

3.46 The results of this approach were:

- 1 2,567 unique cases were retained from an initial combined stacked dataset of 2,783.
- 2 Of these, 1,320 were starters based on an inclusive definition of starting that is having a start date from the LLWR data (and had at least one spell of learning that lasts at least 14 days<sup>34</sup>), or 293 =1, or were a

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<sup>33</sup> The second data set only included a partial postcode with the first part of the postcode plus the initial number of the second part of the post code, e.g. LL18 2 or SA1 6.

<sup>34</sup> This is the approach we took in the Initial Report. This was based on our discussions with Welsh Government officials and a representative of training providers. They suggested that entry level courses are expected to take a minimum of two weeks to complete. Hence we removed the records where a learner had spent less than two weeks or fourteen calendar days learning.

Work Ready starter. In short, if they had a start for essential skills training in the LLWR or DWP data.

- 3 Of these, 855 had a destination recorded within three months of leaving learning. However, this included those who are still learning.
- 4 For just those participants who had left their learning we had destination records for 388 people and known destinations for 342 people.

### Potential caveats

3.47 The above matching process could denote as a duplicate two people who were very similar (same partial postcode, age, gender, white / BAME status, disabled / non-disabled status) who we would have retained as separate individuals if, for example, they had different detailed ethnicity statuses (if we could distinguish between different BAME groups) or if they differed on factors we could not match on, such as highest previous qualification or Welsh speaking status. Hence, we are quite confident that the cases we have identified and in particular the 1,320 starters and 342 leavers with known destinations were unique individuals and not duplicates.

### Demographic profile of participants

3.48 We first looked at the characteristics of the 1,320 participants: around two thirds of participants were men. This is in line with the share of JSA claimants in Wales who were men.

**Table 3.1: Gender of participants**

Gender	Participants (numbers)	Share %	JSA Share %
Men	848	64	66
Women	472	36	34

Sources: Calculations based on DWP and LLWR supplied data, National Online Manpower Information System (NOMIS) for JSA data.

3.49 The vast majority of participants, 96 per cent, were white, and four per cent belonged to Black, Asian or other minority ethnic (BAME). These percentages were in line with the ethnicity of JSA claimants in Wales.

**Table 3.2: Ethnicity of participants.**

<b>Ethnicity</b>	<b>Participants (numbers)</b>	<b>Share %</b>	<b>JSA Share %</b>
White	1272	96	95
BAME	48	4	5

Sources: Calculations based on DWP and LLWR supplied data, NOMIS for JSA data.

3.50 Just under one tenth of participants were lone parents, although there was information on lone parent status for only 830 participants.

**Table 3.3: Lone parent status of participants.**

<b>Lone parent status</b>	<b>Participants (numbers)</b>	<b>Share %</b>
Lone parent	75	9
Not lone parent	755	91

Source: Calculations based on DWP and LLWR supplied data

3.51 The age profile of participants was representative of JSA claimants in Wales.

**Table 3.4: Age profile of participants.**

<b>Age</b>	<b>Participants (numbers)</b>	<b>Share %</b>	<b>JSA Share %</b>
16	1	0	0
18-24	355	27	27
25-34	322	24	26
35-44	244	18	18
45-54	251	19	18
55+	147	11	10

Sources: Calculations based on DWP and LLWR supplied data, NOMIS for JSA data.

3.52 We had information on local authority for 855 participants. The local authorities that had the highest numbers of participants were Rhondda Cynon Taff, Bridgend and Cardiff. Bridgend was over-represented in our data, compared to

its share of JSA participants in Wales (12 per cent against 4 per cent), as well as Rhondda Cynon Taff (14 per cent against 9 per cent). On the other hand, Cardiff (9 per cent against 14 per cent) and Caerphilly (4 per cent against 8 per cent) were underrepresented in our data. In addition, the local authority of 9 per cent of participants (75) was unknown.

**Table 3.5: Participants by local authority.**

Local Authority	Participants (numbers)	Share %	JSA Share %
Rhondda Cynon Taff	120	14	9
Bridgend	103	12	4
Cardiff	74	9	14
Newport	67	8	7
Powys	51	6	2
Swansea	44	5	7
Carmarthenshire	38	4	5
Caerphilly	31	4	8
Merthyr Tydfil	29	3	3
Torfaen	28	3	3
The Vale of Glamorgan	27	3	3
Blaenau Gwent	27	3	4
Flintshire	27	3	4
Neath Port Talbot	23	3	5
Ceredigion	21	2	1
Denbighshire	16	2	3
Conwy	15	2	3
Wrexham	14	2	4
Pembrokeshire	10	1	3
Monmouthshire	8	1	2
Not known	75	9	-

Sources: Calculations based on DWP and LLWR supplied data, NOMIS for JSA data.

3.53 Table 3.6 shows the duration of worklessness for participants on the programme, using the data from the LLWR dataset. The new combined dataset

included information on duration of worklessness for 850 participants. Around a third of participants had been out of work for less than one month when they started on the Pilot. At the other end of the scale, 16 per cent of participants had been out of work for five years or more. These very long term unemployed participants were likely to have very different and much greater barriers to entering work than those who have been out of work for only a short period.

**Table 3.6: Duration of worklessness.**

Duration of worklessness	Participants (numbers)	Share %	JSA Share %
Less than 1 month	266	31	3
1-3 months	107	13	33
3-6 months	108	13	26
6-12 months	59	7	3
1-2 years	59	7	20
2-3 years	40	5	3
3-5 years	74	9	8
5 years+	137	16	1

Sources: Calculations based on DWP and LLWR supplied data, NOMIS for JSA data.

3.54 In terms of representation of the different groups, participants with less than one month of unemployment were highly overrepresented in our dataset with respect to the JSA share of participants in Wales (31 per cent in our dataset as opposed to three per cent in the JSA share), as well as people who had been unemployed for more than five years (16 per cent as opposed to one per cent). Our qualitative fieldwork suggests that this overrepresentation appeared to reflect the operation of the Pilot whereby JCP tended to focus the provision on firstly, tackling perceived essential skills needs early on in a claim in order to speed the return to work, and secondly, on very long term unemployed individuals who had been through the Work Programme without obtaining a

sustained job outcome. The following categories were underrepresented: those unemployed for one to three months, those unemployed for three to six months, and those who had been unemployed for one to two years.

3.55 Half of participants for whom we had information on qualifications only had pre-entry level qualifications before they started their learning on the Pilot. As there was no separate identification of people with no qualifications this group presumably contained many individuals who had not achieved any formal qualifications. It was not possible to compare these figures against the profile for JSA claimants in Wales. Thirteen per cent of participants had entry level qualifications, 17 per cent of participants had Level One qualifications and 15 per cent of participants had Level Two qualifications. Only four per cent had Level Three and above<sup>35</sup>.

**Table 3.7: Highest level of qualification prior to start.**

Qualification level	Participants (numbers)	Share %
Pre-entry	429	50
Entry	113	13
Level 1	149	17
Level 2	132	15
Level 3 and above	32	4

Source: Calculations based on DWP and LLWR supplied data

3.56 Information on Welsh speaking status was only available for 855 participants. One in ten participants had some ability to speak Welsh.

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<sup>35</sup> This is not surprising and fits in with DWP's Further Education for Benefit Claimants statistics in England which showed that the majority of training undertaken by benefit claimants is at Level 2 or below.



**Table 3.8: Welsh speaking status of participants**

<b>Welsh speaking status</b>	<b>Participants (numbers)</b>	<b>Share %</b>
Welsh speaker, fluent	43	5
Welsh speaker, not fluent	43	5
Not Welsh speaker	769	90

Source: Calculations based on DWP and LLWR supplied data

**3.57** Over two thirds of participants did not identify themselves as being disabled.

**Table 3 9: Disability status of participants**

<b>Disability</b>	<b>Participants (numbers)</b>	<b>Share %</b>
Disabled	386	29
Not disabled	934	71

Source: Calculations based on DWP and LLWR supplied data

### **Destinations within three months of the end of learning**

3.58 Information was also available on what individuals were doing within three months of the end of their learning. Of the 1,320 participants, we had information on destination of leavers for 388 participants who had finished their learning, but once we removed unknown destinations we were left with 342 observations to work with. Of these, 283 were still unemployed and seeking work. 36 participants had moved into full time-work, four into voluntary work and three into part-time work. Seven participants were pursuing further learning. For five participants this was learning at the same or lower level and for the other two it was learning at a higher level.

**Table 3.10: Known destinations of leavers.**

<b>Destination</b>	<b>Participants</b>	<b>Share</b>
	(numbers)	%
Seeking work	283	83
Voluntary work	4	1
Further learning	7	2
Full-time employment	36	11
Part-time employment	3	1
Self-Employment	1	0
Other*	8	2

Note: \*Other category cover long term sickness, pregnancy, death, custodial sentence, or that the learner has moved out of Wales.

Source: Calculations based on DWP and LLWR supplied data

3.59 Below we show how learners' destinations vary with differing personal characteristics such as gender and age<sup>36</sup>.

3.60 Men were slightly more likely to be seeking work but around the same proportion of women and men were pursuing voluntary work, further learning, and had entered full time or part time employment.

3.61 It was not possible to analyse destinations by ethnicity as there were only 29 BAME leavers with known destinations (96 per cent of participants in the dataset were white).

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<sup>36</sup> In addition to the destinations shown one participant had become self-employed. This individual was a white male aged 25-34 not disabled with entry level qualifications who had been unemployed for two years.

**Table 3.11: Known destinations by gender (%)**

Destination	Men	Women
Seeking work	85	78
Voluntary work	0	2
Further learning	2	2
Full-time employment	11	10
Part-time employment	0	2
Other*	1	5

Note: \*Other category covered long term sickness, pregnancy, death, custodial sentence, or that learner had moved out of Wales.

Source: Calculations based on DWP and LLWR supplied data

3.62 Participants aged 25-34 and the oldest participants (aged 45 onwards) were most likely to be seeking work after completing the programme. Younger participants (aged 18-24) were most likely to be in full-time employment. Participants aged 35-44 were the most likely to have pursued further learning after the programme.

**Table 3.12: Known destinations by age (%)**

Destination	18-24	25-34	35-44	45-54	55+
Seeking work	77	86	83	84	84
Voluntary work	1	1	2	1	0
Further learning	2	0	7	1	0
Full-time employment	20	9	8	8	7
Part-time employment	0	1	0	0	5
Other*	0	2	0	5	5

Note: \*Other category covered long term sickness, pregnancy, death, custodial sentence, or that the learner had moved out of Wales.

Source: Calculations based on DWP and LLWR supplied data

3.63 It was also informative to look at the profile of destinations by length of prior worklessness given that the longer someone has been out of work the more difficult it typically is for them to move into employment.

3.64 Participants who were most likely to be seeking work after the programme were those who had been unemployed for a very short time prior to joining the programme and those who were long-term unemployed before joining the programme (One year or more of unemployment). Six per cent of the participants who had been previously unemployed for more than five years went into voluntary work. Those who had been unemployed for a shorter time (one to three months and six to twelve months) tended to have higher entry rates into full-time employment. Those who had been out of work for one to two years were especially likely to have moved into part-time employment compared to other groups.

**Table 3.13: Known destination by length of prior worklessness (%)**

<b>Length of Worklessness</b>	Seeking work	Voluntary work	Further learning	Full time work	Part time work	Other*
< 1 month	88	2	2	8	0	2
1-3 months	71	0	0	24	0	5
3-6 months	80	0	7	10	0	3
6-12 months	64	0	4	29	0	4
1-2 years	88	0	0	4	8	0
2-3 years	90	0	0	10	0	0
3-5 years	87	0	3	6	0	3
5 years plus	86	6	3	0	3	3

Note: \*Other category covers long term sickness, pregnancy, death, custodial sentence, or the learner has moved out of Wales.

Source: Calculations based on DWP and LLWR supplied data

3.65 Individuals who held qualifications at Levels one, two and three and above, were the most likely to have entered some form of employment (either full time or part time) within three months of leaving the programme. Those with entry level qualifications prior to learning were the most likely to be still seeking work, even compared to individuals with pre-entry level qualifications.

**Table 3.14: Known destination by prior level of qualification (%)**

Destination	Pre-entry	Entry	Level 1	Level 2	Level 3+
Seeking work	82	95	75	84	75
Voluntary work	2	0	0	0	13
Further learning	3	0	3	0	0
Full time work	9	5	17	13	13
Part-time work	0	0	2	4	0
Other*	4	0	3	0	0

Note: \*Other category covers long term sickness, pregnancy, death, custodial sentence, or the learner has moved out of Wales.

Source: Calculations based on DWP and LLWR supplied data

3.66 The destination of participants by their Welsh language capability was available for 342 participants. Welsh Speakers (fluent) were most likely to enter full time employment. Welsh speakers are least likely to be still seeking work, whilst non-Welsh speaking participants were the most likely to be seeking work.

**Table 3.15: Known destination by Welsh speaking status (%)**

Destination	Welsh speaker, fluent	Welsh speaker, not fluent	Not Welsh speaker
Seeking work	78	78	83
Voluntary work	0	0	1
Further learning	0	6	2
Full-time work	22	17	9
Part-time work	0	0	1
Other*	0	0	3

Note: \*Other category covers long term sickness, pregnancy, death, custodial sentence, or the learner has moved out of Wales.

Source: Calculations based on DWP and LLWR supplied data

3.67 A comparison of destination by disability status was available for 342 participants from our combined dataset. Participants with a disability were more likely to be seeking work and much less likely to be in work than participants

without a disability. They were however more likely to have pursued further learning in the three months after the programme ended.

**Table 3.16: Known destination by disability status (%)**

Destination	Not disabled	Disabled
Seeking work	82	87
Voluntary work	1	1
Further learning	1	5
Full-time employment	12	5
Part-time employment	1	0
Other	3	1

Note: \*Other category covers long term sickness, pregnancy, death, custodial sentence, or the learner has moved out of Wales.

Source: Calculations based on DWP and LLWR supplied data

## Benchmarking

3.68 It was possible to compare the Skills Conditionality Pilot’s performance on job entries against other provision. Ofsted’s report ‘Skills for employment, the impact of skills programmes for adults on achieving sustained employment’<sup>37</sup> assessed the outcomes from skills conditionality provision in England.

3.69 Overall job outcomes ranged widely, from one per cent of 416 leavers at one provider to 46 per cent of 443 leavers at another. The overall proportion of job outcomes, across all providers, for a total of 10,270 participants who had left a specific course was 19 per cent (Ofsted consider this low).<sup>38</sup>

3.70 While Ofsted were comparing provision which is similar to that under the Skills Conditionality Pilot, the report offered little information on the characteristics of

<sup>37</sup> Ofsted. (2012).

<sup>38</sup> These data were collected between January and May 2012. They include people who had only just left the programme shortly before the data were collected and were still looking for work. The providers generally reported that the data represented a smaller proportion than the actual jobs achieved because it was difficult to gain accurate information on progression to employment.

learners, the benefit claimed while unemployed, or the type of courses undertaken for comparison purposes. However, these job outcome rates were achieved during 2011/12 when the job market was still recovering from the recession and only sustained employment was counted rather than just job starts.

3.71 Experimental data from the Department for Business, Innovation and Skills (BIS) showing outcome based success measures relating to learners completing training in 2010/11 has been released for consultation<sup>39</sup>. This uses matched Individual Learner Record (ILR) and HMRC data and covers all adult learners that completed an eligible Further Education (FE) learning aim in the 2010/11 academic year that was funded either by the Skills Funding Agency through the Adult Skills Budget or the Offender Learning and Skills Service (OLASS). It usefully provided data for those learners that were claiming benefits by certain characteristics and course level. Table 3.17 provides a summary of the results.

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<sup>39</sup> Department for Business, Innovation and Skills. (2014). Outcome based success measures: Experimental Data 2010/11. *Adult Further Education*.

**Table 3.17: Adult (19+) Further Education Experimental Outcome Based Success Measures for England Summary, 2010/11**

	Benefit Learners	
	Completions	Sustained Employment Rate (%)
<b>Total</b>	<b>135,000</b>	<b>34</b>
<b>Gender</b>		
Female	54,500	34
Male	80,500	33
<b>Age</b>		
19-24	36,700	34
25-49	79,200	34
50+	19,000	31
<b>Provision</b>		
Skills	131,500	33
Apprenticeships	3,500	62
<b>Level</b>		
Entry/Level 1 – Other	17,100	29
Entry/Level 1 - Eng & Maths	42,700	25
Entry/Level 1 – ESOL	4,900	18
Level 2 – Other	2,700	40
Level 2 - Eng & Maths	18,500	33
Level 2 – ESOL	100	30
Full Level 2	34,500	44
Level 3 – Other	1,700	47
Full Level 3	11,100	45
Level 4+	800	48
Not assigned	1,000	34
<b>Learners with Learning Difficulties and/or Disabilities</b>		
Learning Difficulties/Disability	17,300	30
No Learning Difficulties/Disability	109,600	34
Not Known/Not Provided	8,100	37
<b>Ethnicity</b>		
Asian/Asian British	17,600	24
Black/African/Caribbean/Black British	19,900	32
Mixed/Multiple Ethnic Group	4,200	32
White	85,600	37
Other Ethnic Group	5,400	21
Not Known/Not Provided	2,300	29

Source: BIS Experimental data.

3.72 The data showed an overall sustained employment rate of 34 per cent (a learner must be in paid employment in five out of the six months between the



reference period of October 2011 and March 2012 which is a more difficult outcome to achieve than simple job entry within three months). A wide range of qualifications was covered by this data. The three entry / Level one qualifications reported in Table 3.17 would appear the most comparable with the Skills Conditionality Pilot, and the reported sustained employment rates of between 18 per cent and 29 per cent were well above the 11 per cent job entry achieved by the Pilot for unemployed learners (albeit the Pilot measured job outcomes within just three months of the end of participants' period of learning). We are comparing learners on benefits against unemployed participants in the Skills Conditionality Pilot. This comparison may not be completely like with like as we do not know if the characteristics of these two sets of individuals match here.

3.73 Research carried out by National Institute of Economic and Social Research for the Local Government Association in 2015<sup>40</sup> consisted of a number of local authority case studies showing how localised employment and skills programmes had met the needs of local people. The programmes included a range of interventions, not just training but also advice and guidance, coaching and mentoring, work placements and volunteering. They varied in duration and intensity as well as their target groups, although services were often aimed at the hardest to help and to reach. They aimed to meet the wider needs of individuals, for example for healthcare and housing, making optimal use of referral to services within and outside of the council to meet these needs. The programmes involved different models of delivery, but all involved partnerships, networks and sharing of information, services and expertise. Outcomes for these programmes are listed in Table 3.18.

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<sup>40</sup> Rolfe, H et al. (2015). Local authority schemes supporting people towards work: An independent report for the Local Government Association. *National Institute of Economic and Social Research*.

**Table 3.18: Examples of Local Authority schemes supporting people towards work**

<b>Programme</b>	<b>Headline Impact</b>
<b>Bradford:</b> Routes into Work (Get Bradford Working)	Engagement: 1,100 participants registered onto programmes and undertook employability training, Outcomes: 390 participants were supported into employment (35%), 218 participants sustained work at 13 weeks (20%)
<b>North Tyneside:</b> Working Homes Outreach Team	21% job starts April 2013 - March 2014 12 % job outcome rate for disabled participants
<b>Haringey:</b> Jobs For Haringey	27.6% sustained job outcomes (26 weeks)
<b>Southampton:</b> Offender Skills and Employment	24% progression to employment
<b>Bury:</b> Backing Young Bury/Connecting Provision	38 young people engaged between September 2012 and February 2014, 32 progressed to jobs with training (84%) and 24 employed beyond 6 months (63%)
<b>Liverpool:</b> Streets Ahead Plus	The original target for the project was to engage with 100 residents and secure employment for 20. By the end of the project in March 2011, 80 had been engaged, nine had started full-time employment and one had increased her hours. In subsequent months a further six entered employment

Source: National Institute of Economic and Social Research for the LGA, 2015

**3.74** A number of the schemes showed good rates of progression into employment, particularly in view of the characteristics of participants and their levels of labour market disadvantage. Around 20 per cent of participants in the North Tyneside and Liverpool community-based schemes moved into work. These included individuals with lengthy periods of unemployment and substantial barriers to work. Similar results were achieved by Southampton's projects for ex-offenders, a group which faces considerable difficulty in the labour market. The performance in terms of job outcomes in general looks superior to that achieved on the Wales Skills Conditionality Pilot, although as noted above they were not simply skills programmes but involved a wider range of interventions.

### **Impact Analysis**

**3.75** The outcomes measured in the destinations and benchmarking sections, paragraphs 3.58 to 3.74, are the gross impacts of the Skills Conditionality Pilot. Some of these outcomes would have occurred in the absence of the project i.e. an individual might have found work even if they had not participated in the Pilot. The following section attempts to assess the extent to which the Skills Conditionality Pilot had an impact on the likelihood of its participants entering

employment compared to what would have happened if these individuals had not received the assistance that the Pilot offered<sup>41</sup>. Therefore this is an assessment of the net impact of the plot on the likelihood of people entering employment. Put simply it is a calculation of the gross outcomes minus an estimate of the outcomes that would have occurred in the absence of the Pilot.

### **Attempted Methodology**

3.76 We attempted to estimate this net impact by creating a comparison group of similar unemployed people from the five quarter Longitudinal Labour Force Survey (LLFS). This means that our comparison group was based on a survey data source, whilst the data on participants came from management information as recorded in LLWR. We used a propensity score matching approach to weight the comparison group so that it matched the characteristics of participants on the Skills Conditionality Pilot, based on a number of characteristics: age, length of time out of work, ethnicity, gender, disability status, and level of highest qualification. All individuals in our comparison group were International Labour Organisation (ILO) unemployed in the first quarter to try and match as far as possible the labour market status of the Pilot participants. ILO rather than claimant unemployment status was used because while the Labour Force Survey (LFS) includes a variable covering benefit receipt, this variable is not accurate, with individuals often misreporting what benefits they were receiving. For this reason, this benefit receipt variable is generally not used for analytical purposes. The use of ILO unemployed individuals as a match for claimant unemployed participants in the Pilot was, however, not unproblematic and this is discussed in more detail in Appendix 4 alongside other caveats to our impact assessment.

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<sup>41</sup> The outcome variable we use for our impact assessment is entry into work within three months of the end of participants' period of learning. Other potential destinations of interest for assessment could have included movement into further learning or movement off of out of work benefits. However, of the 342 individuals who had left their learning and had known destinations only seven were pursuing further learning and we have no information on the post-pilot benefit status of participants.

3.77 We also excluded LLFS data for individuals resident in the Greater South East (London, South East and East of England regions) from our comparison group given how different economic and labour market conditions in the Greater South East were compared to Wales and matched individuals in local / sub-regional labour markets which had similar unemployment rates. The aim here was to try and ensure that the comparison between participants on the Pilot and the LLFS based comparison group was not affected by being taken from labour markets with either much more or much less buoyant conditions. However, this matching was not very successful and the average local unemployment rate faced by participants remained statistically significantly different from the same averages for our two matched comparison groups<sup>42</sup>. So our impact assessment results might be biased by our treatment and comparison groups not being subject to the same or similar local labour market conditions. More details on this limitation and on the propensity score matching process more generally are set out in Appendix 4.

3.78 We then analysed our combined sample of matched Pilot participants with the matched comparison group to estimate the net probability of moving into work. We used two different methods of propensity score matching to estimate the impact of the Pilot. The technical details of our approach are set out in Appendix 4.

3.79 Our approach was subject to a considerable number of caveats the main ones were that the only job outcome variable available was job entry within three months of the end of participants' period of learning and having to use a comparison group based on LFS data. Previous research suggested that training takes rather longer than three months to have an impact on unemployment, so a three month job outcome variable is very much less than ideal. Use of LFS data for the comparison group meant that the participants who were claimant unemployed had to be matched against ILO unemployed individuals covered by the LFS. There are likely to be behavioural differences

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<sup>42</sup> Statistical significance was assessed via a t-test. The details are shown in Appendix 4.

between claimant and ILO unemployed individuals which would affect our impact assessment results. These limitations meant we concluded that our results were not a robust estimate of the impact of the Skills Conditionality Pilot on job outcomes. Hence we do not report our results here in the main body of the report. The results are detailed in Appendix 4. Instead below we discuss the requirements for a robust impact assessment of a policy such as the Skills Conditionality Pilot and set out our recommendations for how this might be done in the future.

### **Proposed method and recommendations**

3.80 Increasingly in recent years, impact assessments of labour market and education programmes have been undertaken by utilising linked administrative data sets. An example of this is Bibby et al. (2015)<sup>43</sup> which used linked ILR data, DWP benefit data, and HMRC data on employment. This study assessed the impact in terms of subsequent employment and benefit receipt outcomes of FE learning by unemployed individuals in England. Another example is DWP (2012)<sup>44</sup> which used linked DWP benefit data, and HMRC data on employment to assess the impact on employment and benefit receipt amongst young unemployed individuals of participation in Work Experience<sup>45</sup>. This approach is recommended as the most robust available approach to assess the impact of the Skills Conditionality Pilot.

3.81 The two biggest drawbacks with the method we had to employ for our impact assessment (given the data available to us) were:

- the short length of time, three months, available to assess the impact of the Pilot

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<sup>43</sup> Bibby, D et al. (2015). Impact Of Skills And Training Interventions On The Unemployed: Phase I Report. *Department for Business, Innovation and Skills Research Paper*. 158

<sup>44</sup> Department for Work and Pensions. (2012). Early Impacts of Work Experience.

<sup>45</sup> Work Experience is one of the UK Government's Get Britain Working Measures. It provides work experience usually of between two and eight weeks to young unemployed.

- the nature of our comparison group which was an imperfect match for the Pilot participants.

3.82 The use of linked administrative data addresses both these issues. It is possible to follow individuals over a number of years using linked DWP benefit and HMRC employment data. For example, Bibby et al. (2015) estimated the impact of FE learning on unemployed learners over a period two to four years after their learning has ended. This should be sufficient to identify any impact of the Pilot on employment outcomes and benefit receipt.

3.83 In terms of our comparison group, the use of linked administrative data allows the participants in the Skills Conditionality Pilot to be compared against individuals who were also in receipt of JSA and who can be matched on a range of relevant characteristics. We outline below three potential comparison groups.

3.84 The first potential comparison group for those undertaking essential skills learning are those who have been referred to such learning but did not start such learning. Similar to participants they will be considered to have an essential skills problem. However, one reason for not starting the essential skills learning is because the individual found work. We cannot rule out that non-starters may have unobservable differences from participants that make them more job ready than the Pilot participants.

3.85 This potential source of bias can be at least be partially addressed by matching participants and non-starters on their previous employment and benefit histories. This ensures that participants and those they are compared with have similar prior labour market experiences which reduces the chances of there being unobservable differences between them. This is because if there were such unobservable differences between the two groups, which impacted on labour market outcomes, then we would expect to see differences in their prior labour market experiences.

3.86 A second comparison group is other JSA claimants who have not been referred to or received skills conditionality / essential skills training. Again we can match

participants in the Pilot against such individuals on the basis of a range of relevant personal characteristics. However, given such individuals have not been referred for essential skills training then it may well be that they do not have an essential skills problem. This unobservable difference can be expected to mean that they will have better labour market outcomes than otherwise identical individuals who do have an essential skills problem. Again this potential source of bias can be addressed by matching participants and other JSA claimants on their previous employment and benefit histories, as discussed above.

3.87 A third comparison would be to compare those who start and complete their learning under the Pilot against those non-completers who start but leave their learning provision early. Again we can match participants in the Pilot against such individuals on the basis of a range of relevant personal characteristics. However, there may be unobservable differences between these two groups, for example, completers may be more open to learning than non-completers. Again this potential source of bias can be addressed by matching participants and other JSA claimants on their previous employment and benefit histories, as discussed above. This approach is likely to be more difficult to implement than the former two approaches. A number of participants in the Pilot had multiple spells of learning some of which they appeared to complete and others which they appeared to leave early. It might be difficult to distinguish between those who completed their learning and those who did not, but the approach is still worthy of further consideration.

3.88 A finding of previous research is that training interventions to assist unemployed individuals tended to take some time to show an impact and did not have significant short run impacts. This suggests that some time needs to pass before an impact assessment of the Skills Conditionality Pilot can sensibly be attempted. Although it is difficult to be certain in advance how long one should wait before undertaking an impact assessment, we would advise waiting until at least two years have passed since individuals completed their learning. As the last training under the Pilot occurred in December 2015, this would require waiting until such time in 2018 that DWP and HMRC data for up to

December 2017 is available. In the meantime, linked DWP and HMRC data for Pilot participants, without a matched comparison group, could be assessed at quarterly intervals in order to monitor participants' progress on job and movement off benefit outcomes. Similar monitoring arrangements could also be applied to any future skills conditionality provision undertaken in Wales in the interim before a robust impact assessment could be undertaken of that provision.

3.89 The robustness of an impact assessment using administrative data depends on the quality of the administrative data used. In this regard one issue that has arisen with the Pilot is the inconsistent recording of both referrals to, and starts on learning, under the Pilot.

3.90 Our recommendations on how to undertake an impact assessment of the Skills Conditionality Pilot which is as robust as possible have presumed the use of a quasi-experimental approach using propensity score matching. Randomised control trials (RCTs) are generally considered to be the best method (commonly described as the 'gold standard') for undertaking impact assessments. However, for such a method to be used in the case of the Pilot would have required the prior random assignment of those judged to require essential skills training to the Pilot or to a control group. This did not happen and so this approach cannot now be used.

## **Cost Benefit Analysis**

### **Costs**

3.91 The operation of the Skills Conditionality Pilot imposed costs on both the Welsh Government who funded the learning undertaken via the Pilot and on Job Centre plus who initially screened claimants for essential skills needs, referred claimants to a full assessment of their skills needs by a training provider, referred claimants to training with a provider and made decisions whether or not to sanction those claimants who did not attend training they have been mandated to. Table 3.20 below summarises these costs.



**Table 3.20: Wales Skills Conditionality Pilot, Costs (£000s)**

Year	2014-15	2015-16
Payments to training providers (WG)	1,408	860
Administration / management costs (WG)	28	17
Initial screenings and referral to provider (JCP)	74	11
Referral to learning (JCP)	37	14
Sanctioning decision making (JCP)	2	3
Total Costs	1,549	905
Total Real Costs (2014/15 prices)	1,549	893

Sources: Welsh Government, Department for Work and Pensions

3.92 Information on the cost of payments to training providers for the delivery of essential skills training was supplied by the Welsh Government. The Welsh Government also supplied information on the salary bands of their staff who had responsibility for managing the Skills Conditionality Pilot together with an estimate of the amount of time these staff had spent on this rather than their other duties. We supplemented these salary costs by estimating the employer national insurance contributions (NICs) and employer pension contributions. This was done via the online HMRC NICs calculator and information set out on the Principal Civil Service Pension Scheme (PCSPS) website. The Welsh Government was unable to provide an estimate of the overheads and organisational support costs associated with these staff costs. Based on previous cost benefit analysis of three labour market programmes<sup>46</sup> we have added ten per cent onto the estimated staff costs to give an overall estimate of these management costs.

3.93 DWP provided information on the volumes of initial screenings and referrals to a training provider for a more in depth assessment and subsequent referrals to start training. DWP also provided the estimated unit costs for these activities based on 30 minutes of a Work Coach's time. This gave a unit cost of £19.37 per screening / referral. This was based on staff costs covering wages,

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<sup>46</sup> 10% is the average ratio of overhead costs to staff costs for three of the labour market programmes we have previously reviewed: West London Working, Pathways South London and Brent Navigator project.

employer NICs and employer pension contributions plus management and support, and overheads, including accommodation costs. . When combined with volumes this gave the figures for the total cost of these initial screenings and referrals shown in Table 3.20. DWP also provided information on the unit cost of referring a claimant to a decision maker i.e. to assess whether a sanction should be imposed. The cost was £13.73 per referral. DWP also provided information on the number of referrals to a decision maker to undertake an assessment of whether or not a claimant should be sanctioned. This information was combined with the unit cost estimate to produce an estimate of the overall costs of the sanctioning decision making process. (It should be stressed that referrals to a decision maker and actual sanctions are not the same. The information supplied by DWP indicates that there were 352 such referrals from the Skills Conditionality Pilot but of these just 91 led to a decision to sanction.)

### **In work costs**

3.94 When an individual moves into employment there are additional unavoidable costs they must incur. These include travel to work costs, and childcare costs for lone parents or families where both adults work. These costs represents a reduction in the gain from working on those who incur them. Hence, estimating these costs enables a more accurate measure of the net benefit of employment to individuals. On the benefits side, we had intended to estimate the impact of the Skills Conditionality Pilot on the wage bill as a proxy for its impact on economic output as a conservative estimate of the Pilot's overall impact on society as a whole, rather than the gains simply to individuals moving into work. Hence, if it had been possible to produce a robust estimate of the impact of the Pilot on employment, and so output, we would not have deducted these in work costs from our estimate of this impact on economic output.

### **Benefits**

3.95 The benefits of a labour market intervention such as the Skills Conditionality Pilot are normally assessed in terms of its impact on entry into work, or other

employment outcome, and what this then implies for the impact of the intervention on economic output.

- 3.96 Our impact assessment of the net employment impact of the Pilot was not robust. We have outlined a suggested methodology for undertaking an impact assessment of the Pilot which should produce robust results indicating by how much the Pilot would increase or decrease employment in net terms (i.e. after allowing for what would have happened anyway in the absence of the project.). These results should then be used as basis for calculating the employment benefits of the Pilot.
- 3.97 According to the Pilot management information, there were 1,336 starts on the Pilot in 2014/15 and 274 in 2015/16. Suppose that a robust impact assessment suggested that the Pilot increased affected individuals time in work by  $a$  per cent points over  $b$  years. Then for each of  $b$  years, the estimated impact of the Pilot would be  $13.36a$  person years ( $= 1,336 \times a/100$ ).
- 3.98 These net additional  $13.36a$  person years of employment per annum would then need to be valued in monetary terms. In principle, access to linked HMRC data, as we have recommended for the undertaking of the impact assessment, would give us the actual wages at which people move into work. However, if access to such earnings data is not available then there is empirical evidence which suggests that entry level hourly wages are around the 20th percentile of the wage distribution<sup>47</sup>. Hence such data for 20<sup>th</sup> percentile data from the Annual Survey of Hours and Earnings (ASHE) for Wales for 2014 and 2015 for the hourly wages could be used to monetise the net employment benefits of the Pilot. A more conservative assumption would be to assume that people entered work at the relevant legal minimums as provided by the National Minimum Wage (and from April 2016, the National Living Wage for those aged 25 and above.)

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<sup>47</sup> Gregg, P (2011). *The Labour Market in Winter: The State of Working Britain*. Oxford: OUP Oxford.

3.99 Combining such wage data with the median weekly hours of work in Wales (which can also be taken from ASHE) and multiplying by 52 gives the yearly values for entry employment in Wales shown in Table 3.21. The other necessary assumption for valuing movement into work is how long to assume that a new job will last. Recent research on this topic is lacking but research from the late 1990s suggests that on average a new job lasts around 15 months on average<sup>48 49 50</sup>. Combining these assumptions on the yearly value of entry level employment and the length of that job with the estimated impact of the Pilot gives estimates of the total value of the net employment produced by the Pilot. In order to allow for inflation these benefits should be converted into a common set of prices using figures for the GDP deflator.

### **Non-Employment Benefits**

3.100 Guidance on valuing wellbeing effects associated with moving into employment was included in the Treasury Green Book in 2011. Their valuation is challenging but as the Green Book argues is part of a full assessment of the benefits of social and employment interventions.

3.101 An assessment of the non-employment benefits that flow from the Skills Conditionality Pilot can be based on a model designed by Manchester New Economy. This model sits alongside the overall Treasury guidance on cost benefit analysis set out in the Green Book. The model is designed for commissioners, performance officers, finance officers and practitioners to understand the value for money of public services. The model allows the estimation in monetary terms of the overall public value (total socio-economic benefits) created by a programme and the individual elements of overall public value, including economic benefits and wider social welfare/wellbeing benefits. For example, this model can be used to derive estimates of:

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<sup>48</sup> Gregg, P and Wadsworth, J. (2002). Job Tenure in Britain, 1975-98. Is a Job for Life or Just for Christmas?. *Oxford Bulletin of Economics and Statistics*. 64

<sup>49</sup> Gregg, P (2011).

<sup>50</sup> Booth, A et al. (1997). Job Tenure: Does History Matter?. *CEPR Discussion Paper Series*. 1531

- increased confidence / self-esteem
- reduced isolation
- positive functioning (autonomy, control, aspirations)
- emotional well-being.

3.102 Again the resulting values for non-employment benefits need to be adjusted for inflation using the GDP deflator. The sum of the estimated employment and non-employment benefits would constitute the estimated overall socio-economic benefits of the Pilot.

### **Summary of Cost Benefit Analysis**

3.103 The final stage of a cost benefit analysis is to bring together the estimates of the Pilot's costs and net benefits. In line with the standard approach to economic appraisals these costs and benefits should then be discounted back to a common base year to give their net present values. The real discount rate of 3.5 per annum as recommended by the Treasury Green Book should be used for this purpose. The overall net present value (NPV) of the Pilot would then be the difference between the NPV of the benefits and the NPV of the costs. If the overall NPV is positive then the Pilot's benefits outweigh its costs. We can also calculate the benefit to costs ratio (BCR) which is the NPV of the benefits divided by the NPV of the costs. If the BCR is above one then this indicates that the Pilot's benefits outweigh its costs.

### **Conclusions**

3.104 Our review of the past evidence on conditionality indicated that: there was mixed evidence as whether skills conditionality increased the uptake or completion of training, most of the evidence reviewed suggested that sanctions increased movements off of benefit and into work, individuals were often sanctioned because they lacked understanding or had poor organisational skills rather than because of a deliberate decision not to abide by the rules, and training tended not to reduce unemployment in the short run but did do so in the medium and longer term.

3.105 People who had been unemployed for less than three months and for over five years were overrepresented amongst the participants on the Wales Skills Conditionality Pilot relative to their share of all JSA claimants in Wales. Eight in ten participants had just Level One or lower (including no qualifications) when they started on the Pilot.

3.106 Twelve per cent of participants in the Pilot had moved into work within three months of the end of their learning. The impact assessment undertaken was subject to a number of limitations and we concluded that its results were not robust. An approach which should produce robust results based on linked administrative data: DWP benefit data and HMRC employment data has been proposed. Since training interventions for unemployed people take time to impact, this impact assessment should be undertaken in 2018 which would allow the job and benefit receipt outcomes for participants to be assessed for two years after their participation. The lack of a robust impact assessment means that the benefits of the Pilot cannot be quantified. The NPV of the costs of the Pilot are estimated at £2.4 million.

## 4 Operational Effectiveness / What Works

### Previous policies

- 4.1 Our literature review uncovered evidence concerning factors which impacted on the effectiveness of past skills conditionality programmes. Here we are looking not at programme outcomes directly which were discussed in Section 3 but issues of design and delivery that help explain the performance of different programmes. This evidence is reviewed here.
- 4.2 Joyce et al (2006) mention that advisers tended to agree with the principle of sanctioning per se, and this was felt to have a number of advantages, the most important one probably being that it was effective in encouraging customers to attend training. They also found that the effective operation of sanctions relied on a number of factors:
- the effective communication and consistent delivery of the programme by advisers. Much emphasis was placed on the verbal communication of mandation by advisers. It was generally seen as being the most important and effective form of communication, especially in conjunction with a mandatory referral letter
  - the consistent approach and speed of the decision makers
  - the willingness and understanding of the customer group
  - on other parties, such as former employers and training providers, to provide evidence.
- 4.3 Job search skills were thought to have improved as a result of undertaking the essential skills course. The activities that were identified as being particularly effective included: learning where to look for job vacancies; how to write or improve their CV; how to complete application forms and speculative letters; and improving interview techniques.<sup>51</sup>

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<sup>51</sup> Joyce et al (2006) op. cit.

- 4.4 Peters and Joyce (2006) found that most people understand the general principles of JSA and the sanctions regime (with 80 per cent saying they had a good or fair understanding of the regime). However, it was felt that overall claimants would benefit from a simpler, clearer and regularly repeated message about their responsibilities. The effectiveness of the sanctioning process would increase with improved communication and thus understanding of sanctions, especially for the 20 per cent with ESOL, literacy difficulties or learning difficulties.<sup>52</sup>
- 4.5 Clear communication of the regime was also found to be important if sanctions are to be an effective deterrent. If people are not aware of the policy, it is unlikely to encourage them to stick to Jobcentre rules and regulations.<sup>53</sup>
- 4.6 Bloch et al (2013)<sup>54</sup> also discuss the need for staff to be informed about what was effective in order to be able to tailor the support they offer to each individual according to what best meets their needs. In particular, they say that “staff wanted evidence on how certain practices worked on the ground, in order to make informed decisions about whether they would be appropriate in different settings.”
- 4.7 Rolfe (2012)<sup>55</sup> also points to this need for tailored one to one support in order for these kinds of programmes to be effective. Jobseekers with numerous and complex barriers to finding work need a range of support not just in relation to their skills needs. They required personalised support and intensive help rather than ‘one size fits all’ provision. A more effective approach would be one in which individuals are helped to develop their own job seeking strategies.
- 4.8 In 2010, DWP piloted skills conditionality in England and an evaluation of this pilot was published in 2011<sup>56</sup>. The qualitative part of this evaluation included interviews with 40 claimants as well as visits to five JCP offices where 25 staff were interviewed. In addition, a small number of training providers were

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<sup>52</sup> Peters and Joyce (2006). Op. cit.

<sup>53</sup> Ibid.

<sup>54</sup> Bloch, A et al. (2013). Op. cit.

<sup>55</sup> Rolfe, H. (2012). Op. cit.

<sup>56</sup> Dorsett, R et al. (2011). Op. cit.



interviewed. The Jobcentres visited were selected from the pilot districts to provide a range of settings from inner city to rural localities. The interviews with claimants were aimed at understanding their experiences of involvement in the pilot. The claimants interviewed were sampled from the DWP database of claimants mandated to the pilot and were from across the 11 pilot areas. The key findings from this qualitative research with respect to features affecting the programme's effectiveness are set out below. These provide a list of issues that potentially could also be important for the success of the Skills Conditionality Pilot in Wales:

- **poor initiation.** Advisers were only informally trained via email or general staff meetings. This meant that advisers were uncertain about the pilot's aims and about who was eligible
- **lack of available training for participants.** One of the biggest barriers to the pilot, especially for ESOL
- **participants were generally positive about the training they had received.** Their confidence was improved and they expected that the training they had received had improved their prospects of finding work. However, for many participants **mandation had not been necessary** as they stated that they were willing to undertake training voluntarily
- participants had **negative views on their training** where it was below their level, the **teaching was poor, the content was repetitive and where they were repeating training they had already done**
- **skills were often not the only barrier to employment** and so help for claimants might need to be more multi-faceted.

4.9 Following the evaluation, JCP made some changes to the delivery of skills conditionality.

4.10 Ofsted undertook a review of skills conditionality provision in England in 2012<sup>57</sup>. This review was based on visits to 45 providers including colleges, independent learning providers and local authority providers of adult and community

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<sup>57</sup> Ofsted (2012). Op. cit.

learning. The fieldwork was carried out in two stages as follows. The first stage comprised two-day visits to 18 providers: 10 general further education colleges, five independent learning providers and three adult and community learning providers. Providers were selected because they had a history of providing programmes for the unemployed. In the second stage inspectors returned to the 18 providers previously visited for one-day visits to assess their progress in developing their employability provision. In addition, a further 27 providers were visited: seven colleges, six independent training providers and 14 providers of adult and community learning.

4.11 A longitudinal survey was carried out with 75 individual participants to track their progression through the programmes over a period of between four and six months, to identify their destinations after the completion of programmes and to ascertain the extent to which participants used the skills they had developed in their new employment. In addition to this longitudinal survey, focus groups were carried out with 720 participants during the visits to providers.

4.12 The key conclusions from this review were that:

- the **quantity and the appropriateness of the referrals** to specific courses that would meet participants' needs **varied considerably** between different jobcentres
- **initial assessment by providers was weak**. Only a third of providers visited had effective systems for initially assessing and recording participants' prior knowledge, barriers to employment, and employability skills to inform training. Only two programmes were judged as particularly effective at developing work-related literacy, numeracy and language skills that could enhance participants' employment prospects
- **very few of the employability courses which were not directly linked to actual job vacancies were effective in ensuring that participants fully understood their responsibility** for increasing their chances of obtaining sustained work
- there were **too few opportunities for participants to undertake work placements or work trials**. Many participants' interviewed said that they

would like the chance to try out their skills at work and show employers what they could do

- there was **not a sufficient focus on developing participants' literacy, numeracy and language skills for work**. Just over half the providers referred participants with low level skills to their existing courses, which typically failed to provide intensive training in work-related skills
- **progression to employment was not a high enough priority**. Providers and participants too often saw the provision primarily in terms of progression to further training.

4.13 Ofsted identified the characteristics associated with particularly effective provision:

- development of **close working partnerships with JCP** to increase **referrals**
- the ability **to respond quickly to requests for short provision** from employers and others
- effective use of the qualifications credit framework to **develop accredited vocational training**
- the **development of short vocational courses, especially when linked to an employer's specific recruitment drive**
- **work experience that enabled participants to develop their skills in a real work environment**
- **collaborating with employers to design training** in job search skills focusing on CV writing, interview skills and identifying relevant job vacancies
- community-based **outreach work to increase access** to provision for those in **greatest** need.

4.14 An evaluation of a wider range of new skills and employment policies<sup>58</sup> included an assessment of the England wide roll out of skills conditionality. It found that the initial implementation of skills conditionality had been problematic because the start was rushed with guidance only issued shortly before the policy

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<sup>58</sup> Oakley, J et al. (2013). Op. cit.

became operational. Subsequently this guidance was found not be fit for purpose and had to be reissued. Other consequences of the rushed start were lack of skills provision in some areas for some types of training, undeveloped relationships between JCP and skills providers and a lack of knowledge amongst Jobcentre advisers about the range of training on offer in their locality.

4.15 Some of the initial problems improved overtime so that by nine months into the programme:

- problems concerning a lack of provision had largely been overcome except for some pre-entry level essential skills courses and ESOL
- the development of more specialist skills advisers in JCP had helped keep other advisers up to date with local training on offer from providers
- over time the relationship between JCP and skills providers had deepened and improved. Furthermore, better relationships between JCP and providers promoted success for example with JCP influencing the structure of training courses to meet the needs of unemployed learners and the local economy.

4.16 However, in other respects this bad start had an ongoing impact as the programme continued to be interpreted and applied in an inconsistent manner. This meant that many providers believed they had had to deal with some inappropriate referrals of claimants. In addition, the administrative burden of what was seen as excessive paperwork by both JCP advisers and providers continued. For example, forms were viewed as over complicated and requiring the same information to be duplicated. A compounding factor for providers was the fact that jobcentres' systems varied across offices adding to the administrative burden on providers.

4.17 In summary, this evaluation of new skills policies including the conditionality pilot suggested the following important factors for success:

- **adequate lead in times** so that guidance could be developed properly and initial relationships between JCP and providers developed before the policy went live
- **consistent implementation**, especially with regard to referral processes

- **administrative procedures which minimise the burdens on all concerned whilst capturing requisite information**
- **an adequate supply of training provision**, especially with regard to more specialist needs such as ESOL.

### **Wales Skills Conditionality Pilot: The Experience to Date**

4.18 The lessons from the experience to date of the Skills Conditionality Pilot were outlined in a management note from DWP, following visits to Jobcentres, to the Welsh Government dated February 2015<sup>59</sup>. We also gained insight into this experience from interviews with representatives from the Welsh Government, DWP, and training providers. The DWP note highlighted the issues discussed below.

#### *Relations between Jobcentre Plus and Providers*

4.19 Excellent relationships between providers and Jobcentre staff were essential for the Pilot's success. This facilitates timely interventions with claimants to address problems, for example, failures to attend provision.

#### *Co-location*

4.20 Co-location of JCP and provider activity worked well. The National Training Federation for Wales (NTfW) reported a success rate (starts divided by referrals) of 90 per cent where there was full co-location (Initial Assessment and training delivered on JCP site), 70 per cent for part co-location (Initial Assessment on JCP site), and 40-50 per cent where the provider met with the claimant off site. Hence, it was concluded co-location should happen wherever possible.

4.21 In addition, feedback from one jobcentre indicated that claimants feel more comfortable undertaking the training at the jobcentre. This was usually due to confidence issues surrounding attending a college and the fact that having essential skills needs would be embarrassing for some people.

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<sup>59</sup> Department for Work and Pensions (2015). *The volumes and process of referrals to the Welsh Government pilot provision – Work Ready – Skills Conditionality*

4.22 In practice, only 7 of 22 jobcentres had the Initial Assessment on site, and in three cases that was partly the case. Of the others one had the assessment at another job centre. Two jobcentres had moved initial assessments into the jobcentre due to high dropout rates / low referrals. Only two jobcentres had the training delivered on site with another partly so. Hence, overall the majority of training provision was not co-located.

#### *Other Findings*

4.23 Other findings reported by DWP were:

- providers were very wary of working with the mandatory claimant group
- only 37 per cent of those assessed had been referred to training
- a specific tool to track referrals developed by one jobcentre was providing excellent intelligence for performance and activity, and the possibility of its adoption across Wales was being actively considered
- timely referrals to both Initial Assessment and training allow essential skills needs to be identified and addressed very early in the claimant's journey
- Work Coaches need to have a good understanding of the impact of low essential skills levels on claimants' employment prospects. Training can be needed to promote this understanding and also on how to raise what was often an embarrassing issue for claimants
- flexibility was required to try out different ways of working with specific priority groups e.g. post Work Programme<sup>60</sup> claimants
- the level of documentation required by the Welsh Government and the upfront costs this creates was a concern to contracted Providers.

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<sup>60</sup> The Work Programme is a Great Britain wide government programme which began in June 2011. It replaced a number of previous interventions, including Employment Zones, the Flexible New Deal and other New Deals. It covers both claimants of Jobseeker's Allowance and Employment and Support Allowance and provides support such as work experience and training for up to two years to help people enter and stay in work.

## **Qualitative Interviews**

- 4.24 The rest of the chapter summarises the findings from interviews with ten strategic stakeholders (with several of these stakeholders consulted on two separate occasions) primarily from Welsh Government (WG) or the Department of Work and Pensions (DWP) who have overseen the launch and delivery of the Pilot. The majority of these were undertaken during the initial phase of the evaluation.
- 4.25 Alongside consultations with strategic stakeholders, those involved in the management and delivery of the Pilot (a total of 21 interviews) were also interviewed. This cohort of stakeholders were either JCP employees involved in referring clients to the Pilot or employees of training providers involved in undertaking the initial skills assessment and/or delivering the training provision offered through the Pilot.

## **Commencement of Pilot**

- 4.26 The initial report reflected on a perception amongst strategic stakeholders that the Pilot had suffered somewhat from a relatively slow start with referral numbers initially lower than expected. A combination of factors were considered influential in this; a pause between Skills for Work and the launch of Skills Conditionality which may have impacted on momentum (although some felt this should have led to the building of a caseload ready to commence at Pilot launch), a lack of clarity around the referral process and the concurrent introduction of several new initiatives (most of which were led by DWP) in addition to skills conditionality (which was led by Welsh Government) were all mentioned.
- 4.27 Amongst those involved in the management and delivery of the programme there was a perception (particularly amongst JCP staff) that the timing of the Pilot offered little lead-in time prior to launch. Familiarisation with the referral process (and the processes associated with the Pilot more generally) took longer than expected due to its complexity, influencing the slower than expected implementation of the Pilot. Consequently some training providers involved in the delivery of the Pilot felt that they initially were required to

support the Work Coaches in building their familiarisation and understanding of the Pilot and the various processes associated with its delivery.

4.28 It is also understood that the initial slow rate of referrals created challenges for training providers who had recruited staff members to respond to anticipated levels of referrals. Fewer referrals than anticipated led to an initial over-commitment of resources for delivering training through the Pilot. The over-commitment of resources is also likely to have been influenced by a high rate of drop-off from initial referral from a Work Coach to starting training with evidence<sup>61</sup> suggesting that 37 per cent of Work Coach referrals ultimately started training.

4.29 The rate of referrals subsequently (around Christmas 2014) increased significantly, however for the remainder of the Pilot, the volume of referrals has remained below those achieved through the preceding, programme, Skills for Work. It remains unclear as to why this reduction exists, however the fact that Skills for Work operated in the post-recessional period may have been a factor. By way of example, the average monthly JSA caseload for Wales during the Skills Conditionality Pilot was 31 per cent lower than during the Skills for Work programme, whilst monthly on-flows were on average 26 per cent lower.<sup>62</sup>

### **Referral and Diagnostic Process**

4.30 The initial evaluation report reflected on perceptions amongst those primarily within (or associated with) Welsh Government that the referral process itself was somewhat confused (it should be noted that the process differs from that applied in England and Scotland under skills conditionality). This perception was reflected amongst those involved in the management and delivery of the programme. In terms of the initial referral process there was some confusion regarding the point at which an individual is mandated on to the programme (which differs from the process in England where the initial referral is

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<sup>61</sup> Department for Work and Pensions (2015). Op. cit.

<sup>62</sup> NOMIS. (2016). *Jobseeker's Allowance Flows, monthly averages – (October 2012-August 2015)*. Available: <https://www.nomisweb.co.uk/>. Last accessed 6th April 2016.



mandatory) however, more generally the majority of interviewees were clear on the initial steps in the process. More widely (specifically amongst JCP employees) there were concerns relating to the lack of information or feedback once an initial referral had been made. This response reflects the restrictions in communication between a training provider and a Work Coach after a client has commenced training but in some instances a lack of feedback was evident prior to training. One respondent referred to a massive fall when comparing referrals to the number of actual starts (estimated at around 90 per cent failing to start training) but felt frustrated with little information as to the reasons behind this fall.

- 4.31 Training providers often echoed the perception of high drop-off rates particularly from a JCP referral to attendance for an initial diagnostic with a training provider (typically of around 50 per cent). Furthermore there were instances where those referred for an initial assessment had no idea why they were attending and were also under the impression that they had already been mandated for that initial diagnostic. This interpretation may have been a misjudgement in some cases, however JCP staff did refer to the application of a Jobseekers Direction<sup>63</sup> if they felt, in isolated instances, that a client should attend a diagnostic. This effectively meant that some individuals were being mandated at point of initial referral by a Work Coach.
- 4.32 Research undertaken by DWP during the initial phase highlighted that the co-location of JCP and provider activity had a positive effect on the referral process, which led to a higher percentage of starts from referrals. Feedback from management and delivery providers reaffirmed this finding, training providers seeking to co-locate elements of the process where possible.

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<sup>63</sup> Jobseekers Direction is a power that lets Jobcentre Plus and staff working for a provider of employment-related support services instruct a client under threat of a sanction, to take steps aimed at improving their chances of finding employment.

4.33 Whilst the evidence illustrated the effectiveness of maximising the co-location of the referral process (reflecting the findings of previous research<sup>64 65</sup>), the ability to co-locate services is restricted by the available infrastructure.

*Prior to [co-location]... no real referrals. Post premises share it went well - then held screening sessions [in our offices] and the provider used their own premises in town to start delivering the provision (Work Coach)*

*It's important for us to be present at JCP, holding the information sessions there can remove some of the barriers and we can reassure them about what's involved. Most people coming to the session are happy to be there by that point, those who don't want to be have opted out. Drop-off is then low. (Training Provider)*

4.34 It is also evident from the primary research undertaken that the effectiveness of the referral and diagnostic process is heavily reliant upon the strength of relationship between JCP and the training provider.

*We have good working relationships [with training providers], a healthy network, but we need a process for feedback from training providers and better linkages with other training programmes. We need to be able to pick up on issues, if we didn't talk to them informally we wouldn't know whether people were turning up (Work Coach)*

*We've worked with 4 or 5 JCs and there are some that work very well, they were keen to following up on attendance issues, they call to ask about attendance, find out what was happening. Others have just made referrals and weren't interested, we were on our own with them. (training provider)*

*"We don't know much about the learners until we interview them, we could use some information about them to plan the interview better, for example if we knew a little more about why they're not working. We could make the assessment a more positive experience for them." (Training provider)*

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<sup>64</sup> Department for Work and Pensions (2015). Op. Cit.

<sup>65</sup> Bowes, L et al. (2012). Evaluation of the Deepened Co-Location Trials of Jobcentres with Next Step Provision. *Department for Business, Innovation and Skills Research Paper*. 98

## **Training Provision**

- 4.35 The initial report highlighted a perception amongst strategic stakeholders that some training providers were concerned as to their ability to adapt their training provision for those that had been mandated. The concern arose from the fact that prior to the commencement of the Pilot, training providers were delivering training to participants voluntarily engaging in the provision and they perceived that those mandated may be less willing to engage in learning and ultimately may become disruptive. However, at the time of the initial report, Welsh Government and DWP representatives had been made aware of only a few issues arising.
- 4.36 Through subsequent consultation as part of the evaluation, training providers could recollect few, if any behavioural challenges associated with the delivery of training provision to this cohort. It should, however, be noted that several participants who agreed to in depth consultations (as part of case study exercises) made reference to instances of disruptive behaviour (see Appendix 1 and 2 for further details).
- 4.37 Several training providers referred to the challenges of accommodating a wide range of skills levels amongst those referred with some qualified to NQF Level 2 or 3 being much closer to the labour market than those with Entry Level skills. Whilst most interviewees acknowledged that the tutor should be sufficiently skilled to overcome this issue, there remained a desire for greater segmentation of participants (with some suggesting the appointment of additional training providers to enable greater segmentation). This desire for segmentation was also evident from the in depth interviews with participants (Appendix 1 and 2). Some providers reportedly applied their own approach to segmentation by moving clients to the Work Ready programme if their skill levels were deemed to be sufficient to benefit from that offer.
- 4.38 Shifting clients to the Work Ready programme was an isolated approach and inconsistently applied across Wales. However several training providers viewed the offer on the Work Ready programme to be more suitable for those clients that were more highly skilled. Their suitability for Work Ready specifically related to the enhanced vocational emphasis than that offered through the

Skills Conditionality Pilot with the perception that those with better skills were closer to the labour market and would benefit from the vocational experience. Similarly some training providers queried whether they could refer some of the high achievers or the most enthusiastic learners to the Work Ready programme as a progression route following completion of the Pilot.

- 4.39 With regards to progression routes some training providers suggested the lack of communication following course completion after building up a rapport with participants was seen as a missed opportunity for further training aligned to an individual's skills needs. However, it was understood that subsequent referrals made into other training provision carried the risk of clients being mandated to the Work Programme before they could undertake or complete this training. This was because participation in further training lengthened their time unemployed and so meant they came within the ambit of Work Programme eligibility.
- 4.40 Concerns were also raised in the initial phase of our research concerning the geographical coverage of training provision. Challenges were said to have been encountered in rural areas (and were confirmed through subsequent management and delivery consultations), particularly where there were low volumes of client referrals to the programme. In these instances it was not cost effective to run training provision for such small numbers where commonly, the training provider did not have an established presence in that location and would be required to hire premises to run the training.
- 4.41 A further concern from training providers related to the number of contact hours required of clients per week when participating in the Pilot, which varied in hours from one training provider to the next but could require up to a three-day commitment per week. In some instances, those being mandated to the training course had a series of other commitments (typically familial) which may lead to them dropping out of the course. Greater flexibility in this regard might have helped to boost completion rates. However analysis of the learning survey suggested that only 11 per cent of those that failed to complete training cited children/caring responsibilities or personal circumstances. Training providers also mentioned many other reasons for participants dropping out of the course

including; illness, travel expenses, self-confidence, chaotic lifestyles, negative prior experience of education, and referrals to the Work Programme.

### **Communication during Training Provision**

- 4.42 Where clients were failing to attend training, it was felt, amongst strategic stakeholders (and particularly DWP representatives) that knowledge of the reasons behind non-attendance were dependent on the strength of the relationship between the provider and the Work Coach.
- 4.43 Consultations with training providers identified that the majority of them (four out of seven providers) were liaising with JCP if a mandated participant failed to start or show up to training (contrary to the guidance). When this element of the referral process was explored with them, most training providers said they were unaware that they were not supposed to be doing this. In most cases training providers felt that communication with JCP in this regard was important from a relationship (between a training provider and a Work Coach) perspective as well as a delivery perspective.

### **Perspectives on mandating people to skills training**

- 4.44 Those involved in the management and delivery of the Pilot (both Training Providers and JCP employees) were asked for their perspectives on mandating people on to skills training.
- 4.45 All JCP employees bar one felt that to mandate people to skills training in the right circumstances had a positive effect on the individual's engagement and their willingness to learn. Typically, JCP employees saw the use of mandation as a tool for initial engagement in learning, in keeping with the aim that following engagement, the participant gains a greater realisation of the benefits that could be gained from their participation in training.
- 4.46 Amongst training providers there was a greater mix of opinions regarding the process for mandating clients, however the majority were of the opinion that mandating people to skills training, (once again) in the right circumstances, had a positive effect on the individual's engagement and willingness to learn.

## **Partnership Working**

- 4.47 At a strategic level it is widely felt that closer partnership working between the Welsh Government and the Department for Work and Pensions had helped significantly in the delivery of the Pilot. All stakeholders referred to the adoption of a welcome, pragmatic approach to the Pilot and in doing so, had offered a useful model to improve upon further for future programmes of activity where shared responsibility exists.
- 4.48 Amongst those involved in the management and delivery of the Pilot, partnership working had in the main, been viewed as successful. The sharing of information was highlighted by stakeholders as an area for improvement, with providers describing how it would have been useful to receive full background information (e.g. previous learning, any complicating factors such as alcohol or substance abuse issues etc.) on an individual from JCP prior to training commencement when, in accordance with the guidance, such communication is permissible. There was also an issue concerning the information flow to JCP. Work Coaches knew that many of the people they had referred to training providers had not started training and were frustrated that in many cases they did not know why this was the case.
- 4.49 Training providers were also, on the whole, positive about the Pilot with concerns about the forward strategy following the cessation of the Pilot being raised. JCP employees had mixed perspectives mainly due to the lack of information they obtained regarding the success (in terms of job outcomes) of the programme.

## **Improvements to the Programme**

- 4.50 When asked to consider improvements to the programme, the referral process itself emerged as a priority concern for those managing and delivering the Pilot, which JCP employees described as complex and onerous. Specifically, confusion arose around the point at which an individual was mandated to the programme.
- 4.51 JCP employees again referred to the need to revisit a perceived flaw in the process around a lack of feedback from some training providers regarding a

client's attendance at training once mandated. Staff felt communication was a crucial element in managing that relationship with their clients and the importance of being made aware of any contextual issues that led to their non-attendance at training.

4.52 Training Providers concurred with the need to improve the process of referral with some seeing the process as inappropriate and a minority specifically suggested the need to mandate from initial referral (reflecting the process adopted in England) in order to get the desired numbers onto the courses.

4.53 As noted earlier within this section, training providers would have welcomed increased flexibility around the training offer, with a greater emphasis on the vocational nature of the training, and for the course to encompass ICT and some life skills provision. Some training providers also felt that the programme did not offer sufficient funding to make it worthwhile for them to deliver the programme.

## **5 Skills Conditionality – Phase 2 Baseline Learner Survey Findings**

### **Introduction**

- 5.1 The study team were provided with details for a sample of 2,300 individuals drawn from DWP records (the DWP's Labour Market System (LMS)), from which to complete a total of 500 telephone interviews. The survey was conducted as a baseline between 11<sup>th</sup> August and 11<sup>th</sup> September 2015 with plans to re-interview the same participants three-four months' later. Case studies were also undertaken with five respondents to the survey who were willing to engage in further, more qualitative discussions subsequent to the initial survey exercise, these are presented in Appendix 1.
- 5.2 A total of 803 participants were contacted and agreed to complete the survey. 107 of these participants were on a list of contacts presumed to be starters (based on their recording with either a 293 DWP Code (training start) or a start date from the Lifelong Learning Wales Record (LLWR dataset) and 696 were on a list presumed to be non-starters (with neither a 293 DWP code nor a start date for a course within the LLWR dataset).
- 5.3 Of the 803 contacted (see table 5.1 below for a detailed breakdown), 223 were unable to recall being referred to a training provider by their Jobcentre Work Coach, and were therefore deemed ineligible for the study. A further 106 participants had not been required to attend the training since the training provider had not identified an essential skills need at assessment. These were also excluded from the study, leaving a total of 474 completed surveys.



**Table 5.1 Learner Survey response rates**

<b>All records</b>	<b>2,300</b>
Not contactable (wrong numbers)	382
Refused	53
Not reached	249
Contacts	803
Ineligible - no skills need identified	106
Ineligible - Did not recall referral	223
<b>Completed Interviews</b>	<b>474</b>

5.4 The survey approach sought to engage with a mixture of participants who had actually taken part in the training (“starters” and participants that were referred to the training but who did not take it up (“non-starters”). In order to ensure representation of both course attendees and non-starters, a sample frame was applied to the population of participants derived from the LMS. While the original intention was for an evenly split sample of starters and non-starters, it was found (when engaged through the telephone survey) that some of those within the sample frame who were thought to have not taken up training had subsequently done so. Of the sample of respondents, 59 per cent (n=278) of participants were confirmed starters on training, including 148 individuals who were assumed to be non-starters (or who had yet to start training) on the basis of the data provided by DWP.

**Table 5.2 Comparison of Respondent Data with LMS dataset**

<b>DWP Code (LMS Dataset)</b>	<b>Started training</b>	<b>Did not start training</b>	<b>Did not start – didn’t meet training provider*</b>	<b>Did not recall agreeing to meet with training provider**</b>
282 – referred to provider	148	114	41	6
293 – starter	130	26	5	4
<b>TOTAL</b>	<b>278</b>	<b>140</b>	<b>46</b>	<b>10</b>

\*Assumed non-starter

\*\*Assumed non-starter

- 5.5 Of the 474 that completed the baseline survey, both those who attended training and those who did not start the training would be followed up with a re-interview (if they consented to being re-contacted) in order to track the impact of engaging with the Pilot.

## **Survey Findings**

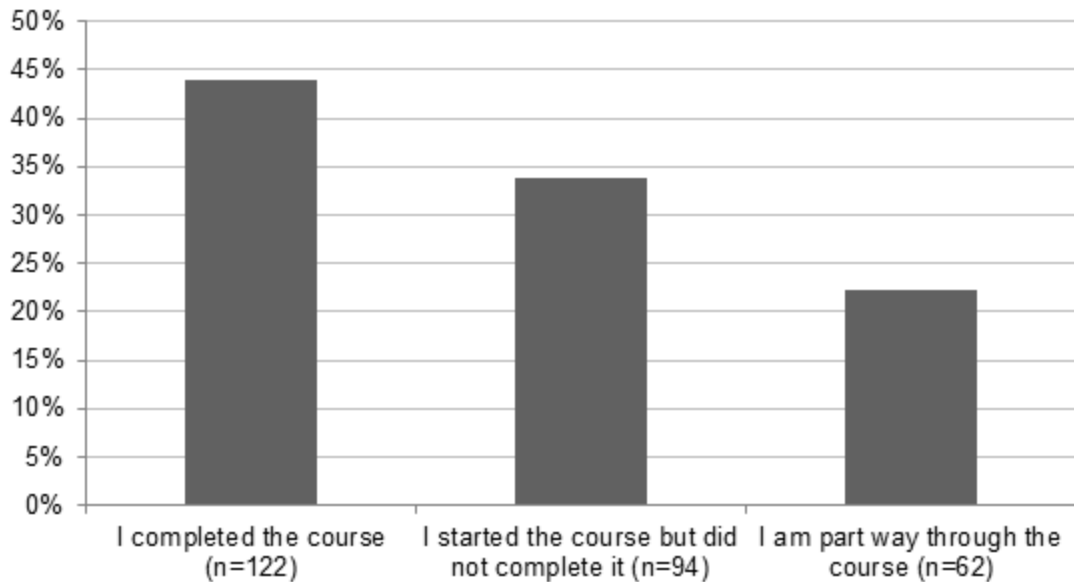
### **Participant Background**

- 5.6 Respondents were asked to state the highest qualification level they had obtained prior to their referral to the Skills Conditionality Pilot. Around two in five (41 per cent) respondents said they had no qualifications. A further 14 per cent had Entry Level (Key Stage Three) or Level One (QCF66-GCSEs Grades D-G or equivalent) qualifications, while just over one-quarter (26 per cent) had Level Two qualifications (QCF-GCSEs Grades A\*-C or equivalent) and eight per cent had qualifications at Level Three or above. There were no significant differences in the highest education levels of respondents who did and did not engage with the training.
- 5.7 Of the 474 participants surveyed, 418 had agreed to attend a meeting with a training provider as suggested by their JCP Work Coach, of whom a further 67 per cent (n=278) had started the training. As identified within figure 5.1 below, less than half (44 per cent) of those who started the training had completed it at the time of interview, while 22 per cent were part-way through the course. Around one-third (34 per cent) had started and not completed the course due to having dropped out.

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<sup>66</sup> Qualifications and Credit Framework

**Figure 5.1: Course completion status at time of interview**



5.8 Table 5.3 below illustrates the variety of reasons associated with not starting the training. In some instances this reflected issues with course delivery and programme implementation. For example, 16 per cent of those who did not start the training said they had not heard from the training provider or the Job Centre following their assessment, while a further three per cent said the course had been cancelled. For others, it was due to personal circumstance, with around one-quarter (24 per cent) not starting the training because they had found work instead, while a further 12 per cent said they could not attend because of health reasons.

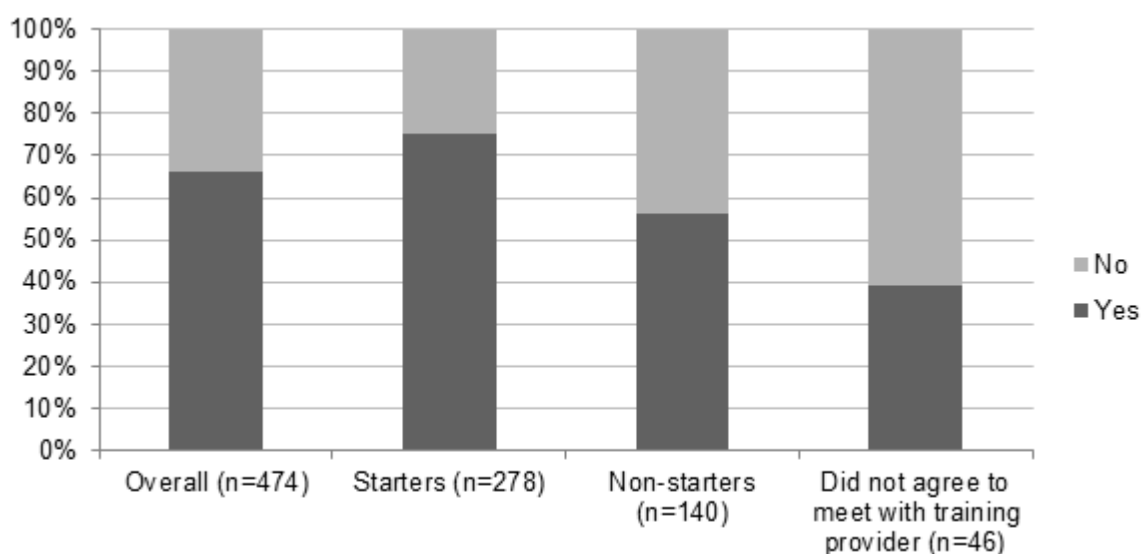
**Table 5.3: Reasons for not starting the training**

	n	(%)
Found work	34	24%
Didn't hear back from them	22	16%
Health reasons	16	12%
Attending another course / programme	11	8%
Training not suitable	10	7%
Personal circumstances	9	6%
Waiting to start	8	6%
You decided the training was not for you	7	5%
Changes to benefit entitlement	4	3%
Training was cancelled	4	3%
Other reasons	14	10%

n=139

- 5.9 Two-thirds (66 per cent) of all respondents said they had felt a need to improve their skills prior to their referral to the training provider. Respondents who started the course were more likely to report that they felt their skills needed improving prior to their referral when compared with non-starters. This suggests that self-identification of skills needs may have some role to play in participants' inclination to attend the training.

**Figure 5.2: Prior to being referred to the training provider did you feel that your skills needed improving at all? By training status**

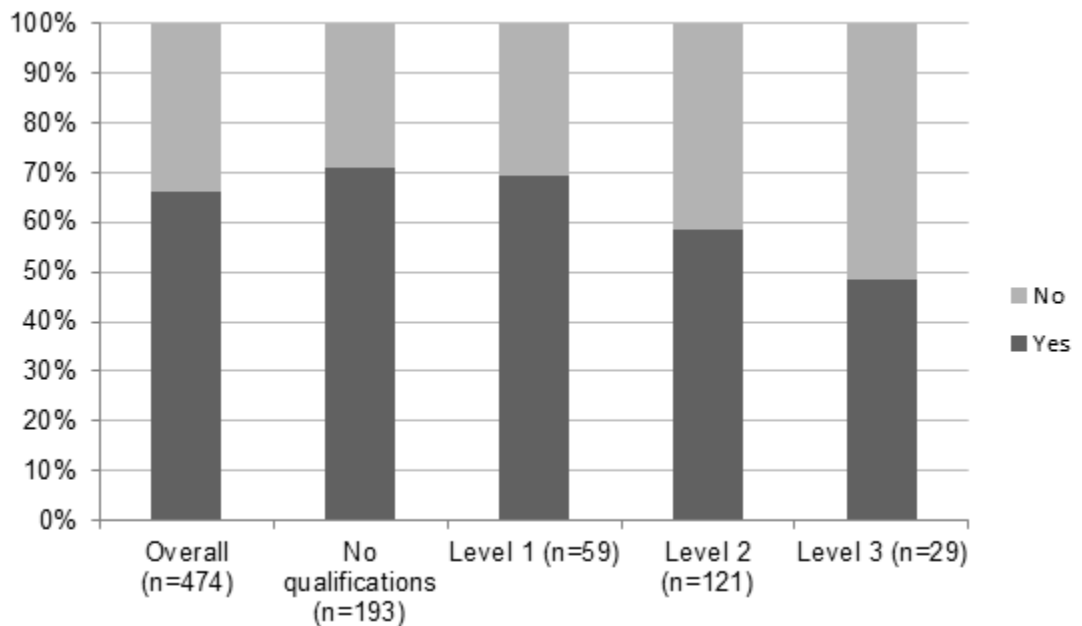


NB: excludes 10 respondents who were unsure whether they agreed to meet a training provider or not since it cannot be clearly determined whether they engaged with the process or not.

5.10 There was also an apparent correlation between the perceived need for skills improvement and level of prior qualification achieved (see figure 5.3), whereby those who have higher qualifications were less likely to report that they felt their skills needed improving prior to their referral.

5.11 Furthermore, the desire to improve skills and confidence featured in respondents' unprompted explanations as to why they chose to meet with training providers; while 29 per cent said that they agreed to meet with the training provider because they felt they had to, a similar proportion (28 per cent) said they went to the initial meeting because they wanted to improve their skills.

**Figure 5.3: Prior to being referred to the training provider did you feel that your skills needed improving at all? By prior qualification level**



### The Influence of Mandation

5.12 Table 5.4 shows that mandation (the potential threat of benefit sanctions) featured in some participants' decisions to attend the initial meeting with training providers. However, this suggests that there may be some miscommunication surrounding the referral process, since attendance at that initial meeting itself was not mandatory, although some participants clearly had the impression that their benefits might be sanctioned if they did not attend the meeting. When asked whether they were aware that they would be required to attend the training once they met with the training provider, the majority (71 per cent) of respondents said they were aware, although it is worth noting that the remaining 29 per cent were not aware.

**Table 5.4: For what reasons did you decide to attend that meeting with the training provider?**

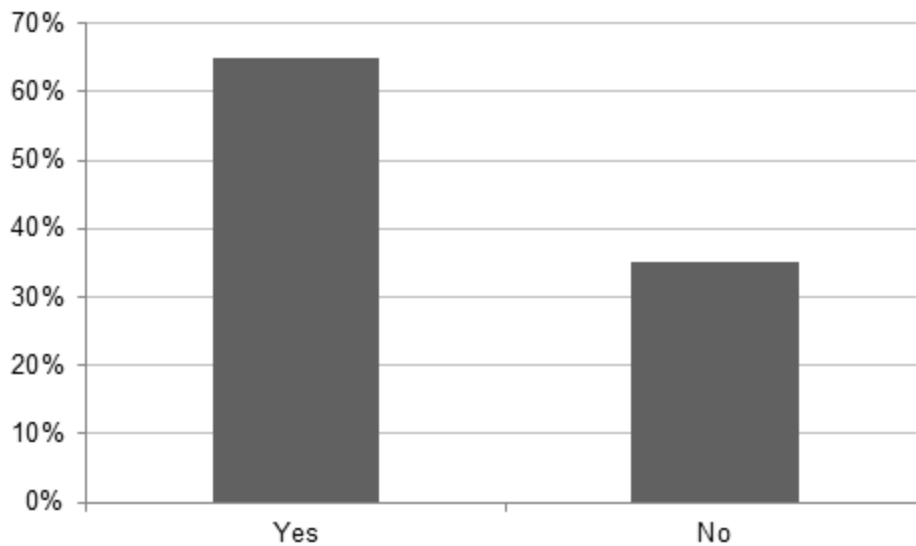
	n	(%)
I had to / was told to go	142	36%
Wanted to improve skills / confidence	110	28%
To help me get a job	62	16%
It was suggested / offered to me	57	14%
To see what was on offer	16	4%
Something to do	12	3%
Other	22	6%

n=398

NB: Totals exceed 100% since some respondents cited more than one reason

5.13 Respondents who had started the training were then asked whether they felt they would have done so if they did not have to. As shown in Figure 5.4, almost two-thirds (65 per cent) indicated that they would have attended the training in any case, reflecting that they had some intrinsic motivation for attending, such as recognition of the need to improve their skills, as discussed above. However, the obligatory nature of the programme appeared to have played a role in attendance for the remaining 35 per cent of respondents, who said that they would not have attended the training if they did not have to.

**Figure 5.4: Do you feel that you would have attended the training if you did not have to?**

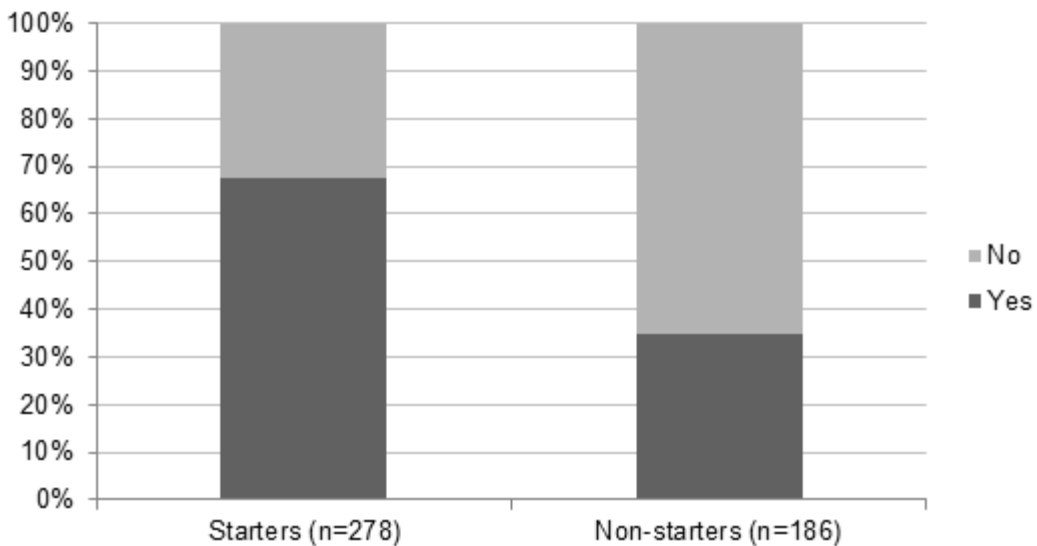


n=278 respondents who started the training

5.14 Respondents who said they were aware that there were consequences for not attending the training were asked to state what they thought those were, or would have been in the case of those who did start the training. Of those respondents, almost all (98 per cent) stated that their benefits would have been sanctioned if they had not attended the training, and it is important to note that these were unprompted, open responses. However, as shown in Figure 5.5, significant proportions of both starters and non-starters said they were not aware that there would be consequences of non-attendance. Overall, those who started the training were more likely to say they were aware of the consequences when compared with non-starters.

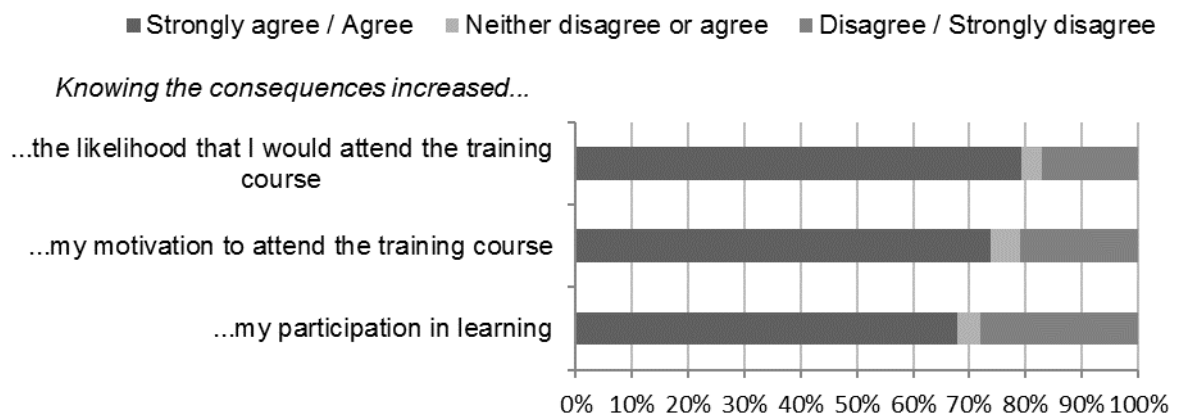


**Figure 5.5: Were you aware that there were consequences of not attending the training?**



5.15 Participants were then asked to reflect on the role that mandation had played in their attendance on the course and their participation in learning. Of those who had started the training, almost four fifths of respondents (79 per cent) said that knowing the consequences had increased the likelihood that they would attend the course. A similar proportion (74 per cent) agreed that knowing the consequences had increased their motivation to attend the training, although fewer respondents (68 per cent) were inclined to agree that mandation had increased their participation in learning.

**Figure 5.6: To what extent do you agree with the following statements?**



n=189 participants who started the training *and* knew consequences of not attending

5.16 Agreement across the three statements was closely correlated - of those who agreed that knowing the consequences increased their likelihood of attendance, 87 per cent also agreed that this awareness increased their motivation to attend, and 81 per cent agreed that this increased their participation in learning.

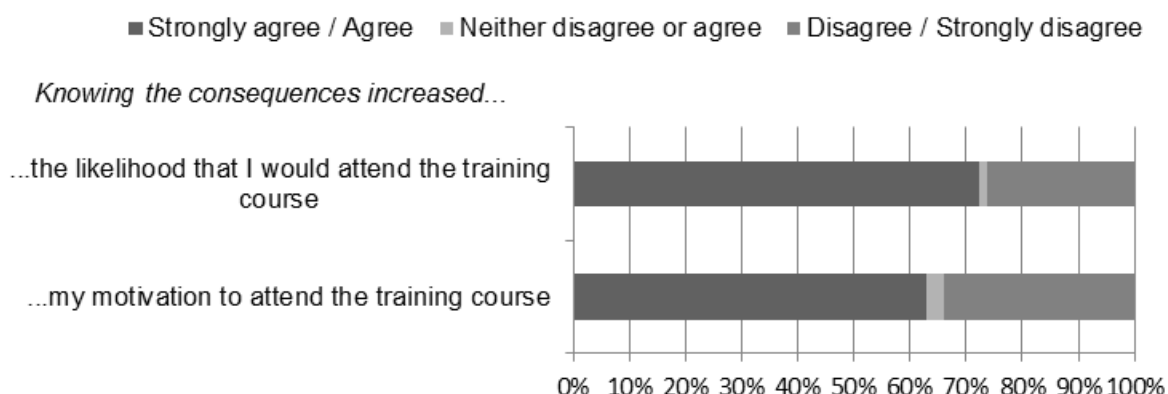
**Table 5.5 Correlation of increased likelihood of attendance, motivation and participation in learning (% Strongly agree / Agree)**

	Likelihood of attending	Motivation to attend	Participation in learning
Likelihood of attending	-	94%	95%
Motivation to attend	87%	-	96%
Participation in learning	81%	89%	-

5.17 Of participants who indicated that they would not have attended the training if it was not mandatory, the vast majority (92 per cent) also agreed that the consequences of non-attendance had increased the likelihood that they would attend. Somewhat paradoxically, however, a significant proportion (72 per cent) of those who said they would have started in any case also agreed that the consequences played a part in their attendance on the training course. There might therefore have been some degree of interplay between intrinsic motivation and mandation for some participants.

5.18 Participants who did not start the training but who knew the consequences of not doing so were also asked to reflect on the impact of mandation on their attendance. Almost three-quarters (72 per cent) of non-starters agreed that their awareness of the consequences of non-attendance had increased the likelihood that they would attend the course, while 63 per cent said it had increased their motivation to attend. These proportions may appear greater than expected given that these individuals did not ultimately begin the training.

**Figure 5.7: To what extent to do you agree with the following statements?**



n=65 participants who did not start the training *and* knew consequences of not attending

5.19 As with those who did attend the training course, agreement with the two items was closely correlated, with 85 per cent of those who agreed that awareness of the consequences increased the likelihood that they would attend also stating that their motivation to attend was increased.

**Table 5.6 Correlation of increased likelihood of attendance, motivation and participation in learning (% Strongly agree / Agree)**

	Likelihood of attending	Motivation to attend
Likelihood of attending	-	98%
Motivation to attend	85%	-

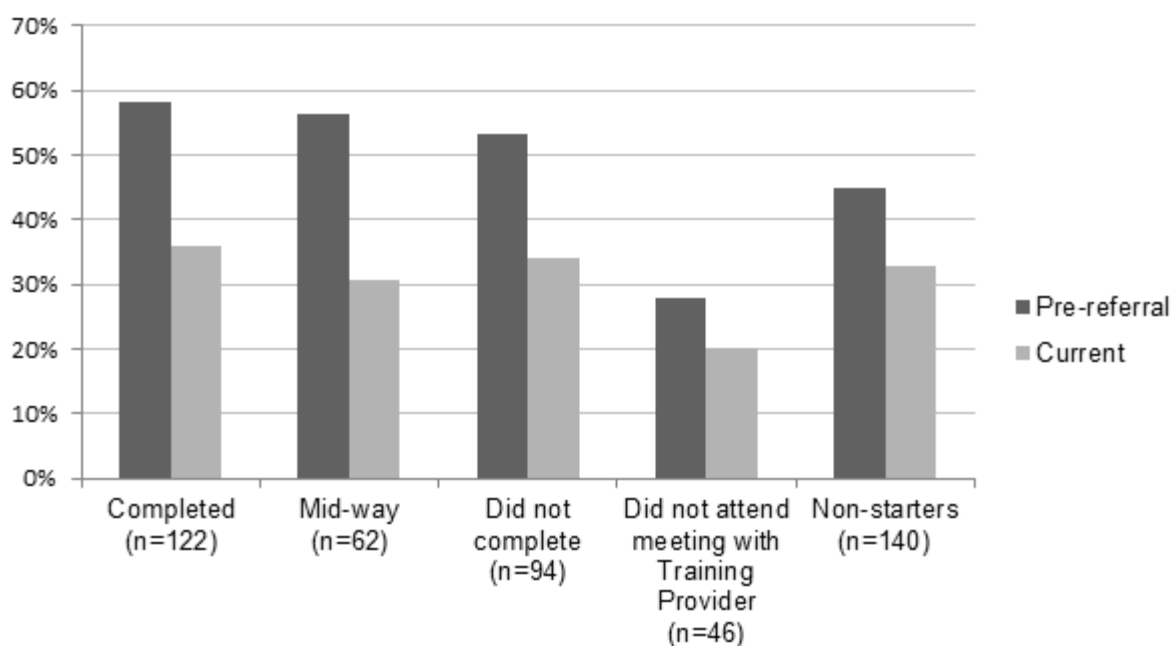
5.20 While the size of this cohort (47/65 participants agreed that knowing the consequences increased the likelihood that they would attend the training course) presents limitations for additional analysis of their situation, there was no apparent underlying trend in their reasons for not starting the training. This group includes individuals who found work (n=7) as well as those who said they did not receive any communication about the training following their meeting with the training provider (n=8), those who said they did not start the training because of health reasons (n=6) and others who were waiting to begin the course (n=2). Overall, these findings demonstrate that there were a wide range

of circumstances in which individuals may not take up the provision even when they had a clear understanding of the potential consequences.

### **Outcomes**

5.21 Although the overall objective of the baseline survey was to gather baseline information about participants, respondents were asked to reflect on further needs for skills development in this phase. Overall, almost half (48 per cent) of respondents said they did not feel that they needed to develop any further skills in order to improve their employment prospects. However, one-third (33 per cent) of all respondents indicated that they needed further support with essential skills, whether around literacy, numeracy, ICT, or any combination of these areas. Interestingly, the proportion of respondents who currently consider themselves to have an essential skills need does not vary significantly across groups of different completion status, or across starters and non-starters. However, those who have started the training were significantly less likely to report an essential skills need since their engagement with the training, regardless of whether they have completed the course or not, when compared with the proportions who identified a skills need prior to their referral.

**Figure 5.8: Self-reported essential skills needs by course completion status**



NB: excludes 10 respondents who were unsure whether they agreed to meet a training provider or not since it cannot be clearly determined whether they engaged with the process or not.

### Measuring Well-Being

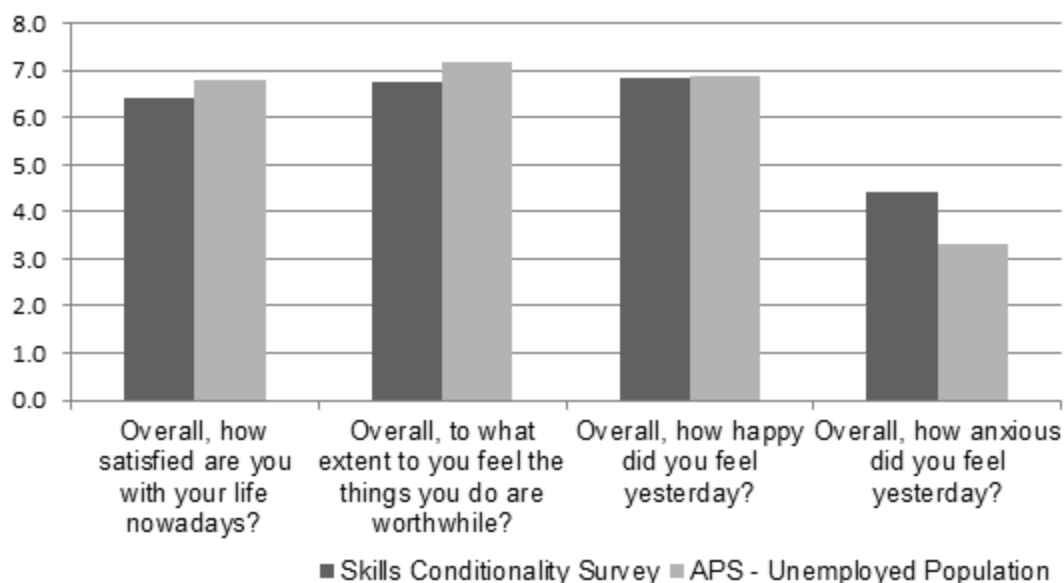
5.22 Respondents were asked to respond to standard questions on well-being using a scale of 0 – 10, with 0 indicating lower and 10 indicating higher well-being. These measures were gathered using the four personal well-being questions that appear in the Office for National Statistics (ONS) Annual Population Survey (APS).<sup>67</sup> Figure 5.9 below presents a comparison of the average (mean) scores for those who were classified as unemployed in the APS with the average scores from the Skills Conditionality Survey. The comparison indicates a lower level of well-being than that of the unemployed population across the UK as a whole, and this difference appears to be rather more pronounced for average ratings of anxiety. Although the scores were gathered using the same measures, this comparison should be interpreted cautiously,

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<sup>67</sup> <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-407641>

since the set of questions is embedded within the two rather different contexts of the Annual Population survey and the Skills Conditionality survey.

**Figure 5.9: Average (mean) scores for well-being indicators**



n=474

### Measuring Self-Efficacy

5.23 The concept of self-efficacy relates to an individual’s belief in their own ability to carry out the actions that are necessary to fulfilling one’s goals. These beliefs reflect the underlying confidence that acts as an important precursor to successful transitions into employment. In order to ensure that the evaluation of Skills Conditionality was sensitive to changes in individual self-belief, the survey sought to capture psychometric data relating to three elements that are deemed to be of particular relevance – employment, learning and general self-efficacy.<sup>68</sup> This element of the survey comprised 20 questions each with a scale ranging from 1, a response statement of “not true at all” to 4, a response of “exactly true”. Higher average scores therefore indicate a greater degree of

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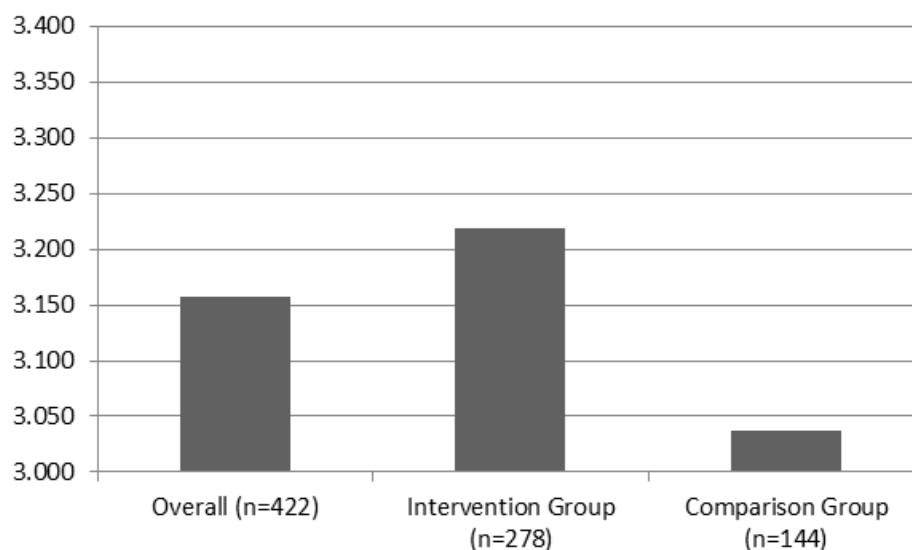
<sup>68</sup> The interview-re-interview approach enables a longitudinal assessment of the survey. For the purpose of this evaluation, the questionnaire has drawn on the General Self-efficacy Scale (GSE), the Self-efficacy for Learning Scale (SEL), and employment related self-efficacy.

self-efficacy (more positive response). The full suite of questions asked can be found in the Appendix 3.

5.24 The scores can be compared between those who started the training (the intervention group) and those who did not (the comparison group). The analysis of the baseline results would suggest that those who did not participate in the training felt less confident in their ability to overcome barriers to employment, since this group scored themselves lower than average on general, learning and employment related self-efficacy. This finding is revealing given that these same respondents were less likely to report that they had a skills need, as shown in the previous section. The significance of any difference (using a standard two sample t-test) has been explored through the comparison of these scores, demonstrating that the differences were statistically significant at the 5 per cent level (so we are 95 per cent certain that the difference is statistically significant). Therefore, while the differences in scores were small, they do imply that there was some relationship between underlying confidence and the inclination to engage in the training, whereby individuals who have not engaged appear to have lower levels of self-belief.

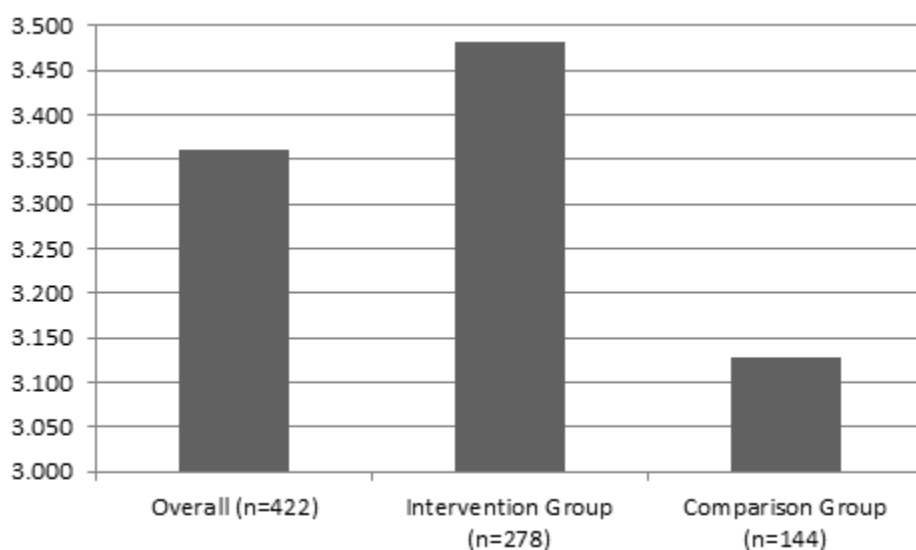
5.25 Importantly, the comparison group excluded non-starters who found employment, though it remained very mixed, ranging from those who did not participate due to poor health, or others whose reasons were outside of their decision-making i.e. they did not receive the information. As such, there was no suitable comparison group in a strict sense. However, the average self-reported scores from both groups were useful in establishing a baseline from which to measure progress at follow-up.

**Figure 5.10 Average (mean) scores, general self-efficacy**



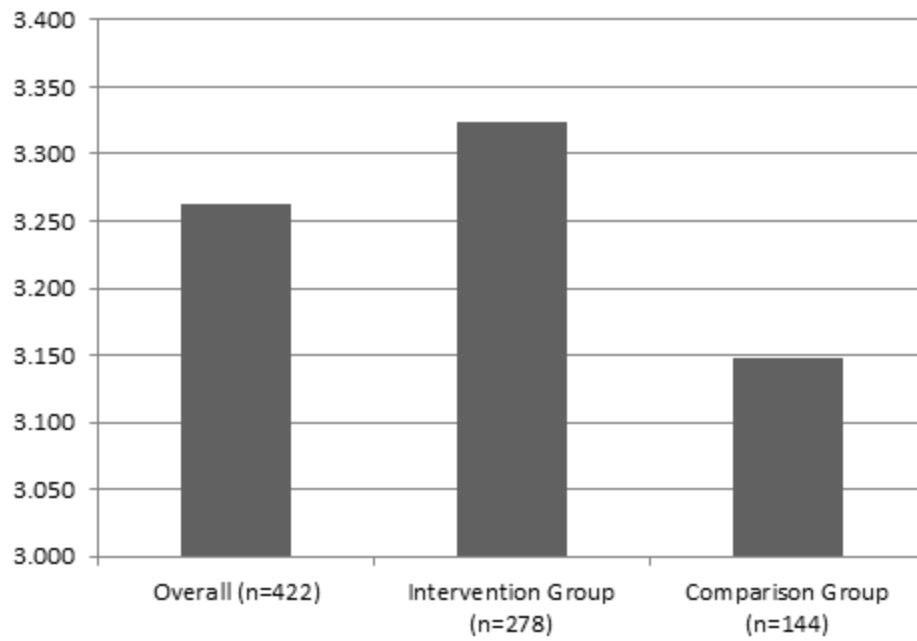
5.26 It should be noted that at baseline, the data was only indicative of participant's levels of self-efficacy at the point at which the survey was administered. It should be noted that at baseline, the data was only indicative of participant's levels of self-efficacy at the point at which the survey was administered. With follow-up data we were able to complete further analyses that explored change over time, for whom, and under which circumstances. This is explored in Chapter 6.

**Figure 5.11 Average (mean) scores, learning self-efficacy**





**Figure 5.12 Average (mean) scores, employment self-efficacy**



## 6 Skills Conditionality – Follow-Up Learner Survey Findings

### Introduction

- 6.1 In the third (and final) phase of the research, the study team sought to re-engage individuals who had completed telephone interviews at Phase 2 in order to track the impact of engaging with the Pilot. The follow-up survey was conducted between 24 November and 11 December 2015, two months after the Phase 2 survey had been conducted. Additional case studies were also undertaken with five respondents to the survey (replicating the approach undertaken for the Phase 2 study) who were willing to engage in further, more qualitative discussions subsequent to the initial survey exercise, these are presented in Appendix 2.
- 6.2 A total of 474 participants had completed telephone interviews at Phase 2. Of these participants (see table 6.1 for a detailed breakdown), 62 had not agreed to participate in further interviews, and a further 31 were deemed ineligible for the follow-up survey since they had not started training due to finding work. Interviews were completed with 230 of the remaining 381 contacts, returning a response rate of 60%.

**Table 6.1 Learner Survey response rates**

<b>All records</b>	<b>474</b>
Opt-out of follow-up survey	62
Ineligible – found work and did not start training	31
Not reached	151
Completed Interviews	<b>230</b>

### Survey Findings

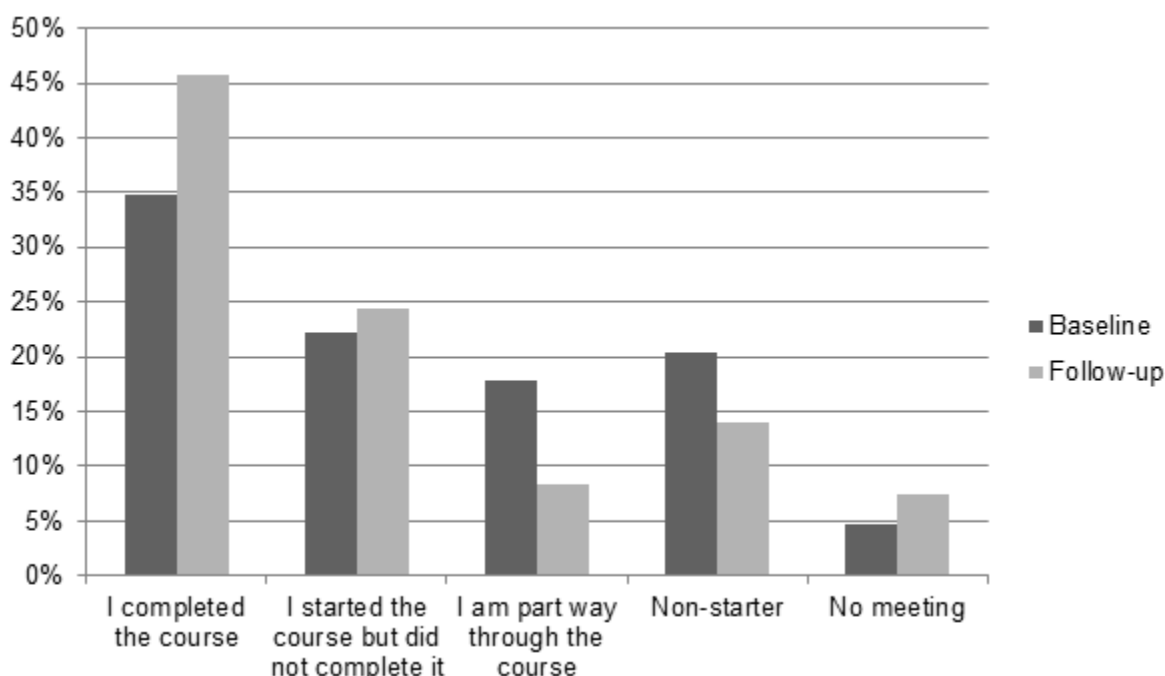
#### Course Completion

- 6.3 Of the 230 participants surveyed, a total of 106 (46 per cent) had completed the training at the time of the follow-up interview. Twenty-four per cent (n=56) had started the course but did not complete it, while a further 8 per cent (n=19) were partway through the course. The remaining 21 per cent (n=49) had not

participated in the training, including 8 per cent (n=18) who had not agreed to meet the training provider.

- 6.4 A comparison of respondents' course completion status at baseline and at follow-up is shown in Figure 6.1 below. As expected there is evidence of transition with a number of participants who were partway through the course at baseline having completed the course (n=21). There was also some fluctuation in response across phases, with some non-starters later reporting that they had not agreed to meet with the training provider, and vice versa.

**Figure 6.1: Course completion status at time of interview**



n=474 (Baseline), n=230 (Follow-up)

### **The Influence of Mandation**

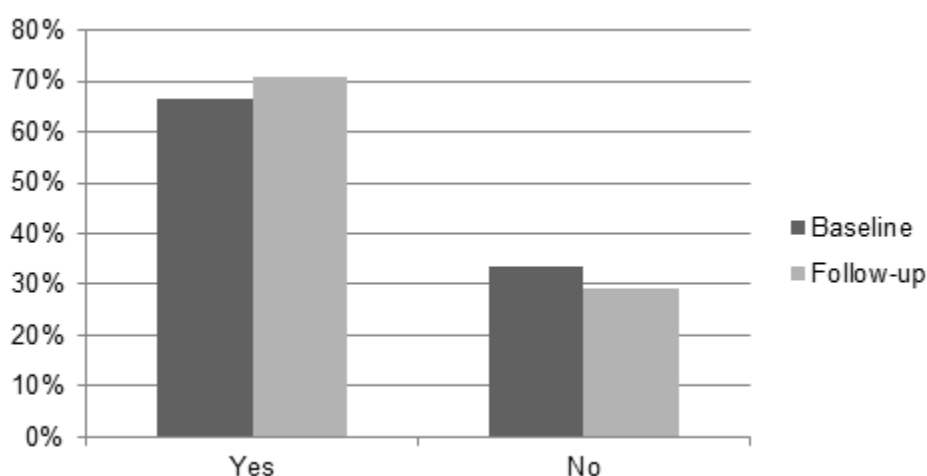
- 6.5 Around two-thirds of those able to respond (73 per cent; n=142) said they were aware that they would be required to attend the training once they met with the training provider. This is very similar to the responses given at baseline, since 74 per cent of this same cohort had previously said they were aware that they would be required to attend.
- 6.6 When asked who had made them aware that they would have to attend the training, just over three-quarters (77 per cent; n=110) were made aware by

their work coach at point of referral, while a further 10 per cent (n=14) said their work coach had made them aware after their referral. Around one in ten (11 per cent; n=16) said training providers had made them aware that they would be required to attend the training.

### **The Influence of Mandation on those who started Training**

- 6.7 Respondents who had started the training were then asked whether they felt they would have done so if they did not have to. Seventy-one per cent (n=95) of respondents felt they would have done so, although by comparison 66 per cent gave this response at baseline. This difference may in part suggest that respondents were inclined to view the nature of their participation differently upon later reflection.

**Figure 6.2: Do you feel that you would have attended the training if you did not have to? (Training Starters Only)**



n=173 (Baseline), n=134 (Follow-up)

- 6.8 Respondents who started but left the course prior to completion were asked to describe their reasons for not continuing with the training. As shown in Table 6.2 below, almost one-third (32 per cent; n=17) left the course due to finding employment, making this the leading reason for discontinuing the training. The remaining reasons were highly varied, reflecting the range of individual circumstances that might prevent individuals from completing the course.

**Table 6.2: For what reasons did you not complete the training course?**

	n	(%)
Found work	17	32%
Health reasons	12	23%
Personal circumstance	5	9%
Other	4	8%
Not useful	3	6%
To attend another course	2	4%
Excluded due to absence	2	4%
Change to benefit entitlement	2	4%
Time limit to participation	2	4%
Disability	1	2%
Change to benefit entitlements	1	2%
Travel difficulties	1	2%
Childcare / caring responsibilities	1	2%
Course stopped / was cancelled	1	2%
Total	53	-

**Non-Completers of Training**

6.9 With the exception of those who found work, respondents who *did not complete* the course were asked whether they were aware of the possible consequences for not doing so. More than half (59 per cent; 22/37) said they were *not* aware of the consequences. Those who said they were aware were asked to describe what they thought the consequences might be. All 15 of these respondents stated that their benefits could be sanctioned if they did not complete the training, and it is important to note that these were unprompted, open responses.

6.10 Around one-in-five (22 per cent; 8/37) of those who did not complete the training reported that changes to their benefit payments were made as a result. Six of these individuals had their payments stopped or reduced, while the remaining two went on to claim ESA.

6.11 Those who had started the course and then found work were asked whether they discussed completing the training with their employer. The majority (14/16)

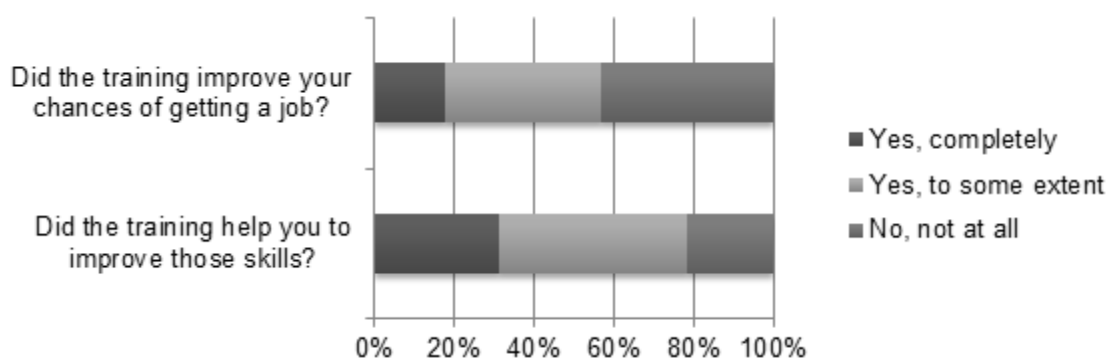
said they had not. In the two cases where this had been discussed, the Job Centre had instructed the individuals to “sign-off”.

### **Participant experience**

- 6.12 In order to consider the practicality of attending the training, respondents were asked which mode of transport they used to travel to the training and to give an indication of their typical journey time. Public transport (bus) was the most frequently used option (51 per cent; n=92), followed by walking (34 per cent; n=62). The average (mean) journey time was 22 minutes, ranging from 1 minute to 90 minutes.
- 6.13 When asked which skill areas the training had focussed on, the majority of respondents reported that the main focus had been literacy (80 per cent; n=144) and numeracy (75 per cent; n=135) while fewer respondents had also received some training in ICT (36 per cent; n=64). Just over one in ten (13 per cent; n=24) participants had attended sessions with an additional focus on employability training, such as CV writing.
- 6.14 The majority (79 per cent) of respondents felt that the training had helped to improve their skills, with 32 per cent (n=57) reporting that it had *completely* improved their skills, and 47 per cent (n=85) reporting that it had done so *to some extent*. As shown in Figure 6.3 below, respondents were less likely to report that the training had improved their chances of getting a job, with 43 per cent (n=78) reporting that it had not done so.
- 6.15 Open comments from these respondents, giving the reasons as to why they felt the training had not improved their chances of finding a job, have been coded as shown in Table 6.3 below. Just over one-quarter (26 per cent; n=20) reported that their attendance on the training had made no difference to their situation, with some stating that they had still not found employment while others had found employment but attributed no impact to the training. Almost one in five (18 per cent; n=14) reported that the training had not helped them because they had not learned anything new. A similar proportion (18 per cent; n=14) reported that they had not been on the course long enough to benefit from the training (all of whom were non-completers), giving a sense that they

expect it would have been beneficial had they been able to complete the course.

**Figure 6.3: Impact of training**



n=180 respondents who started the training

**Table 6.3: Respondent reasons as to why the training did not improve chances of getting job (coded open response)**

	n	(%)
Not useful / made no difference	20	26%
Didn't learn anything new	14	18%
Wasn't on the course for long enough	14	18%
Not relevant to my line of work	7	9%
Age / disability	5	6%
Already had qualification / or higher qualifications	3	4%
Needed more support	3	4%
Prevented from looking for work	2	3%
No job opportunities	2	3%
Other	8	10%
Don't know	3	4%
Total	78	-

6.16 Just over one in five respondents (22 per cent; n=40) who had participated in the training said they would have liked additional support. These respondents were then asked to describe the kind of support they would have liked and these open responses have been coded as presented in Table 6.4 below.

Around one-quarter (10/40) felt they needed additional one to one support with learning on the course.

**Table: 6.4: Additional support needs described by participants (coded open response)**

	n	(%)
One to one support	10	25%
ICT skills	7	18%
Help to get a job (including CV writing / applications, and work placements)	5	13%
Funding for other courses / qualifications	4	10%
Proceed to next level of <b>essential</b> skills	3	8%
More focus on literacy / numeracy	2	5%
Emotional support / confidence	2	5%
Reimbursed expenses	2	5%
To stay longer on course	2	5%
Others	6	15%
Total	40	-

6.17 Overall, four in five (80 per cent; n=145) respondents were either satisfied or very *satisfied* with the quality of the training that they had received.

### **Outcomes**

6.18 All respondents (all starters and non-starters) were asked about their employment status since their referral to the training. As shown in Figure 6.4 below, almost half (47 per cent; n=109) were unemployed and looking for work. Less than one-third (30 per cent; n=69) had been employed in either full or part time work, although just under a quarter (24 per cent; n=55) were currently in employment.



**Figure 6.4: Since being referred to the training, have you done any of the following? Along with current employment status**

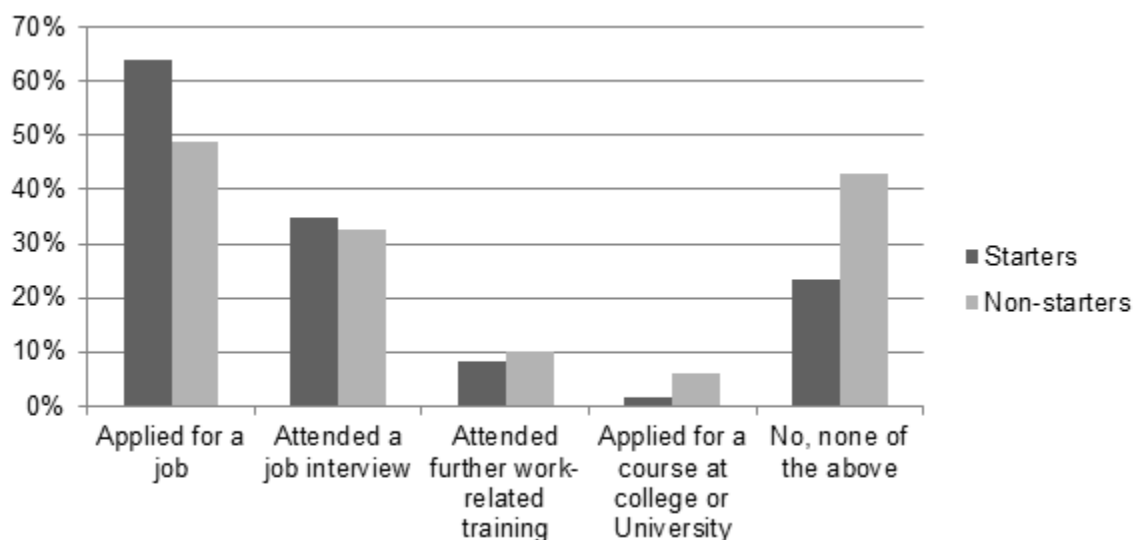


n=230

NB: Totals exceed 100 per cent since respondents could select more than one response option

6.19 In order to understand the impact of the Pilot on behavioural change, respondents were asked about a range of activities in relation to job searching and further education and training. Figure 6.5 below presents a comparison of the subsequent activities undertaken by those who participated in the training and those who did not. The differences between the groups are not statistically significant at the five percent level for individual actions shown. However, the difference between those who had done 'none of the above', 43 per cent for non-starters and 23 per cent for starters, was significant at the five percent level. Hence, overall starters on the Pilot were more engaged and active in relation to learning or work than non-starters.

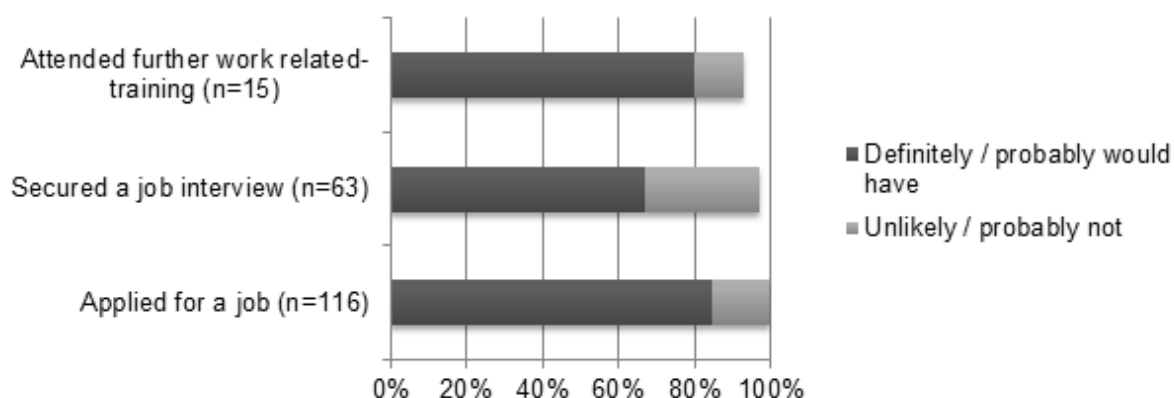
**Figure 6.5: Have you done any of the following since your referral to the training provider?**



n=181 (Starters), n=49 (Non-starters)

6.20 Respondents who had participated in the training were then asked about the extent to which their subsequent employment, education and training activities had been influenced by their attendance on the course. When asked to consider the counterfactual (i.e. what would have been the likely outcome if they had not attended the training) with regards to job applications and attending further work-related training, the majority of respondents reported a strong likelihood that they would have engaged in these activities, with few attributing a direct impact to the training. However, as shown in Figure 6.6, the findings suggested that the training might have had a greater influence on securing job interviews, since a greater proportion of respondents indicated that this outcome would have been unlikely had they not attended the training. This apparent trend should be interpreted with caution due to the low number of responses to this question.

**Figure 6.6: How likely is it that you would have done the following if you hadn't attended the training?**



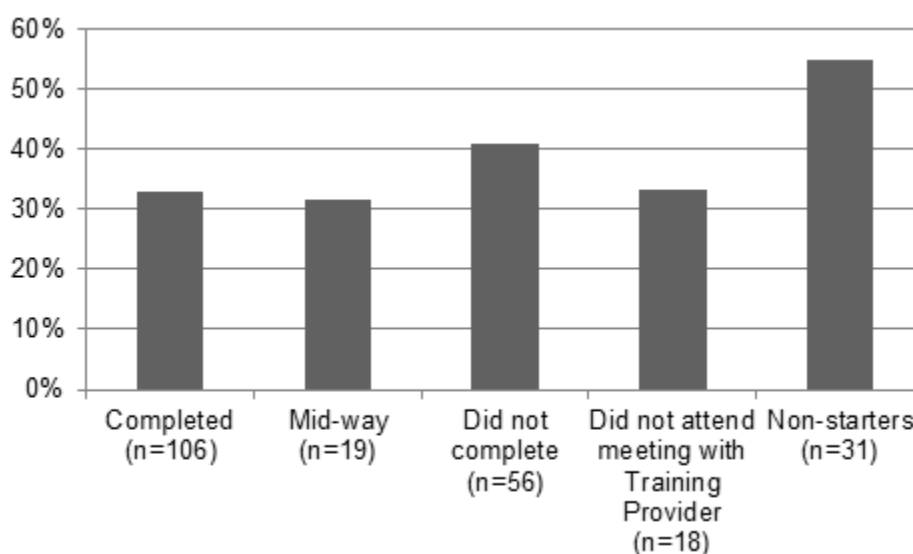
- 6.21 In terms of impacting on behaviours, the responses would also suggest that attendance on the training course has had some impact on intentions to attend further training, as 39 per cent (n=70) of respondents who started the training said they were now more likely to enrol in another course in the future. However, it is important to keep in mind that around half (51 per cent; n=92) said they were neither more nor less likely to enrol in another course, while the remaining 10 per cent (n=18) were less likely to do so.
- 6.22 Respondents were then asked whether, and in what ways, their attendance on the course had changed their view of the importance of skills development. The open responses have been coded and the key sentiments to emerge from this analysis are shown in Table 6.5. Around one-third (31 per cent; n=56) indicated that they had previously thought skills development was important, or that they had been looking to improve the skills covered in the training. A further 15 per cent (n=28) reported that the training had not changed their view but did not state whether they felt skills development was important or not. Other participants found that these skills were more important than they had previously thought (12 per cent; n=22), or had specifically realised their importance for finding work (15 per cent; n=27) as a result of attending the training. Almost one in ten (8 per cent; n=15) respondents described ways in which the course had given them confidence or motivation to get back into employment or further develop their skills.

**Table 6.5: In what ways (if any) has the training changed your view of the importance of skills development? (coded open response)**

	n	(%)
No change - thought it was important / was looking for these skills	56	31%
No change	28	15%
I realised they're important for finding work	27	15%
They are more important than I thought	22	12%
Improved confidence / enthusiasm / motivation	15	8%
Don't know	12	7%
Other	7	4%
These are not the skills I need for work	6	3%
I realised they're important for everyday life	5	3%
No change - these skills are not important	4	2%
Realised I could get help to improve my skills	4	2%
Already had these skills	4	2%
Total	181	-

6.23 Overall, more than half (55 per cent; n=125) of respondents said they did not feel that they needed to further develop their skills. However, more than one-third (38 per cent; n=87) of all respondents indicated that they needed to further develop their essential skills, whether around literacy, numeracy, ICT, or any combination of these areas. As shown in Figure 6.7 below, those who had not started the training were more likely than other respondents to report an essential skills need. However, a significant proportion of those who completed the training (33 per cent; n=35) felt their essential skills needed further development.

**Figure 6.7: Self-reported essential skills needs by course completion status**



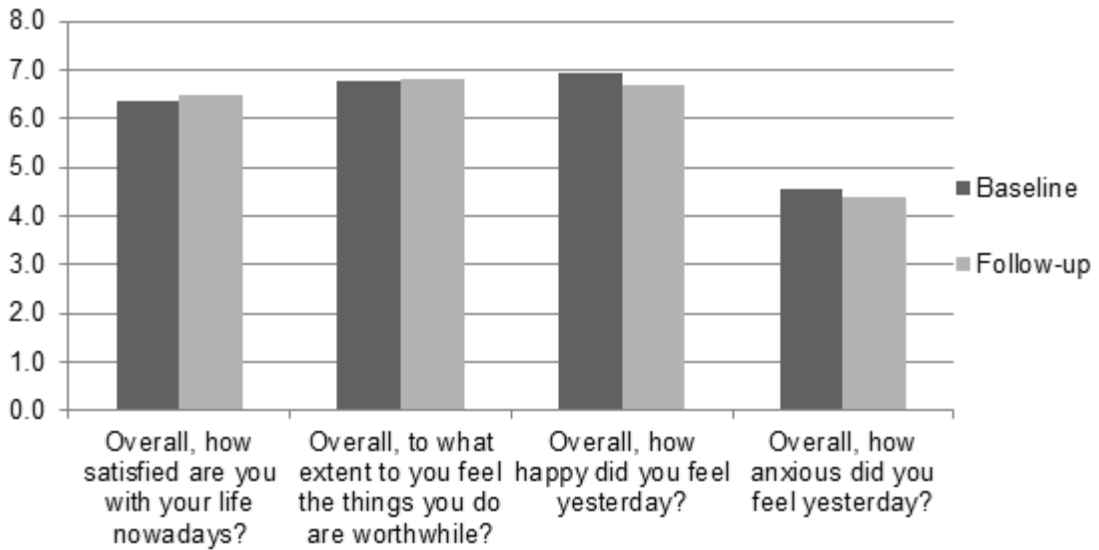
### **Measuring Well-Being**

6.24 At baseline, respondents were asked to respond to standard questions on well-being using a scale of 0 – 10, with 0 indicating lower and 10 indicating higher well-being. These measures were gathered using the four personal well-being questions that appear in the Office for National Statistics (ONS) Annual Population Survey (APS).<sup>69</sup> These questions were re-visited with participants in the follow-up survey, and a comparison of the average (mean) scores shown from both phases are shown in Figure 6.8 below. There were no significant differences in well-being scores across the baseline and final phase of the study.

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<sup>69</sup> <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-407641>

**Figure 6.8: Average (mean) scores for well-being indicators**

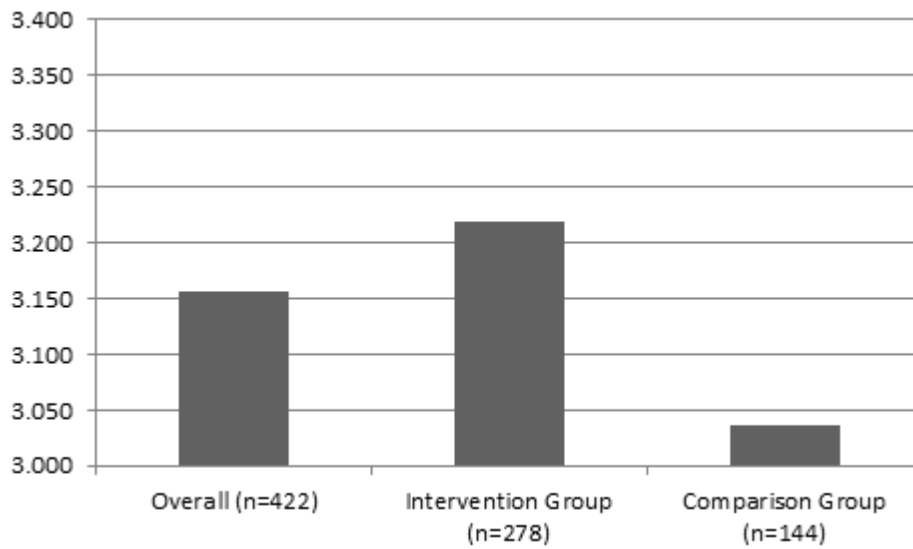


n=230 respondents who responded to baseline *and* follow-up surveys

### **Measuring Self-Efficacy**

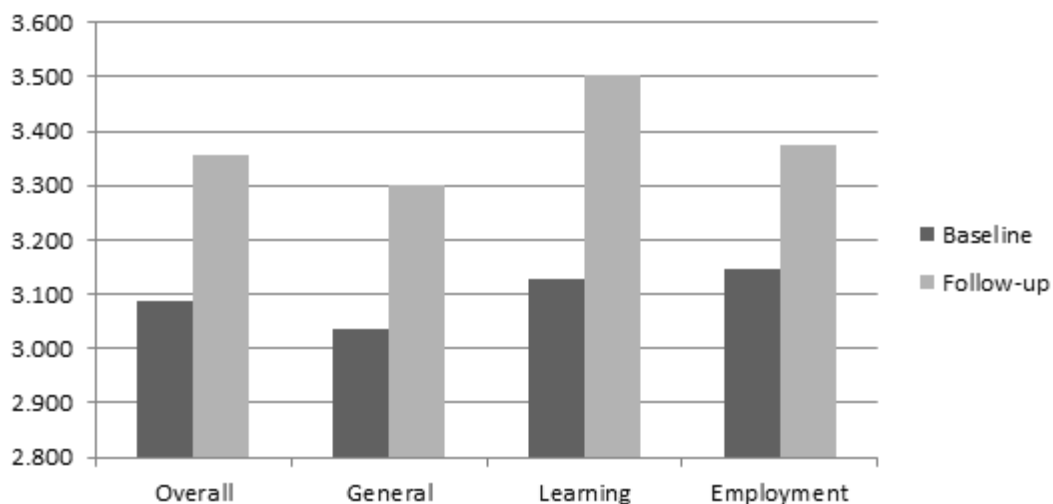
- 6.25 As outlined in the previous section, this element of the survey comprised questions that each had a scale ranging from 1, a response statement of “not true at all” to 4, a response of “exactly true”. Higher average scores therefore indicate a greater degree of self-efficacy (more positive response). The full suite of questions asked can be found in the Appendix 3. Those who were described as being in employment were routed around two questions within the suite of 20 which related to their ability to find a job and were therefore inappropriate for this specific cohort.
- 6.26 The results obtained at baseline suggested that those who did not participate in the training felt less confident in their ability to overcome barriers to employment. Since this group scored themselves lower than average on general, learning and employment related self-efficacy, the overall implication is that there was some relationship between underlying confidence and the inclination to engage in the training, whereby individuals who have not engaged appeared to have lower levels of self-belief.

**Figure 6.9 Average (mean) self-efficacy scores (Baseline Survey)**



6.27 With the drop-off rate from baseline to follow-up, the comparison group (comprised of respondents who did not start the training) was significantly reduced in size from 144 to 49 respondents. The average baseline self-efficacy scores for these two cohorts of the comparison group are shown in Figure 6.10. The differences would suggest some degree of self-selection into the follow-up survey, whereby respondents with the lowest self-efficacy when initially surveyed at baseline having dropped out of the study. This skew presents limitations to the use of this group of respondents as a control as shown below.

**Figure 6.10 Average (mean) self-efficacy scores – Non-training Group (Baseline scores)**

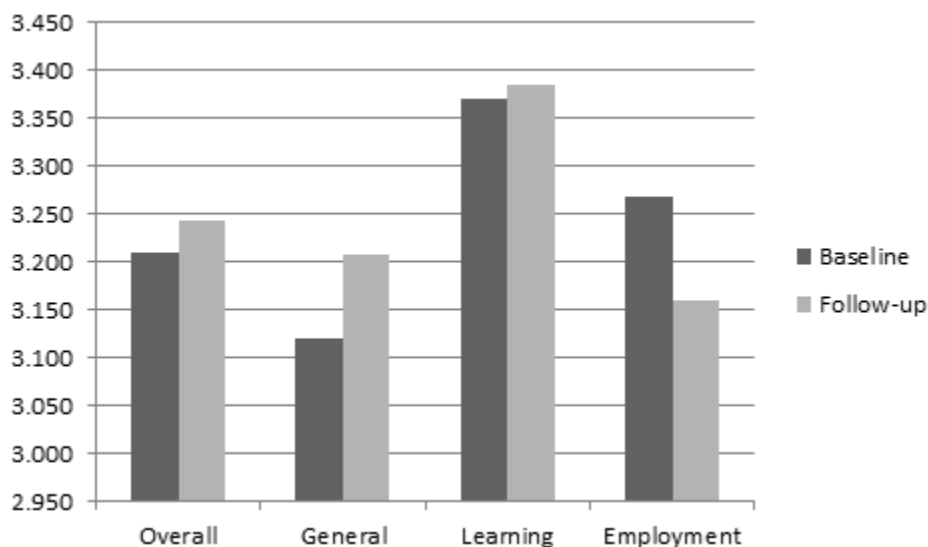


n=144 (Baseline), n=49 (Follow-up)

6.28 The following analysis presents changes in measures for the training group with no comparison. The training group comprises all respondents who started the training, regardless of their completion status. The average scores for this group are shown in Figure 6.11 below. The data has been analysed to test whether the differences in the figures are statistically significant (using a two-tailed t-test) and using a 95 per cent confidence level, no statistically significant differences were detected.



**Figure 6.11 Average (mean) self-efficacy scores – Training Group (Baseline and Follow-up scores)**



n=181 respondents who responded to baseline *and* follow-up surveys

6.29 Collectively the data therefore provides little evidence of improved self-efficacy arising from participation in Skills Conditionality. However, the short timeframe between interview and re-interview (with progress in terms of course completion and positive outcomes gained by only a minority during that intervening period) was unlikely to have aided the identification of any tangible progress amongst participants.

## 7 Summary, Conclusions and Recommendations

7.1 Skills conditionality means that individuals in receipt of unemployment benefits can be mandated onto essential skills training where their lack of such skills has been identified as a barrier to finding work with potential benefit sanctions for non-participation. The precise operational model employed for the Skills Conditionality Pilot in Wales differed from that in England: in Wales the initial referral of the job seeker to discuss matters with and be assessed by a training provider was voluntary rather than mandatory and the training provider was not expected to inform JCP when a claimant failed to attend training.

### Programme Impact

7.2 Findings from our review of past evidence are stated below.

- There was mixed evidence as to whether skills conditionality increased the uptake or completion of training. Many claimants appeared happy to undertake training and would have done so without mandation.
- Most of the evidence reviewed suggests that sanctions increased movement off benefit / unemployment and into work. However, the impact assessment of the 2010 DWP Pilot of skills conditionality tentatively concluded no such impact.
- Sanctions might have a negative impact on the quality of employment, reducing the wages of those moving into work.
- Those who were sanctioned tended to suffer financial hardship and adverse impacts on their health.
- Most claimants had a good understanding of the obligations of claiming JSA and the reasons for sanctions. However, such understanding was lower amongst those for whom English was not their first language, those with low levels of literacy, and those with learning difficulties.
- Where individuals were sanctioned this was often because of a lack of understanding or poor organisational skills rather than a deliberate intention to 'break the rules'.
- There was mixed evidence regarding whether or not the incidence of sanctions fell more heavily on more disadvantaged individuals.

- Training programmes did not have statistically significant impacts on unemployment in the short run but did reduce unemployment in the medium and long term and this impact increased over time. In contrast, sanctions programmes were found to have a statistically significant short run impact in terms of reducing unemployment. However, this impact tended to decline over time.

7.3 Participants on the Pilot were representative of the respective shares of JSA claimants in Wales for gender, age and ethnicity. People who had been unemployed for less than three months and at the other end of the range over five years were overrepresented amongst the Pilot participants compared to their share of JSA claimants. Half of participants had either no qualifications or pre-entry level qualifications when they started on the Pilot. A further 30 per cent had entry or Level One qualifications. Nearly a third of participants had a disability of some form. Just one in ten participants spoke Welsh either fluently or not.

7.4 For those who had finished their learning the most frequent destination within three months was to be still looking for work (83 per cent). Eleven per cent of participants had moved into full-time work and a further one per cent into part-time work. The following groups were more likely to move into work within three months of finishing their learning:

- those aged 18-24
- those who had been unemployed for either one to three or six to twelve months
- those with Level One, Two and Three and above qualifications
- Welsh speakers, both those who were fluent and those who were not
- people without a disability.

### **Impact Assessment and Cost Benefit Analysis**

7.5 Our impact assessment sought to estimate the net impact of the Skills Conditionality Pilot relative to what would have happened in its absence. This impact assessment was subject to a number of limitations and we concluded that its results were not robust. We have proposed an approach which should

produce robust results based on linked administrative data: DWP benefit data and HMRC employment data. Since training interventions for unemployed people can take some time to have their impact we suggest undertaking such an impact assessment in 2018 which would allow the job and benefit receipt outcomes for Pilot participants to be assessed for two years after their participation.

- 7.6 The operation of the Skills Conditionality Pilot had cost consequences for both the Welsh Government who funded the learning undertaken via the Pilot and on JCP who initially screened claimants for essential skills needs, referring claimants to a full assessment of their skills needs by a training provider, referring claimants to training with a provider and made decisions whether or not to sanction those claimants who did not attend training they had been mandated to.
- 7.7 We have estimated these costs on the basis of information provided by both the Welsh Government and DWP. These are summed, converted into a constant (2014/15) price basis to allow for inflation and then discounted using a discount rate of 3.5 per cent per annum in line with Treasury Green Book guidance. The NPV of these costs is estimated to be £2.4 million.
- 7.8 The potential benefits of the Pilot include both employment benefits (in the form of higher economic output) and non-employment benefits, such as enhanced levels of individual wellbeing. Both of these benefits depend on the results of our impact assessment. As the impact assessment did not give robust results we were not able to estimate these benefits. We have outlined a method consistent with government guidance on how these benefits could be estimated once the results of a robust impact assessment were available.

### **Operational Effectiveness**

- 7.9 Reviews of previous policies and experience from the Skills Conditionality Pilot highlight the different factors which had an impact on the operational effectiveness of such policies, these factors included:
- the need for adequate lead in times at the start of delivery. Not doing so risked starting with guidance material that is not fit for purpose, a lack of

training being in place to meet claimants' needs and weak links between JCP and training providers

- not overburdening providers with documentation and bureaucracy
- ensuring that an adequate supply of training is in place, especially for more specialist requirements, e.g. ESOL
- that skills were often not the only barrier to employment that participants faced
- that support needs to be tailored to individuals' needs especially when these are complex
- that JCP staff need to be well informed as to what provision is available and likely to be effective
- that co-location of JCP with training led to much higher ratios of training starts to referrals
- close working relationships between JCP and training providers
- teaching skills in a way that was relevant to work situations and providing work experience opportunities to allow skills to be practised in a work environment
- clear communication of sanctioning decisions is important if they are to be an effective deterrent. If individuals did not understand why they had been sanctioned, then they were unlikely to change their future behaviour
- sanctioning decisions should be consistent and made promptly.

7.10 Subsequent consultations with key staff and stakeholders served to reinforce all of the above points with a number additional factors of particular pertinence to the Pilot's effectiveness also identified:

- the complexity of the referral process, with a more straightforward, streamlined process likely to accelerate familiarisation amongst management and delivery staff
- the need for clearer, more consistent information flows between Work Coaches and training providers during the referral process, prior to a client commencing training

- the need for flexibility in teaching hours to lessen the propensity for participants to drop out due to the need to tend to other (typically family) responsibilities
- the conflict between the perceived need for communication between Work Coaches and training providers once a client had been mandated to training and the inability to do this due to the restrictions on the process.

## **Perspectives form the Learner Survey**

### **Baseline Survey**

7.11 The learner survey (baseline and re-interview) sought to gain perspectives on the referral process, to understand the influence of mandating participants to training on attitudes and behaviour, and explore other impacts arising from engagement in the training.

7.12 Drawing initially on DWP LMS data, which was then matched to LLWR data in order to develop the sample frame for the participant survey, the research relied upon comprehensive data being captured. Unfortunately gaps in data capture led to misassumptions as to which individuals were participating in training and which were not. As a result, the comparison group (those who did not start the training) for the study was smaller than anticipated, although the entire sample (with 474 responding to the survey) remained of a useful scale to identify a series of findings with some degree of robustness. These key findings are listed below.

- Two thirds of all respondents felt a need to improve their skills prior to their referral to a training provider.
- Substantial levels of confusion relating to the point at which a client was being mandated onto the Pilot (almost one third met with a training provider because they thought they had to) albeit with a high proportion (71 per cent) aware that they could be mandated to the Pilot once they met the training provider.
- Similarly, 55 per cent of respondents were aware of the consequences of not starting the training (rising to 68 per cent of those who had started training and falling to just 35 per cent of those that had not started),

suggested further confusion or uncertainty about the process of referral and mandation.

- Of those who were aware that they had been mandated to the programme, 98 per cent correctly identified that benefit sanctions could be invoked, had they not started the training, suggesting a high degree of understanding regarding the implications of non-attendance.
- When asked if they would have started the training if they did not have to, 35 per cent of respondents said they would not have done so, thereby illustrating that mandation plays an important influential role in engaging some clients in training provision. Furthermore, knowledge of the consequences increased the likelihood and motivation to attend the training course for around three-quarters of respondents.

### **Measuring Self-Efficacy**

7.13 The concept of self-efficacy relates to an individual's belief in their own ability to carry out the actions that are necessary to fulfilling one's goals. These beliefs reflect the underlying confidence that acts as an important precursor to successful transitions into employment.

7.14 In relation to self-efficacy, the findings suggested that those who did not participate in training felt less confident in their ability to overcome barriers to employment as they scored themselves lower on general, learning and employment related, self-efficacy. This finding is revealing given that these same respondents were less likely to report that they had a skills need. These findings together suggest that there is a cohort of participants who were unlikely to identify a skills need when asked directly, but were affected by a series of needs and barriers that became apparent through the measurement of underlying self-perceptions.

### **Follow Up Learner Survey**

7.15 The follow-up survey, undertaken two months following the initial baseline survey, received a total of 230 responses from those who responded to the baseline survey. Levels of awareness of the consequences of non-attendance, and the reported impact of knowing the implications, were highly consistent

with the responses in the baseline, which gave some strength to the accuracy of the responses gathered. Of those who did not complete the training, 16 per cent (six out of 37) had their benefit payments stopped or reduced.

- 7.16 In terms of impact arising from the training, 79 per cent felt it had helped to improve their skills whilst 57 per cent felt the training had improved their chances of getting a job. Almost half of those who had not felt the training improved their chances of getting a job, reported that the training had not been useful or that they had not learnt anything new from the training provision. Furthermore, just over one in five said they would have liked additional support.
- 7.17 With regards to attitudes to learning, 39 per cent of respondents who started the training said they were now more likely to enrol in another course in the future, suggesting that their attendance on the training had had a positive effect on their attitude to training. In addition, when asked to describe the ways that the training had changed their view on the importance of skills development, twelve per cent of respondents said they realised skills were more important than they had previously thought, whilst 15 per cent realised they were important for finding work.
- 7.18 In relation to participant outcomes, almost half (47 per cent) were unemployed after participating in the Pilot, whilst just under a quarter (24 per cent) were in employment. In relation to job-seeking behaviours, including applications, attending interviews, and attendance of further training, attendance on essential skills training may have been most influential for securing job interviews, with just under a third of those who had secured an interview estimating that this would be an unlikely outcome if they had not attended the training.

### **Conclusions and Recommendations**

- 7.19 Mandating participants onto training did have a positive effect on their engagement in training if used in appropriate circumstances. 35 per cent of those whom started training said they would not have done so if they did not have to. Training providers reported few instances of disruption in learning provision when participants were mandated to the Pilot, however several



participants engaged in in-depth interviews experienced disruption during their courses (see Appendices 1 and 2). The risk of disruption was acknowledged as the provision shifted from voluntary engagement to mandatory engagement for some participants, although reportedly where these did arise, training providers felt well equipped to address them. **Recommendation 1: That mandation of participants in the right circumstances, where it can be expected to help participants to move into work, should be retained. This requires the training on offer to be reviewed and reformed and where possible work placements to be offered to enable participants to use their skills in a practical environment. In addition, essential skills training, to those who have been out of work for a very long time, needs to be part of a wider package of support to address their multiple barriers to work. (See Recommendation 8).**

**Recommendation 2: That alternatives to mandation should be explored for those identified as having particularly complex issues and who might not be ready for engagement in provision delivered in this format. Addressing complex issues requires their underlying causes, such as housing issues and substance abuse problems, to be tackled.**

- 7.20 There was quite widespread confusion over mandation. Two thirds of those who started training understood the consequences of not doing so but only one third of those who did not start the training had had a similar understanding. This supports the conclusion that mandation increased participation in training where it was understood, but also that there is a need to increase this level of understanding amongst some claimants. **Recommendation 3: Alongside the retention of mandating claimants to training, the consequences to claimants of them failing to attend training when mandated needs to be clearly set out to claimants. This could be done as part of the initial screening process by Work Coaches for essential skills needs.**
- 7.21 The results of our early benchmarking suggested that at this stage the Pilot had not increased the extent of job entry for participants when compared against other interventions. This could suggest that the form of training on offer needs to be reformed. Participants' feedback on the training provision offered was

polarised and the extent of positive outcomes attributed to the training were somewhat limited. The use of mandation heightens the importance that training provision reflects the needs of participants and provides recognisable steps towards and into employment, failure to do so may ultimately undermine any positive effects on attitudes to training. Greater flexibility in the offer in this regard, alongside other help to address individuals' needs, including the availability of work placements, might aid this. Greater flexibility might also help reduce drop outs from provision that occurred because of a change in individuals' personal circumstances (e.g. a need to combine training with family caring responsibilities) or their movement into work part way through learning.

**Recommendation 4: The training on offer to address essential skills training should be reviewed. Part of this review process should involve engagement with employers in order to get their input regarding what training would best meet their needs, as well as those of participants, in order to improve the chances of participants moving into work.**

**Recommendation 5: The training on offer should include work placement opportunities, this would strengthen the vocational emphasis, provide further reassurance to participants of the employment related benefits and might increase participant's progression towards employment.**

**Recommendation 6: The possibility of training providers being incentivised to increase the movement of learners into work by linking part of their payments to job entry and, or job sustainment should be investigated.**

**Recommendation 7: The training provision on offer should, if possible, be more flexible with regard to teaching hours so as to lessen participant drop out resulting from the need to tend to other (often family) responsibilities, or to combine with work if a participant found work during the course of their learning.**

7.22 The position of very long term unemployed claimants who had been out of work for three years or more was notable here. This group had particularly low rates of job entry within three months of leaving the learning provided under the Pilot. Hence the Pilot appeared not to be meeting their needs in particular. This is not

surprising as such individuals were likely to have multiple and complex barriers to returning to work which can only be addressed by a package of measures.

**Recommendation 8: A package of personalised support and intensive help should be developed to address all of the barriers, including any essential skills needs, faced by those who have been unemployed for a very long time, and who may have been through the Work Programme without a positive work outcome.**

- 7.23 The widespread confusion regarding the process of mandation through the Pilot was not limited to participants, with the complexity of the adopted referral approach creating many difficulties in the Pilot's delivery. **Recommendation 9: The process for referring and mandating clients to training provision needs to be streamlined to reduce both its complexity and the extent of variation in the processes actually adopted.**

**Recommendation 10: That approaches to communication between those involved in policy implementation and those involved in service delivery are reviewed with the aim of reducing confusion regarding the implementation of complex processes.**

- 7.24 Co-location of training providers for needs assessments with the Work Coaches offered clear benefits, most notably a much greater rate of conversion of referrals to starts. **Recommendation 11: Where the infrastructure exists this approach should be followed, where it does not, locations close to the jobcentre that are highly accessible/recognisable should be sought to minimise drop off from referral to start of training.**

**Recommendation 12: In addition, the sharing of information on participant backgrounds with training providers to help with engagement and the assessment process should be the norm.**

- 7.25 The decision that training providers should withhold information regarding participant attendance from Work Coaches, once a participant has commenced training, is the element of the process which has gained the lowest level of adherence. Despite the fact that the majority of training providers interviewed chose to inform Work Coaches when a participant failed to attend the course, it

is unlikely that this apparently widespread deviation from the referral process undermined the robustness of the Pilot. The complexity of the referral process meant it is unlikely that participants fully understood or were aware that if they dropped out of training provision, the training provider should not have informed their Work Coach. The deviation from the prescribed process might however have increased the propensity for sanctioning. 91 participants in the Pilot were sanctioned. This equates to two per cent of those referred to the Pilot and six per cent of those starting learning under the Pilot.

7.26 Where the approach of training providers withholding attendance information from Work Coaches was adhered to; besides potentially reducing the likelihood of sanctioning, the approach appeared to have no positive effect on the individual and served to undermine the relationship between the training providers and the Work Coaches. **Recommendation 13: The requirement that training providers not inform JCP of participants' non-attendance or similar issues should be ended.**

7.27 The baseline survey data on general self-efficacy illustrates that despite being less likely to identify essential skills needs, those who chose not to participate in the Pilot had lower levels of self-efficacy than Pilot participants. This suggests that for some, there were multiple and complex barriers to employment or education/training. Mandating people to the training earlier within the referral process would increase the proportion of individuals who might benefit from the training, participating in training provision, however there might be other elements of intervention that would need to be considered as part of this offer. **Recommendation 14: The point of mandation should be moved earlier in the referral process so that the initial referral of a claimant with perceived essential skills needs to a training provider for assessment should be mandatory.**

7.28 Our impact assessment was unable to produce robust results because of limitations with the data available to us. **Recommendation 15: An impact assessment of the Pilot should be undertaken using linked administrative data on benefit receipt and employment. This impact assessment should be undertaken in 2018 in order that participants' employment and benefit**

**receipt outcomes can be assessed for a period of two years after they have undertaken their learning.**

7.29 An impact assessment using such an approach requires administrative data to be shared across both UK government departments and with the Welsh Government. **Recommendation 16: Comprehensive data sharing arrangements to cover both UK government departments and the devolved administrations should be put in place.**

## 8 Appendix 1: Case Studies – Baseline Survey Respondents

### Case Study 1

- 8.1 Michael<sup>70</sup> was 45 and had been unemployed on and off since leaving the Army in 2006. Growing up on a council estate, he described his childhood as *'violent'* due to having a number of stepfathers who were abusive. This, and what Michael refers to as *'the council estate kind of life'* where gang culture encouraged him to develop a blasé attitude to school, was why he believed he never achieved at school and left with no qualifications. Having completed a painting and decorating NVQ level one and level two in 1991, Michael also gained various specialist driving qualifications during his time in the Army which he felt were *'a pocketful of chances'*. He has since attended various IT training courses through the Job Centre to aid him in finding employment. Michael has always volunteered for these courses and whilst he appreciated that people were always on hand to help him if he needed, he stressed that these courses are only useful if the participant in question *'wants to put the work in'*.
- 8.2 Michael requested to be put on the Skills Conditionality programme after seeing an advert in the Job Centre in the hope that the course would help him improve his grammar when writing cover letters, *'I could write a nice letter... but I didn't know where to put the apostrophes or commas or... the grammar that makes that difference in a letter'*. Michael had no expectations from the training and said, *'It wasn't a big deal really, it's just another course that you can dive on to... and hopefully you would think it will keep the dole off your back because you'd be seen to be doing something'*. Despite this he was optimistic that he would come away from the course having learnt something new.

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<sup>70</sup> The name has been changed to protect the participant's identity.

8.3 The possibility of sanctions being implemented if there was non- attendance to the course had not been mentioned to Michael beforehand but he explained that this may have been as he volunteered for the training and he thought *'you knew if you didn't turn up you'd get the sanction'*. More generally Michael had strong opinions over the use of sanctioning as a tool to ensure that participants stayed on various Job Centre courses:

*'The dole turn round and say you better turn up there, if you don't you're going to be sanctioned... and that's when you get your attitude people turning in... The kind of people that turn up to those classes and are made to... they're the ones that'll be disruptive and they'll have a chip on their shoulders and they spoil the opportunity for the person who does want to get on'*

8.4 He also felt that sanctioning should not be used to threaten people but rather mentioned by Job Centre Staff as a reminder of what could happen.

8.5 Michael described the tutor delivering the training as helpful. However he wished the course had been more intensive, instead of being one day a week for three months, as he felt he had not had enough time to develop the skills that he hoped to. The training was initially held in the Job Centre which was problematic as they were intending to deliver it in a room at the front of the centre. Michael was unhappy with this *'because it [would] look like a remedial class'*. The venue was then changed to a room upstairs which Michael was also unhappy with as *'it looked as if you were going up for a crisis loan'*. He explained *'there's a stigma in the Job Centre... to put it bluntly people think you're thick as anything... the loan thing was my pride'*. The training was subsequently moved to a college.

8.6 Despite meeting some nice people on the course Michael explained that he did not make any friends from the course as he liked to keep to himself. He picked up some skills from the training such as where to place capital letters in a sentence but feels the training did not bring him closer to finding a job *'unless I was going [for a job] as a secretary'*. Although Michael did not feel able to write a cover letter without support, he said he was more aware of how a cover letter should be formatted.

8.7 When Michael first put himself forward for the training he was hoping to take a course in Maths as *'that's what I've wanted for years... [Maths] is a big thing in life'* but unfortunately the Job Centre were only offering literacy courses.

8.8 Michael is currently employed part time as a minibus driver, a job which he got through a referral from the Job Centre. Although the work was only due to last for a few weeks he was optimistic that something will come up in a few weeks' time. Despite having the option to remain on benefits, Michael signed off two weeks ago explaining:

*'They were saying you don't have to sign off but [I think] you have to because otherwise you're still under the spell of the unemployment system... I just wanted to be off it.'*

8.9 Michael's main ambition was to become a bodyguard. He has already gained his full protection badge and was adamant that this was a goal he wanted to pursue independently. He was optimistic that this was an achievable goal but said that should it not come to pass he would be able to hold his head up high *'as if I don't make it at least I can say I tried'*.



## Case Study 2

- 8.10 Vera<sup>71</sup> was 56 years old and had been unemployed for three years. Prior to this, she was claiming carers allowance for looking after an elderly neighbour who passed away. As a child, Vera was not interested in attending school and only enjoyed the cookery classes; she left school aged 16 with no qualifications. During her time with the Job Centre, Vera spent two years on a Working Links programme to improve her IT skills. However, she felt that this course was a *'waste of time'* as they were only taught how to use the Universal Jobmatch site.
- 8.11 Vera and her partner had both approached their Work Coach in the Job Centre to ask for help with using a computer and during this meeting both were referred to the Skills Conditionality course for Maths and English training. Vera explained *'we were told we had to turn up to this course otherwise we'd have our benefits stopped'*. Both Vera and her partner did not realise what the course was for until they attended the assessment, *'we just assumed it was for computers but when we got there it was for Maths and English'*. Despite this, Vera thought that the staff carrying out the assessments were *'quite pleasant'* and decided that as her Maths and English skills could use some improvement she might as well attend the course.
- 8.12 Whilst Vera attended the course she made friends with the people she met and they would often go to lunch together. This seemed to have been the most positive impact of the course for Vera who did not enjoy attending the classes. As she struggles more with English, her assessment came out lower for these skills than for her Maths ones, however the classes they were placed in were mixed ability. Because of this Vera found the Maths very basic compared to her abilities, *'it was like [a] five year olds... we were being treated like children; we're adults at the end of the day,'* but felt self-conscious when they were studying English as some of the participants were *'better than me and that really got me down'*. Vera did not enjoy attending the course but explained she continued to go as *'we knew we had to do it or we'd get our benefits stopped...'*

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<sup>71</sup> The name has been changed to protect the participant's identity.

*It wasn't too bad when you got stuck into it... It was just the thought of going there'. As Vera was struggling with a chest infection and also suffers from depression, this was something she found more difficult.*

- 8.13 When she was asked whether or not she felt that the other participants on the course had enjoyed it Vera replied:

*'I don't think anyone enjoyed the course to be honest with you as they were all saying 'oh here we go again, oh I can't stick it today and there was one girl there, I think it was just an excuse as you'd be halfway through a course and she'd get a phone call [and leave]... she's not enjoying it.'*

- 8.14 Vera and her partner became close to another man on the course and Vera often helped them with their Maths or allowed them to copy her work. Throughout their six months on the course, the participants were taught by four different tutors and Vera thinks this might be because *'none of them could put up with us'* however she did feel that the last tutor was the best because he was very helpful and understanding.

- 8.15 After completing the course Vera received her Maths qualification but does not know whether or not she passed English. After her experiences she would have liked to go into caring professionally but did not think that the qualification she had gained will help her with this:

*'I used to think well what's the point because it's not going to get me a job at the end of the day... I've been caring since I was 18 years of age, just because I don't have any qualifications now I can't do it... even though I have more [experience] than some of these nurses.... I know how to do it, I cared for my late mother and I cared for my father ... I nursed my late husband and then I cared for this other Gentleman.'*

- 8.16 To help her with her goal of becoming a carer the Job Centre were going to put Vera on a six-week training course to gain qualifications in health and safety, first aid and food hygiene but she had to decline this as she was applying for ESA benefits due to her depression worsening. On her return to the Job Centre, Vera would like to attend a course in caring similar to one that the Job Centre used to offer:

*'Years ago you could go into a six-week training course to get all your qualifications but the government have stopped all that. That's the worst thing they done is stop it because you could go in and they give you a six-week trial and if you were very good they'd take you on but you had a certificate to prove that you'd done it at the end, now you've got nothing.'*

### Case Study 3

- 8.17 Matthew<sup>72</sup> was 20 years old and was born with chronic asthma which meant that he missed six years of his school life, *'I missed all the essential skills that's needed when applying for a job'*. After passing three of his GCSEs, not including English or Maths, he left school aged 16 and had been working on and off in the retail sector since. Although he had not received any training through the Job Centre, Matthew gained his level one Maths and English qualifications through a course at a local training provider.
- 8.18 After a meeting with his Work Coach where Matthew asked for help with his reading and writing, he was referred to a Skills Conditionality course which was also provided by the same training provider. As Matthew struggled to remain motivated on courses that he did not enjoy, the Work Coach suggested he attend for a few days to see how he felt and if he did not enjoy it he could return and the Job Centre would find a similar course with a different training provider. The Work Coach did not tell Matthew what the consequences would be if he did not attend training but he said that he was aware of them because:
- 'Stopping money in the job centre is quite common but it's understandable really... you get some people in the Job Centre that don't actually look for work... I know a few people like that, they don't bother looking for work and they complain then that they don't have any jobs or money.'*
- 8.19 Whilst he was on the course, Matthew found that he enjoyed the Maths more than the English but was never bored on the course. He found that the training he did in the first few weeks was more challenging, which he liked, but *'after a while the tutor wasn't giving us any English or Maths [just] kids work'*. Although he felt that the work was *'too easy'* Matthew did not mind this as he still had something to do and thought it might have been because the tutor was very busy helping the participants individually and because her husband had passed away.

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<sup>72</sup> The name has been changed to protect the participant's identity.

- 8.20 After four months with the course, Matthew signed off from receiving benefits to go on holiday for a week. Unfortunately when he returned he had to look after a sick relative and was unable to sign back on with the Job Centre until a month later. Matthew felt that his reading and writing had improved through the course but when he tried to return to the training provider he was told that he was going to be put on a different Maths and English course instead. This was something that Matthew was quite disappointed about as he was looking forward to returning.
- 8.21 When talking about the Skills Conditionality courses more generally Matthew thought they were very positive as he felt that they can help people who have essential skills needs in Maths and English to overcome these and find a job. However, he felt that there was no point sending people on courses who did not want to be there as *'In my opinion that's not right, it's like forcing someone to do something they don't want to do'*.
- 8.22 At the time of interview, Matthew was looking for full time employment and ideally would have liked to work in a bar or in the retail sector. Whilst Matthew was signed off from the Job Centre, he felt that *'I lost my drive, when I [signed on] again I've got my drive back now'* as it had given him the motivation to look for jobs. Due to his prior experience, Matthew did not feel that he needed any help to get a job in retail but would be interested in gaining either bar experience or skills to add to his CV.

#### Case Study 4

- 8.23 Roger<sup>73</sup> was 48 and currently holds a part time job as a cleaner. Having left school aged 16 with no qualifications, he was employed as a support worker until 2010. After leaving his role as a support worker, for reasons he was unhappy to share, he lost his house and his quality of life suffered which left him suffering with depression. He had been with the Job Centre ever since and despite having a part time job, he still visited to search for full time employment and take part in training courses. Roger was a fan of learning and had attended numerous courses through both the Job Centre and Communities First including First Aid, Basic IT and Literacy courses. His highest qualification was a Level Two in Food Hygiene which he gained through Communities First. He says he has learnt '*silly things you take for granted*' such as washing your hands after touching meat, but the big draw of these courses for Roger was their effect on his self-confidence.
- 8.24 After seeing a pamphlet in the Job Centre Roger requested to be sent on the Skills Conditionality course. He was initially nervous about attending the initial assessment as '*I left school so long ago I didn't know what my standards were like*'. Roger had the initial assessment for a course with a training provider in January but then decided not to go ahead with the course due to finding employment. He then attended a second assessment with the training provider a few months later but only attended one day of the course as the training provider could only refund his travel at the end of each week and he could not afford to fund the travel expenses upfront. After speaking to the Job Centre he was placed on a course closer to home with another training provider who were able to refund his travel expenses the next day. Roger attended three assessments in total and found that the assessors at each one were '*brilliant*' they assured him that they were not there to judge him but just to help.

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<sup>73</sup> The name has been changed to protect the participant's identity.

- 8.25 When Roger attended the first day of the Skills Conditionality course at the first training provider, he found that the tutor he had an initial chat with was patronising and disrespectful as Roger felt he looked down on him because he was unemployed. In contrast the course at the second training provider was *'a much more relaxed course, there's only a couple of us and the tutor has time to spend time with you and explain how to do it... it's more up close and personal'*. At the time of writing Roger was still attending the Maths course and was thoroughly enjoying it. He found that there was a very relaxed atmosphere and the staff were very helpful and friendly. Roger enjoyed going out to lunch with friends he has made on the course and had been learning about topics such as pay, money, areas and perimeters.
- 8.26 Roger's partner was currently unemployed due to illness and he had been able to use skills that he had learnt on the course to help her with her finances; something which she struggled with. As with courses he has previously done in the past, Roger believes that the greatest benefits from the course were how his self-confidence and self-respect had improved. He felt that through courses like Skills Conditionality he was beginning to get back to *'my former self'* how he felt before he lost his job.
- 8.27 Although Roger volunteered for the course he felt that he would have been referred at a later stage anyway, possibly with the threat of sanctioning if he did not attend. He noted that there were one or two participants on the course who were not there by choice and said that they were disruptive and unwilling to learn. He believed when the threat of sanctioning was used it is *'a lot in people's heads and they wouldn't want to be there then. They feel like it is forced upon you and you got to do it... people who do it just go through the motions and it could spoil it for other people who want to be there... it spoils it for everybody else who wants to be there'*. When asked whether the more relaxed atmosphere might change people's attitudes towards attending the course Roger felt that this would not make people change their opinions and that they would continue to be disruptive.

8.28 Roger was eager to get back to full time employment as he felt it would give him a sense of self-worth and a routine. He said that attending the Skills Conditionality course had increased how often he searched for jobs, particularly as it was an optional activity during the course. Roger wanted *'to get [his] life back'* and although he faced barriers when looking for employment due to his criminal record, he had told his advisor at the Job Centre that he would like to do any job. He did not feel that he needed any help to find employment but is eager to partake in as many courses as possible because he felt that they increased his chance of getting a job and helped to give him an edge over other candidates. Roger was not fussed about what courses he would like to do and explained *'there's nothing I don't want to do; I couldn't pick one over the other'*.



## Case Study 5

8.29 Caleb<sup>74</sup> moved to South Wales at the age of 10 from the Caribbean and despite attending school, never learnt to read or write, *'I just didn't pick it up and as a youngster, I was from Jamaica, and everything was new to me... them times there was nothing and nobody really cared. I was just pushed aside'*. Now aged 59, Caleb had been unemployed since Christmas 2014 following a six-month contract as a painter and decorator. Throughout his time with the Job Centre, Caleb had been sent on three or four English skills courses in order to address his literacy skills but each time the centres had not been able to provide him with the one-to-one tuition that he needed. Caleb was keen to learn to read and write in order to gain a Construction Skills Certification Scheme (CSCS) card to help him find employment in the construction sector. He explained:

*'I want to get back to work and they'll say there's this course... and they say do you want to try it and I say yeah I'll try anything... because I just hope that one time I'll go somewhere and someone will see what I need. If they tell me there's a course that might help me to do this then I'll go. I'm not doing nothing anyway, I'm not working. I'm just home bored... so I go hoping.'*

8.30 However, the lack of progress on these courses had an adverse effect on Caleb:

*'I just seem to be talking to myself because nobody seems to want to help me to do what I want. It's giving me a headache; it makes me really depressed... it's horrible.'*

8.31 When the Skills Conditionality course was mentioned to Caleb he was hoping that, with the work coach fully aware of his literacy issues, this time the course would be able to offer him one-to-one tuition. Caleb was particularly keen to try this course as his work coach told him he would have to attend an initial test. Having heard of tests for illiteracy, Caleb thought that this test would flag up his inability to read and write to the assessors, and that his training would have been tailored accordingly. This was the main reason that he decided to attend

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<sup>74</sup> The name has been changed to protect the participant's identity.

the initial meeting with the training provider. When his work coach suggested the course to Caleb he gave him two choices; to do the course or to come in and sign on every day. Despite not specifically mentioning the consequences of not attending training, Caleb explained he was aware of what would happen because:

*'I seen it on the telly and I know people who had their benefits stopped because they didn't do things or didn't fill their book in and stuff like that... so I know if the Job Centre sends you off to go somewhere you have to go.'*

8.32 After completing the test at the training provider, Caleb felt sceptical as the questions seemed to be similar to those asked on other courses which made him question how effective the Skills Conditionality course would be, *'She's asking questions about me, where I live, where I work, what I can do, what have I done before. It's the same again I know exactly what's going to happen and I was right'*.

8.33 After Caleb completed the assessment he was put in to a classroom:

*'...with all these flipping kids... they're all doing their thing and I'm just sat there, I don't know what to do... Even up to now I don't know what I was supposed to be doing... I feel silly because I can't do nothing, I dunno what to do. I just feel left out and just stupid. I think to myself "What am I doing here? What did they send me here for?"'*

8.34 Due to the class sizes, the tutor was unable to spend much time helping Caleb and he was sent back to the Job Centre after just four weeks. Although Caleb felt the people he met on the course were nice, due to the age gap he did not form any friendships.

8.35 Whilst he was on the course Caleb enjoyed the opportunity to get out of the house and have somewhere to go, however he was particularly disappointed that he did not learn anything from the course as he felt that even *'getting one foot on the ladder'* would have allowed him to progress and bring him closer to his goal of getting his CSCS card.

8.36 Caleb was on sick benefits as he suffered from a recurring back problem but hoped to return to the Job Centre in the future. At the moment he felt less confident about finding employment and had become very disheartened about participating in similar courses in the future:

*'I would tell them straight it's wasting my time because I've been to too many and it's all been the same... it's wasting their time... and they're wasting [the time of] whoever they're sending me because they don't know what to do with me when I get there. I'd like to walk in to somewhere and them say 'oh Caleb... you're a special case... me and you are going to try sort something out' you'd feel good then... I'd love to hear that from someone and I don't'*

8.37 Caleb felt that unless the Job Centre would be able to guarantee that a course would be specifically designed to deal with his problems, he could no longer attend them.

8.38 Although the CSCS card would allow Caleb to move into employment in a very short space of time, he had always wanted to work as a cleaner in a hospital and he felt being able to read and write would increase his chances of finding a role like this.

*'I'm not stupid, I'm really quite clever... I do learn things a lot it's just reading and writing I can't pick up. Any other thing, you show me to do something... I get better and better and better. It's no problem it's just when it comes to the reading and writing part that's what's killing me.'*

## 9 Appendix 2: Case Studies – Follow-Up Survey Respondents

### Case Study 6

- 9.1 Becky<sup>75</sup> was 23 and had been unemployed for four months after losing her job as a cleaner for a doctor's surgery. She suffered from dyslexia and dyspraxia and as a result she felt her school did not encourage her to gain many qualifications, *'they told my parents when I first started that I'd never be able to do a GCSE'*. Becky was also badly bullied at school and left at 16 with a handful of GCSEs at low grades. Following this Becky completed a course in Animal Care and did some adult literacy training through college.
- 9.2 When asked how she had first heard about the Skills Conditionality Course, Becky said she had been told by her Work Coach that she was required to do a test to see whether she had enough skills or not. Because of her educational background, Becky felt very self-conscious about taking the tests and did not expect to enjoy the training. However, after four or five weeks Becky began to warm to the trainer and realised that she could trust her. Once this happened Becky began to really enjoy the training and said of the tutor:
- 'She treated you like a human being, she was totally trustworthy. She never let you down but she never put anyone ahead of the others either... She went above and beyond.'*
- 9.3 The group worked well together and became very friendly; Becky would make an effort to talk to people who looked lonely during their breaks. She found the Maths training particularly helpful as it allowed her to learn skills she had not had the opportunity to study during her GCSEs, and they were taught in ways which made them applicable to real life situations e.g. learning about area by measuring a room filled with different objects for a carpet. Even between modules, the tutor kept them busy with fun tasks such as making cocktails to learn about measurements. The employability course also helped Becky to really think about how she marketed herself on her CV, rather than just knowing what to include.

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<sup>75</sup> The name has been changed to protect the participant's identity.

9.4 Because of the course Becky had noticed a huge increase in her confidence, especially when applying for jobs as the course had taught her to recognise skills that she did not know she had. When applying for jobs, she now also applied for ones which asked for slightly higher skill sets and was positive that she would find employment in the near future.

## Case Study 7

9.5 Paul<sup>76</sup> was 53 years old and had been unemployed for 15 years. He lost his job on a building site in 2000 and this, coupled with a string of deaths in his close family and the breakup of his marriage, led to depression, alcoholism and anger management issues. He had had numerous heart attacks over the years and his condition resulted in him nearly losing his life on Boxing Day last year. Since the early 2000s Paul has been claiming ESA due to his alcoholism. As a child Paul would frequently skip school to work at a pickle factory and as a consequence of this never learnt to read or write.

9.6 As a result of expressing an interest in applying for a CSCS card his work coach at the job centre suggested that he went along to [a training provider] to gain some essential skills. Paul initially had some reservations about the training and working in a group, but was convinced by a tutor to come back for the next session. Fortunately, Paul said he 'really clicked' with the others who were all of similar ages and backgrounds as himself. From this point Paul really began to enjoy the course and could not praise his tutor enough;

*'It was the way she taught us, she would always come round and she acted like one of us. If we couldn't get something she sat with us and showed us different ways of doing it... nothing [about the course] could be done better with [tutor].'*

9.7 Although he was only due to stay with [the training provider] for six weeks, Paul begged to be allowed to continue training with the provider and went on to complete four courses over a period of seven months. During this time he learned how to read and write, how to do long division and how to use a computer. When contrasting this course with a previous I.T. course he had done with the Job Centre, Paul said that his tutor was amazed that he had gained a certificate for the prior course as he was unable to switch on a computer. Paul worked hard at the course, going to the centre five days a week and even requested homework. The tutor was so impressed by the progress made by Paul and a few others that she arranged for the Mayor to come to the

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<sup>76</sup> The name has been changed to protect the participant's identity.

site for a photo opportunity and to present them with their certificates. Paul read out his certificate over the phone and proudly explained that he would have been unable to do so before the course.

- 9.8 Learning to read and write meant that Paul is now able to read to his grandchildren and he had taught his grandson how to do long division using a method taught to him at the training. He had learnt how to search for jobs on the computer and, as [the training provider] still allowed him to come to their centre and use their computers, he had files for his electric and gas which allowed him to monitor how much he was spending. Being at the course from nine o'clock until half four also meant that Paul had less opportunities to drink and he was able to reduce his alcohol dependency.
- 9.9 The confidence that Paul gained also transformed his behaviour and his support worker was very proud of his achievements. He would be attending further training in February to achieve his CSCS card and intended to look for building site work. One of his friends from the course came over twice a week for coffee and Paul reflected '*I should have done this years ago!*'.

## Case Study 8

- 9.10 Tim<sup>77</sup> was 24 years old and prior to attending the Skills Conditionality Course, had been unemployed for approximately six months. As a child, Tim was a competitive swimmer but this came to an end when at the age of 12 he was diagnosed with having a heart murmur. Throughout his school and college years Tim was frequently in and out of hospital due his heart problems and subsequently did not get the grades he had been hoping for at GCSE and A level. Although he had been advised to do a foundation course in Forensics by college staff, his ill health prevented him from completing this and also meant that he struggled to hold down subsequent employment. During this time, Tim was also diagnosed with clinical depression and his last job was a temporary Christmas position with Royal Mail in 2014.
- 9.11 Tim was desperate to keep busy and learn some skills so when his work coach suggested the Skills Conditionality Course he jumped at the opportunity. Following initial tests, he was advised to do the Application of Number course to brush up on a few skills, whilst the training provider assisted him with looking for placements and employment. It was during these early stages that Tim's mother was diagnosed with dementia and he was needed at home to look after her and his elderly father. As Tim had previously qualified as a carer through a Job Centre course, he became the sole carer for his mother despite having numerous siblings. Luckily Tim's tutor at the training had been '*brilliant*' and allowed him to take work home to complete on days he could not make it to the course; '*She knew I needed to have time to deal with everything as well as dealing with the qualification.*'
- 9.12 Whilst on the course Tim learnt skills, but confessed that he didn't feel he had learnt anything new as he was '*just trying to get through the qualification*'. However, the course became something of an '*escape*' for Tim, somewhere to get away from everything that was going on at home. The tutor became more than a tutor for Tim, she was somebody he could confide in '*like a counsellor*' and get things off his chest. Although he did not mix much with the other

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<sup>77</sup> The name has been changed to protect the participant's identity.



students due to his situation, he felt that the course had given him back communication skills that he had lost through his isolating circumstances; *'[Tutor] treated me like a human being; she wasn't asking me to do stuff for others, it was about me'*.

- 9.13 As Tim was working through the course at a slower rate, he was unable to complete the course before his six months were up. Around two weeks before the course was due to end, Tim said the realisation that he would be left with no chance to get out of the house and take his mind of things provided him with the motivation to look for employment. With the tutor's help he found an apprenticeship as a lifeguard and she volunteered to be a reference on his CV. Tim felt this played a big part in his successful application as his prior job experiences had left him with few good references.
- 9.14 Since his heart condition put an end to his competitive swimming Tim had wanted to become a lifeguard and his apprenticeship allowed him to pass his lifeguarding qualification as well as giving him the opportunity to gain an NVQ level 2 in leisure and a chance to complete an Application of Number course. Tim said his views on training had been completely overhauled; *'I never thought that training providers would be so sympathetic to people in negative situations like mine. [I thought] if one training provider was like that then others must be like that too'*. He was intending to apply the skills he learnt on the course directly to his everyday role.
- 9.15 Tim's ultimate dream was to become a swimming instructor and he was thrilled that his employer had promised to allow him to gain a qualification for this once he had completed his apprenticeship and training.
- 9.16 If he had not attended the Skills Conditionality course, Tim thought that he would have remained at home as a full time carer but would have been unable to claim Carers Allowance as it would have interfered with his mother's disability payments. Without a means of escape, he believed that his depression would have returned and this may well have impacted on his physical health as his heart problems were aggravated by stress. Although Tim's apprenticeship wage was minimal, Tim noted *'it gives me a sense of independence that I wouldn't have otherwise'*.

## Case Study 9

9.17 Trevor<sup>78</sup> was 61 years old and had been unemployed for 19 years. He previously worked in the armed forces, later in security, where he had a distinguished career which involved guarding members of the Royal family. In 1996 Trevor's father had become gravely ill and he gave up his job in order to care for him until he passed away. Although Trevor left school with O level qualifications, as his prior career history had not required him to utilise his literacy and numeracy skills he felt that they had faded with time and he struggled to find another job.

*'When I was in the Army all they did was check my records, they weren't interested in my qualifications. Now it's totally different... I started to think "I don't know where to go from here".'*

9.18 Although Trevor needed to reskill, it was not until the Skills Conditionality Pilot was rolled out that the Job Centre were able to identify his skills shortage. It was Trevor's work coach who suggested that he attend the course and he went along to the training provider for an initial test which he found 'scary' as he felt self-conscious trying to answer questions in front of the tutors. However, the tutors were able to put him at ease and reassured him which he was grateful for.

9.19 Despite feeling reassured, Trevor initially struggled to engage with the course as *'I didn't know what to expect so I wasn't sure what was happening'*. Once again the tutors were very encouraging and Trevor reflected *'once I understood, I switched gear and I really began to improve... they taught me things in Maths and English that I had never come across before'*. Trevor particularly enjoyed learning new words from the dictionaries provided by the tutor and now that the course was finished this was something he continued to do occasionally in his spare time.

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<sup>78</sup> The name has been changed to protect the participant's identity.

9.20 Through the course, Trevor felt that he had discovered a love of learning and he was keen to continue developing his skills. He had also noticed a change in his personality and confidence, *'I kept to myself before but now I feel happier and more relaxed, especially around other people'*. Trevor was currently recovering from a knee replacement operation and planned to improve his skills whilst he was recovering as he acknowledged, *'I know my age is a barrier but I feel like the only thing that is putting me back from finding work is my skill; getting skills is the only hope I have to get a job'*.

## Case Study 10

- 9.21 Jean<sup>79</sup> was 51 years old and had been working as a store assistant in a bakery for a number of years when an accident at work led to her leaving her job. As the bakery was performing successfully in the run up to her accident, Jean often felt under a lot of pressure as the business was understaffed and said that this had begun to affect her mental health. After injuring her knee, Jean said she was pressured by management staff to return to work despite having a doctor's note and decided to leave as she felt *'bullied...pushed to my limit... I was on a mental breakdown'*. Jean felt that the experience *'took away the confidence I'd had before'*.
- 9.22 When her knee recovered, Jean had begun to look for jobs and asked the Job Centre if they had any courses she could go on to learn some new skills. The Skills Conditionality course was suggested to her and she decided to go along. Jean had no problems with the initial test explaining, *'It was just to see how much knowledge I had, it wasn't scary at all. They were excellent'*.
- 9.23 Jean enjoyed the opportunity to refresh her Maths skills and said that those attending the course were very supportive of one another. As Jean had expressed interest in becoming a carer, the course gave her the opportunity to volunteer at a care home which she had found highly enjoyable. Conversely, she had found the experience useful as it helped her to realise that caring was not a career path that she wanted to pursue.
- 9.24 The most important element of the course for Jean was the opportunity to socialise with people she met whilst on the training as:

*'Mixing with everyone built me back up; it restored the confidence I'd lost through my old job.'*

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<sup>79</sup> The name has been changed to protect the participant's identity.

9.25 After the course, Jean successfully applied for a part time job as a sales assistant. She felt that without the confidence she had gained from the course, she would not have even applied for the job in the first place. As well as working part time, Jean was also undertaking training with Working Links to gain additional employment skills and was grateful that she had the opportunity to go on the Skills Conditionality Course remarking '*I couldn't fault it*'.

## **10 Appendix 3: General Self-Efficacy Questions**

The following questions are a list of statements about how you respond to a range of situations. Please can you tell me how far you agree with each item, by saying if you think it is either:

*1 = Not at all true 2 = Hardly true 3 = Moderately true 4 = Exactly true*

*All 20 questions will be administered randomly:*

### **General Self-efficacy Scale:**

1. I can always manage to solve difficult problems if I try hard enough.
2. If someone opposes me, I can find a way of getting what I want.
3. It is easy for me to stick to my aims and accomplish my goals.
4. I am confident that I could deal efficiently with unexpected events.
5. Thanks to my resourcefulness, I know how to handle unforeseen situations.
6. I can solve most problems if I invest the necessary effort.
7. I can remain calm when facing difficulties because I can rely on my coping abilities.
8. When I am confronted with a problem, I can usually find several solutions.
9. If I am in trouble, I can usually think of a solution.
10. I can usually handle whatever comes my way.

### **Self-efficacy for Learning Scale:**

11. I find learning new skills interesting.
12. When I see that I need to, I can develop new skills.
13. I get a lot of out of learning.
14. I find it straight forward to attend a training course.
15. I find I remember the things we cover in training.

***Attitudes Towards Employment:***

- 16. I could get a job if I wanted one.
- 17. Work can be rewarding.
- 18. There is a job out there for me.
- 19. If I can't get one job, I will get another one.
- 20. I can achieve my goals around work.

## 11 Appendix 4: Impact Assessment

11.1 This appendix provides technical detail about the propensity score matching approach used in this evaluation of the Skills Conditionality Pilot in Wales. Propensity score matching was used to examine whether participants in the Skills Conditionality Pilot are more or less likely than other similar workless people to move into work.

### **Entering work**

11.2 Propensity score matching was used to identify a comparison group of unemployed people with similar characteristics to participants in the Pilot. With this comparison group in place, we should have been able to determine whether participants who took part in the Pilot were more or less likely enter work than the comparison group.

11.3 The comparison group was made up of ILO unemployed respondents from 11 datasets from the five quarter Longitudinal Labour Force Surveys (LLFS) running from the Quarter 4 2011 to Quarter 3 2015. Ideally, we would have wished to match more closely the period for which we had management information for the Skills Conditionality Pilot: May 2014 to May 2015. This is because movements into work are impacted by the state of the economy as well as project impacts. By having data for participants in the Pilot and the comparison group for as similar a time period as possible we would have ensured that their outcomes were influenced by similar macroeconomic conditions. However, in order to gain a sufficient sample size for our comparison group meant that we had to utilise data not just for 2014 and 2015, but also 2011-13. The limitations this imposed on our results is discussed in detail below in the section which discusses the caveats to our results.

11.4 We also sought to allow for variations in local variations in economic conditions by matching the comparison to participants on the basis of the unemployment rate from the local labour they reside in. This is to try and ensure that differences between the two groups should not reflect the impact of differing economic conditions on the two groups. Again this matching did not work as well as we would have liked and this limitation is also discussed further in our



section on the caveats to our results. Respondents to the LLFS were selected who were unemployed in the first quarter, and movements into work in the two subsequent quarters were assessed.

- 11.5 We created a single database which included these respondents and the 342 participants who started on the Pilot between May 2014 and May 2015 and had a known post-learning destination. We constructed variables across the management information and LLFS data, for age, ethnicity, gender, disability status, qualification levels, duration of unemployment and the local unemployment rate in the local authority participants were resident in in Wales, and for sub-regions for the LLFS based comparison group.
- 11.6 We then loaded the database into R, a statistics package. We used four add-on software packages for R, MatchIt, Optmatch, Memisc and Zelig, and matched our comparison group to the characteristics of the participants on the Pilot, using the characteristics noted above we used two different types of matching and present the results for both.
- 11.7 The first method used was Nearest Neighbour Matching. This approach selects the best comparison matches for each individual in the treatment group (we did not have to exclude any cases as we could find an adequate match in the comparison group). Matching is done using an overall measure of distance between a participant and a potential comparison. Distance here is an overall measure of how dissimilar two individuals are. Matches are chosen for each participant one at a time. At each matching step, the record from the potential comparison group that has not yet been matched, and is closest in distance (most similar) to the participant is chosen.
- 11.8 The second method we present is Optimal Matching. Optimal matching finds the matched samples with the smallest average absolute distance (i.e. are most similar to each other) across all of the participants and the comparison group. Nearest Neighbour Matching and Optimal Matching approaches may choose the same sets of comparisons for the overall matched samples, but optimal matching does a better job of minimizing the average distance (most similar characteristics) across the group rather than pair by pair matching.

11.9 The basic idea behind all of these matching methods is that the major factors other than the Skills Conditionality Pilot affecting outcomes will be the state of the economy (covered by using a similar time frame and local unemployment rates as discussed above) and the characteristics of participants.

### **Logistic regression**

11.10 We then ran a logistic regression on our combined sample of matched Pilot participants and the matched comparison group to estimate the probability of moving into work. Logistic regression models the natural logarithm of the odds ratio as shown in equation 1 below.

$$\log\left(\frac{\pi}{1-\pi}\right) = \text{logit}(\pi) = \beta_0 + \beta_1 T_1 + \beta_2 X_2 + \dots + \beta_n X_n$$

11.11 In our case  $\pi$  is movement into work within three months of the end of learning a binary variable which takes the value 1 if an individual moves into work and 0 otherwise. The explanatory variables (the Xs) include a ‘treatment’ (labelled  $T_1$  in the formula above) variable for participation in the Skills Pilot which takes the value 1 for Pilot participants and 0 for the comparison group. We also included the following personal characteristics as explanatory variables: age, ethnicity, gender, disability status, qualification levels already held, duration of unemployment prior to participation in the Pilot / inclusion in the LLFS and the unemployment rate of the local authority in Wales / UK sub-region for the comparison.

11.12 As the differing characteristics, with the exception of age, are all binary variables, e.g. Gender =1 for women and 0 for men, one of the categories for each characteristic had to be excluded to avoid perfect multi-collinearity. This means that the intercept term in the estimated logistic regression picks up the overall impact for this collection of excluded characteristics which can be thought of as a ‘base case’. (In our case this base case is a white male who has been unemployed for less than 3 months with level 4 or higher qualifications.)

11.13 The results of our logistic regression analysis are shown in Tables 11.1 and 11.2<sup>80</sup> for the two different propensity score matching methods. The treatment variable (treat) is always statistically significant, at the 99 per cent level of confidence (see the p-values), and the local unemployment rate variable plus some of the duration of unemployment variables are also significant at either the one per cent or five per cent level of significance.

11.14 The coefficients for the treatment variable are shown in bold. The treatment variable was always negative and highly statistically significant.

**Table 11.1: Results from Nearest Neighbour Matching**

	Estimate	Std. Error	z value	Pr(> z )
(Intercept)	-0.2674	1.2066	-0.222	0.8246
<b>treat</b>	<b>-1.1231</b>	<b>0.2221</b>	<b>-5.056</b>	<b>0.0000</b>
<b>Level Three Qualifications</b>	2.3538	1.2602	1.868	0.0618
<b>Level Two Qualifications</b>	0.9217	0.8658	1.065	0.2871
<b>Level One Qualifications</b>	1.1624	0.8607	1.351	0.1769
<b>Entry Level Qualifications</b>	-0.3800	0.9278	-0.41	0.6821
<b>Pre-Entry / None</b>	0.7691	0.8419	0.914	0.3609
<b>Unemployed for three months but less than six months</b>	0.5301	0.3292	1.61	0.1074
<b>Unemployed for six months but less than twelve months</b>	0.8798	0.3333	2.64	0.0083
<b>Unemployed for one year but less than two years</b>	0.1493	0.4085	0.366	0.7147
<b>Unemployed for two years but less than three years</b>	-0.0229	0.4950	-0.046	0.9631
<b>Unemployed for three years but less than four years</b>	-0.4436	0.5889	-0.753	0.4513
<b>Unemployed for four years but less than five years</b>	-0.6211	0.8031	-0.773	0.4393
<b>Unemployed for five years or more</b>	-1.7181	0.6306	-2.725	0.0064
<b>Local unemployment rate</b>	-0.2371	0.0717	-3.305	0.0009
<b>Disabled</b>	-0.0315	0.2639	-0.119	0.9051

<sup>80</sup> The coefficients shown in Tables 11.1 and 11.2 are simply the estimates of the various  $\beta_i$  parameters from the logistic regression of the form set out by equation 1 above, rather than for example estimated marginal effects.

	Estimate	Std. Error	z value	Pr(> z )
<b>BAME</b>	-0.0974	0.8308	-0.117	0.9067
<b>Female</b>	-0.2983	0.2163	-1.379	0.1679
<b>Age</b>	-0.0069	0.0481	-0.144	0.8854
<b>Age squared</b>	0.0003	0.0006	0.506	0.6126

**Table 11.2: Regression results from Optimal Matching**

	Estimate	Std. Error	z value	Pr(> z )
<b>(Intercept)</b>	0.4484	1.2590	0.356	0.7217
<b>Treat</b>	<b>-1.1030</b>	<b>0.2205</b>	<b>-5.001</b>	<b>0.0000</b>
<b>Level Three Qualifications</b>	-0.6582	1.1940	-0.551	0.5814
<b>Level Two Qualifications</b>	-0.0585	0.9052	-0.065	0.9485
<b>Level One Qualifications</b>	0.0646	0.9021	0.072	0.9429
<b>Entry Level Qualifications</b>	-1.1940	0.9504	-1.256	0.2091
<b>Pre-Entry / None</b>	-0.2866	0.8864	-0.323	0.7465
<b>Unemployed for three months but less than six months</b>	0.2064	0.3252	0.635	0.5257
<b>Unemployed for six months but less than twelve months</b>	0.5471	0.3562	1.536	0.1246
<b>Unemployed for one year but less than two years</b>	-0.1749	0.3962	-0.442	0.6588
<b>Unemployed for two years but less than three years</b>	-0.1050	0.4572	-0.23	0.8183
<b>Unemployed for three years but less than four years</b>	-0.6126	0.5818	-1.053	0.2924
<b>Unemployed for four years but less than five years</b>	-1.1230	1.0610	-1.059	0.2896
<b>Unemployed for five years or more</b>	-1.8130	0.6280	-2.887	0.0039
<b>Local unemployment rate</b>	-0.1685	0.0717	-2.349	0.0188
<b>Disabled</b>	-0.1034	0.2588	-0.399	0.6896
<b>BAME</b>	0.5996	0.7246	0.827	0.4080
<b>Female</b>	-0.1710	0.2153	-0.794	0.4272
<b>Age</b>	0.0023	0.0471	0.048	0.9617
<b>Age squared</b>	0.0001	0.0006	0.147	0.8834

11.15 Participation in the SkillsConditionality Pilot was estimated to have a negative and statistically significant impact on participants' chances of entering work relative to the comparison group. The two approaches gave similar results and

similar magnitudes for the treatment effect. These results suggested that the Skills Conditionality Pilot reduced entry into employment within three months of the Pilot by around 17 percentage points<sup>81</sup>. The impact was statistically significant at the highest (99 per cent) level of significance<sup>82</sup>.

11.16 We summarise the results from our two propensity score matching methods in Table 11.3. These are produced by multiple simulations of the two models for being in work within three months of the end of learning which are set out in the regression results tables 11.1 and 11.2. Our LLFS based comparison group consists of individuals who are initially ILO unemployed. These individuals will be a mix of people receiving forms of back to work assistance from JCP, other forms of assistance and those receiving no outside support at all. (In principle, this could mean that we have some skills conditionality participants in our comparison group. However, the scale of skills conditionality activity is such that in practice this contamination of the comparison group will be very limited). This means that our estimated treatment effect was attempting to measure the difference on job entry between the Pilot participants and the average in some sense amount of support received by the comparison group. It is not a measure of the impact of the Pilot against receiving no back to work support of any kind.

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<sup>81</sup> The job entry data for participants is based on destination data recorded by training providers and not payroll data.

<sup>82</sup> With a sample size of 342 for both the pilot participants and the comparison group our analysis would only have been able to identify a statistically significant impact if the impact of the pilot was at least 8 percentage points (in absolute terms). Statistical power increases with sample size so a larger sample would have enabled the identification of a smaller effect with statistical significance.

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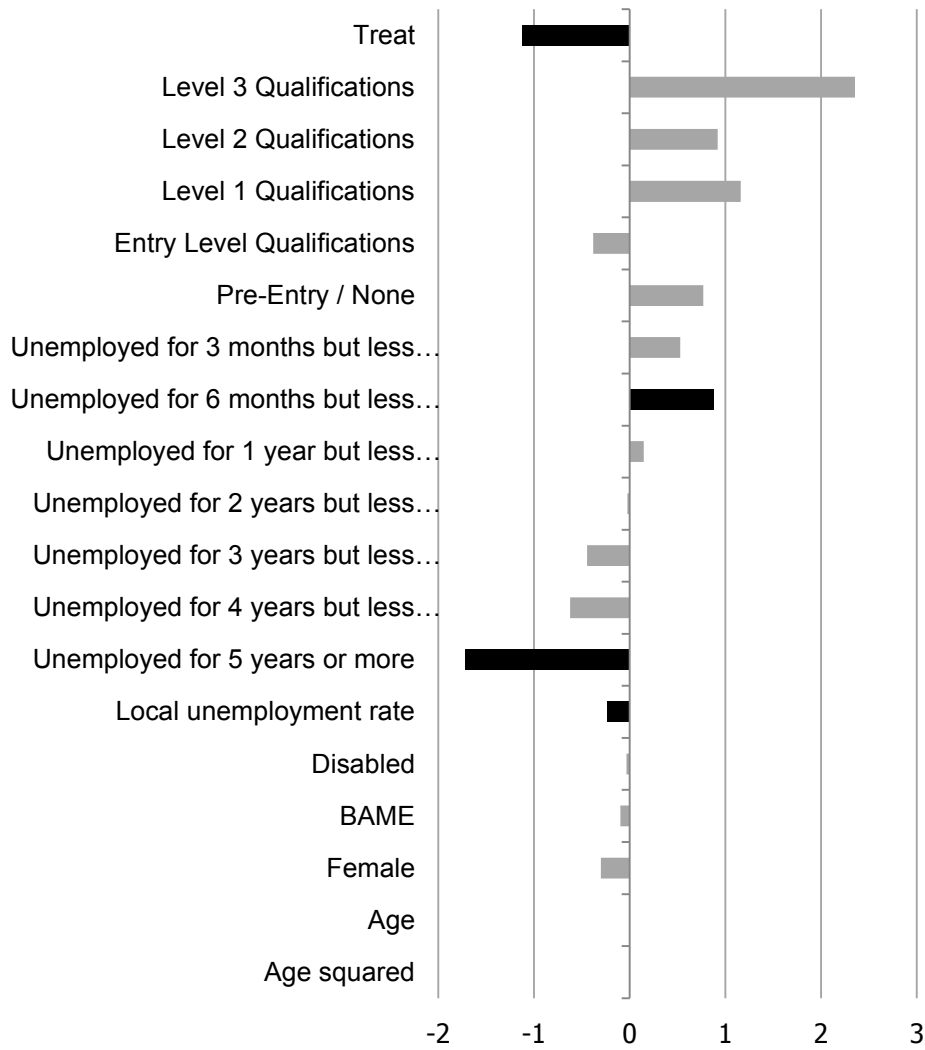
**Table 11.3: Results from the seven month programme.**

	Nearest Neighbour Matching	Optimal Matching
Job entry rate for the treated	11.4%	12.5%
Job entry rate for the comparison group	28.1%	29.9%
Treatment effect	-16.6% points	-17.4% points

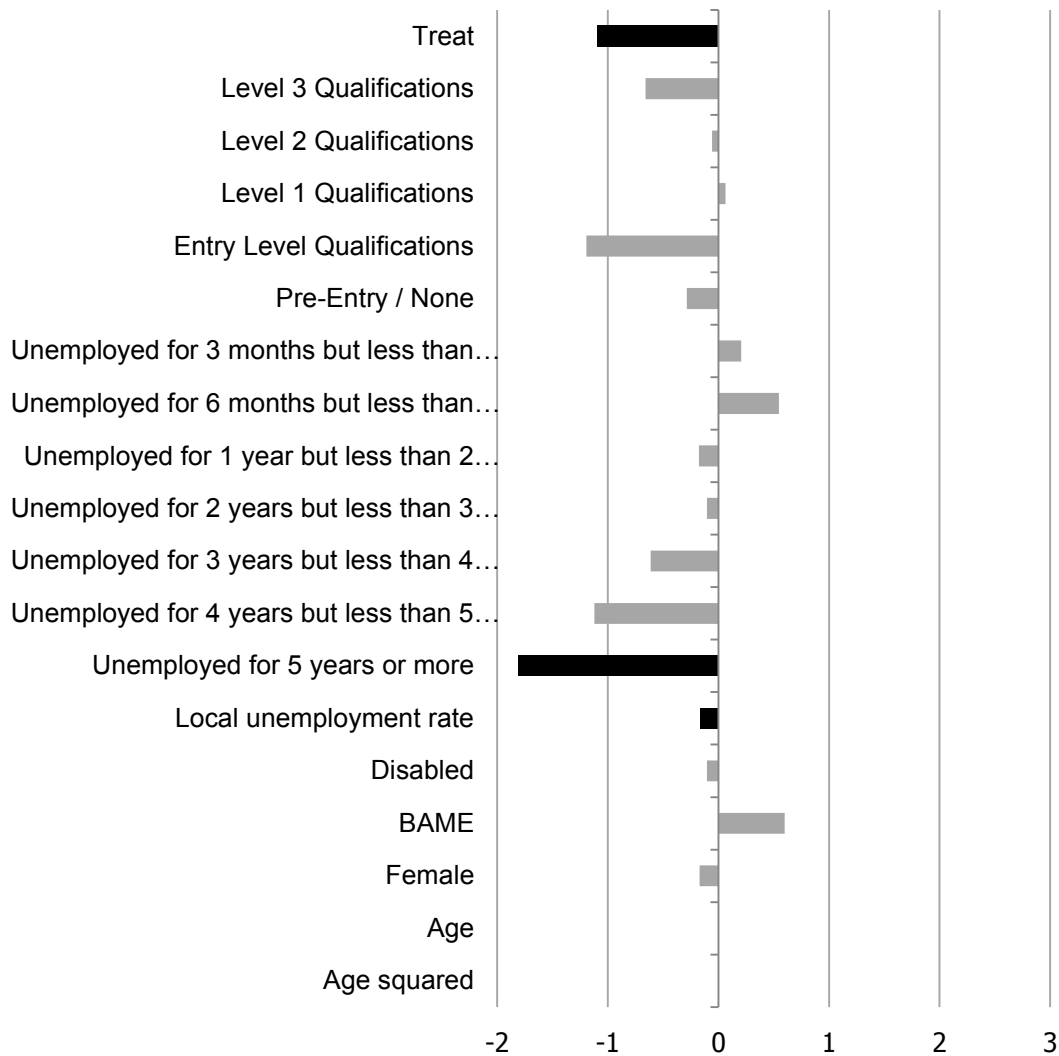
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11.17 The charts below show the estimated coefficients for each variable as set out in Tables 11.4 and 11.5 using both propensity score matching methods. The variables that appear to be statistically significant are presented in black, while all the other not statistically significant comparison variables are presented in light grey.

**Figure 11.4: Estimated coefficients using Nearest Neighbour Matching**



**Figure 11.5: Estimated coefficients using Optimal Matching**



**Balance results**

11.18 Table 11.6 below show the balance results for our dataset for both matching methods. The second column shows the means for our explanatory variables amongst the Pilot’s participants. The third column shows the same means for our comparison dataset before matching. It is clear that the characteristics of this comparison dataset differ considerably from the Pilot’s participants. For example, 62 per cent of participants are male compared to 57 per cent of the comparison group before matching.



**Table 11.6: Results from the balance exercise, Nearest Neighbour Matching. Prior to matching.**

	<b>Means Participants</b>	<b>Means Comparison (before matching)</b>	<b>Means Comparison Nearest Neighbour</b>	<b>Means Comparison Optimal</b>
Distance	0.284	0.071	0.272	0.273
Age	37.012	38.401	36.866	37.132
Male	0.623	0.569	0.576	0.620
Female	0.377	0.431	0.424	0.380
BAME	0.032	0.107	0.021	0.015
Not Disabled	0.775	0.724	0.784	0.781
Local Unemployment Rate	6.915	6.681	6.669	6.611
Unemployed for less than three months	0.503	0.306	0.532	0.538
Unemployed for three months but less than six months	0.088	0.151	0.108	0.108
Unemployed for six months but less than twelve months	0.082	0.177	0.088	0.070
Unemployed for one year but less than two years	0.070	0.146	0.070	0.079
Unemployed for two years but less than three years	0.061	0.087	0.056	0.059
Unemployed for three years but less than four years	0.053	0.043	0.035	0.038
Unemployed for four years but less than five years	0.038	0.024	0.023	0.015
Unemployed for five years or more	0.105	0.065	0.088	0.094
Level Four and above Qualifications	0.015	0.205	0.023	0.009
Level Three Qualifications	0.009	0.200	0.009	0.023
Level Two Qualifications	0.164	0.335	0.155	0.158
Level One Qualifications	0.184	0.071	0.178	0.181
Entry Level Qualifications	0.161	0.026	0.123	0.126
Pre-Entry / None	0.468	0.163	0.512	0.503

11.19 After matching the composition of the comparison group is much closer to that of the Pilot participants. Using the same comparison the nearest neighbour matched comparison group (fourth column) contains 58 per cent of participants who are male. The equivalent figure for the comparison group matched using optimal matching (fifth column) is 62 per cent.

11.20 We have calculated the percentage reduction in the difference of the means between the Pilot participants and the two matched control which result from our two matching approaches relative to the unmatched control. See table X below. As an example, the difference in the mean age between participants

and the unmatched control (column B) was 1.39 years and this fell to 0.15 years for nearest neighbour matching (column C) and 0.12 years for optimal matching (column D). This represented a 90 per cent improvement for nearest neighbour matching (column E) and 91 per cent for optimal matching (column F). For most variables shown below the reduction in the difference between the means brought about by matching was considerable. However, the matching process does worsen the difference in means for the local unemployment rate and for those who have prior three to four years and four to five years of unemployment. Overall, while 19.6 per cent of Pilot participants had prior unemployment of at least three years, compared to 13.2 per cent in the unmatched comparison group, this only rose to 14.6 and 14.7 per cent respectively in the two matched comparison groups using the nearest neighbour and optimal matching approaches. Hence our treatment group still had a rather higher percentage of three year plus unemployed than the two matched comparison groups. Additionally, 59.1 per cent of Pilot participants had prior unemployment of three months or less compared to 64.0 and 64.6 per cent of the matched comparison groups using the nearest neighbour and optimal matching approaches respectively. Hence our treatment group also has a lower proportion of short term unemployed compared to the two matched comparison groups. Given the scarring effects of time spent in unemployment, these differences in the unemployment duration composition of the treatment and the two matched control groups can be expected to bias down the estimated impact of the Skills Conditionality Pilot.

11.21 We also undertook some statistical tests to see if the means of the variables were statistically significantly different between the participants and the comparison group before and after matching. As most of our variables are categorical ones we generally undertook Chi-squared tests as these give a comparison of the overall distribution across the various categories rather than for the each individual category. We also undertook t-tests for the two non-categorical variables: age and the local unemployment rate. The results are shown below with the probability levels shown. Prior to matching the differences were statistically significant at the five per cent level for all variables bar age and gender and for these two it was very close to being statistically

significantly different at the five per cent level. Post-matching all variables, bar the local unemployment rate were not statistically significantly different. This continuing difference on the local unemployment rate had implications for the robustness of our results which are discussed below in the section on caveats.

**Table 11.7: Reduction in the difference in the means between the Pilot participants and the comparison group due to matching.**

<b>(A)</b>	<b>(B)</b>	<b>(C)</b>	<b>(D)</b>	<b>(E)</b>	<b>(F)</b>
Distance	0.213	0.012	0.012	94.3%	94.5%
Age	1.389	0.146	0.120	89.5%	91.4%
Male	0.054	0.047	0.003	12.7%	94.6%
Female	0.054	0.047	0.003	12.7%	94.6%
BAME	0.075	0.012	0.018	84.3%	76.4%
Not disabled	0.051	0.009	0.006	82.9%	88.6%
Disabled	0.051	0.009	0.006	82.9%	88.6%
Local unemployment rate	0.234	0.246	0.304	-5.0%	-29.8%
Prior unemployment, less than three months	0.197	0.029	0.035	85.2%	82.2%
Prior unemployment, three months but less than six months	0.063	0.021	0.021	67.5%	67.5%
Prior unemployment six months but less than twelve months	0.095	0.006	0.012	93.9%	87.7%
Prior unemployment one year but less than two years	0.076	0.000	0.009	100.0%	88.6%
Prior unemployment two years but less than three years	0.026	0.006	0.003	77.6%	88.8%
Prior unemployment three years but less than four years	0.009	0.018	0.015	-88.2%	-57.0%
Prior unemployment four years but less than five years	0.014	0.015	0.023	-7.4%	-72.1%
Prior unemployment five years or more	0.040	0.018	0.012	55.9%	70.7%
Prior Qualifications Level Four+	0.190	0.009	0.006	95.5%	96.9%

<b>(A)</b>	<b>(B)</b>	<b>(C)</b>	<b>(D)</b>	<b>(E)</b>	<b>(F)</b>
Prior Qualifications Level Three	0.191	0.000	0.015	100.0%	92.4%
Prior Qualifications Level Two	0.171	0.009	0.006	94.9%	96.6%
Prior Qualifications Level One	0.113	0.006	0.003	94.9%	97.4%
Prior Qualifications Entry Level	0.135	0.038	0.035	71.8%	74.0%
Prior Qualifications Pre-Entry / None	0.305	0.044	0.035	85.6%	88.5%

**Notes:**

Column B = Absolute Value of the Participant Mean minus Unmatched Control Group Mean

Column C = Absolute Value of the Participant Mean minus Matched Control using Nearest Neighbour

Column D = Absolute Value of the Participant Mean minus Matched Control using Optimal Matching

Column E = Percentage reduction in the difference in means between participants and control group comparing the Matched Control using Nearest Neighbour against the Unmatched Control Group

Column F = Percentage reduction in the difference in means between participants and control group comparing the Matched Control using Optimal Matching against the Unmatched Control Group

**Table 11.8: Chi-squared / t-test probability levels**

Variable	(B)	(C)	(D)
Age	0.0698	0.8949	0.9147
Gender	0.0560	0.2119	0.9372
Ethnicity	<b>0.0000</b>	0.3393	0.1291
Disability	<b>0.0436</b>	0.7821	0.8541
Local Unemployment Rate	<b>0.0017</b>	<b>0.0292</b>	<b>0.0062</b>
Prior duration of unemployment	<b>0.0000</b>	0.7660	0.5118
Prior qualification levels	<b>0.0000</b>	0.6659	0.4510

Note: Null hypothesis that the characteristic in question was not statistically significantly different between participants and the comparison group.

Probability values below 0.05 indicate that this hypothesis was rejected at the 5 per cent level.

11.22 Overall, the percent balance improvement was substantial at around 94 per cent for both matching methods. The exercise of matching brought the composition of the two comparison groups much closer to that of the Pilot participants and there was a clear balance improvement.

**Table 11.9: Percent balance improvement.**

	Percent Balance Improvement	
		Mean Diff.
<b>Nearest Neighbour Matching</b>	distance	94.3318
<b>Optimal Matching</b>	distance	94.4385

### Caveats

11.23 However, our results are subject to a number of caveats which we set out here.

11.24 The job outcome variable we have for participants in the Skills Conditionality Pilot is job entry within three months of the end of their learning<sup>83</sup>. Job entry was one possible post-learning destination within three months alongside others, the most frequent alternative being looking for work. If an individual had multiple destinations within three months of leaving their learning, then it is not clear which of these will have been recorded and this might reduce measured job starts. On the other hand, our LLFS comparison had job entries observed between the first and second quarters and between the second and third quarters so it might miss jobs that start and end between these survey intervals.

11.25 The length of training that participants in the Pilot undertake varied widely, especially when one individual undertook multiple spells of learning. The median time spent learning for those who have left it and have a known destination was 1.8 months, and the mean for this group was 3.2 months. Hence the typical participant spent two to three months learning, and then (given the job outcome variable we had) had three months post-programme to find a job, or could have left early if they found a job. The nearest equivalent to that in the LLFS was an unemployed person in the initial quarter with job entry assessed over the next two quarters: with job entry in second quarter being the broad approximate equivalent of a participant leaving learning early to take up a job and job entry in third quarter being the broad approximate equivalent of having entered work within three months of completing their learning. Thus the best LFS based outcome variable comparison for Pilot participants who had entered work within three months of the end of their learning was movements into work in the LLFS comparison over three quarters for participants who were unemployed in the first quarter. However, it is clear that this approach did not give a precise equivalence between the definitions of job outcomes for participant and comparison groups.

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<sup>83</sup> This three-month job entry variable comes from the LLWR variable, LP42 – Destination within three months of leaving. The variable description for this is: ‘Destination of learner after the end of the learning programme or when the learner left prior to completion of the learning’. Thus the three-month period does not include the period when they are learning.

11.26 There might be important sample selection bias affecting our results. Work Coaches might not have referred claimants who they considered to be very work ready to essential skills training under the Pilot, as they might have considered that the quickest route back into employment for this group was via intensive job search rather than other forms of activity. However, such individuals were likely to be present in our LLFS based comparison even though their frequency was likely to be reduced by the fact that we matched the comparison group to our Pilot participants on a range of factors including qualification levels. This effect would tend to increase the absolute magnitude of any negative estimate of the impact of the Pilot on employment.

11.27 Around six out of ten referrals to the Skills Conditionality Pilot did not start training. Our survey work indicated that for a quarter of these it was because they had found a job. When combined with the job entry rate for those who started, this suggested that around 19 per cent of people referred to learning entered work. Alternatively, our survey of both starters and non-starters found that currently around 24 per cent of them were in employment. Again individuals similar to those who were referred, but did not start the training, were likely to be in our LLFS based comparison group. On the basis of these calculations, this could reduce the size of the negative treatment effect to five to ten percentage points. It should be stressed that these are not robust alternative estimates of the impact of the Pilot, but rather illustrative estimates. It is also true that they do not overturn the finding that the Pilot appears to have reduced, rather than increased, entry into work.

11.28 While all of our participants on the Skills Conditionality Pilot have been assessed as having essential skills needs, we cannot identify those with essential skills needs in the comparison group. Hence the treatment and comparison groups may well differ systematically on this dimension. The extent of this effect may be reduced to some extent by the fact that we have matched the comparison group to our Pilot participants on a range of factors including qualification levels. However, where individuals acquired their qualifications a number of years ago, the numeracy and literacy levels which went with such qualifications might have dissipated over time so that by the time of the Pilot

they might have had an essential skills need. Hence we might still be matching Pilot participants with otherwise similar individuals in the comparison group who do not have an essential skills need. This would tend to boost the employment outcomes for the comparison group relative to the Pilot participants, and so bias down our estimate of the Pilot's impact on job entry (i.e. make it more negative). Successfully matching a treatment group with essential skills needs, to a comparison group with similar essential skills needs, remains a major challenge for research in this area.

11.29 The comparison group did in all likelihood include individuals who were frictionally unemployed (search unemployed) who were in between jobs. We would expect this group to have had higher job outcomes on average than the Pilot participants. This would also tend to boost the employment outcomes for the comparison group relative to the Pilot participants and so bias down our estimate of the Pilot's impact on job entry.

11.30 Job entry within three months of Pilot participants finishing learning was the only job related outcome variable we have available from the Pilot. The results of our impact assessment might have been different if we had had job outcomes over a longer period of time or had had information on earnings, and so could have assessed the impact of the Pilot on these outcomes. The Card et al (2015) review of over 200 evaluations found that training programmes did not have a statistically significant impact on unemployment in the short run but did reduce unemployment in the medium and long term and that this impact increased over time. Similarly, Bibby et al (2015), which is reviewed below, suggested that over a two to four year period learning at Level Two and below increased the chances of unemployed learners being in employment. The fact that we only have information on job entry within three months of Pilot participants finishing learning also meant that we could not assess the impact of the Skills Conditionality Pilot on employment sustainment which has become an increasing focus of policy in recent years.

11.31 Our impact assessment was based on management information for the Skills Conditionality Pilot for May 2014 to May 2015. The comparison group was



made up of ILO unemployed respondents from eleven datasets from the five quarter Longitudinal Labour Force Surveys running from the Quarter Four 2011 to Quarter Three 2015. Ideally, we would have wished to match these two periods more closely to ensure that job entry amongst participants and our comparison group were impacted by similar macroeconomic conditions. However, in order to gain a sufficient sample size for our comparison group we had to utilise data not just for 2014 and 2015, but also 2011-13. As macroeconomic conditions were worse in 2011-13 than 2014-15 this difference in timing would tend to bias up our estimate of the impact of the Skills Conditionality Pilot.

11.32 We also attempted to control for the impact of local labour market conditions affecting participants and the comparison group by matching on the local unemployment rate. This matching did not work as well as we would have liked and the average local unemployment rate faced by participants (6.9 per cent) remained statistically significantly different from the same averages for our two matched comparison groups (6.7 per cent for matching via the Nearest Neighbour approach and 6.6 per cent for matching via the Optimal Matching approach). In summary, the results of our impact assessment may be biased by the Pilot participants and the comparison group facing different economic and labour market conditions.

11.33 Our comparison group were individuals who were ILO unemployed while our participants were claimant unemployed. Our previous work suggested that around half of the ILO unemployed are not claimant unemployed. Hence there is only partial overlap between these two groups. There is an LFS variable on benefit receipt but it is known not to be accurate. Hence ILO unemployed was the LFS variable we chose to use given the lack of administrative benefit data. We cannot rule out the possibility that ILO unemployed and claimant unemployed do not differ on unobservable factors such as motivation. Propensity score matching can only adjust for differences in observable variables, so our results could be biased by unobservable differences between the participants and the comparison group.

11.34 We do know that ILO unemployed and claimant unemployed do differ on gender with a higher percentage of ILO unemployed being women. However, as we match on gender and post-matching the gender profile of participants and the comparison group did not differ this issue should have been overcome. A more important difference was that the job search / activity conditions for receipt of JSA are at a higher level than the definition of ILO unemployment in the LFS (available to take a job within two weeks, and having looked for a job within four weeks). Hence we would expect a higher level of unobservable job search activity amongst the claimant unemployed than the ILO unemployed. This might bias up the results for our participants when compared against the ILO unemployed based comparison group.

11.35 Another issue is how our results compared against similar existing research. Bibby et al (2015)<sup>84</sup> is the most recent relevant publication. It sought to estimate the impact of learning from further education (FE) in England on the employment and benefit receipt outcomes of unemployed people. It used two different counterfactual or comparison groups for those unemployed people who study for and achieve qualifications: non-achievers who studied for but did not achieve these same qualifications and those who did not undertake any FE learning. Matching techniques were employed so that achievers were being compared with similar non-achievers / non-learners. Unemployed individuals were tracked for 60 months from the start of their benefit claim. Hence the research was able to assess whether outcomes were sustained or transitory. The impact of FE learning was assessed separately for the Short Term Unemployed (STU) and the Long Term Unemployed (LTU). Table 11.10 summarises the results of this study for two levels of qualification that appear closest to the types of learning undertaken as part of the Skills Conditionality Pilot:

- Level One / Level Two maths and / or English
- Preparation for work at Level One or below.

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<sup>84</sup> Bibby, D et al. (2015).

11.36 As this study focused on the impact on unemployed people it is particularly germane to the Skills Conditionality Pilot. First considering the comparison between achievers and non-achievers. Overall, learning for Level One / Level Two Maths and / or English is estimated to have had a significant impact on employment, and sustained employment (employment lasting continuously for six months or more) for both the STU and the LTU. The impact on benefit receipt varied with a negative impact only being found for the LTU. This form of learning was found to have a bigger impact on those aged 18-24 years than those aged 25-55 for both the STU and the LTU on all three employment / benefit outcomes. Level One / Level Two Maths and / or English was estimated to have had a bigger impact on men than women for employment and sustained employment, with the reverse being true for benefit receipt. The alternative comparison of achievers against non-learners confirmed that this form of learning had positive impacts on employment and sustained employment.

11.37 Overall, learning for Preparation for Work at Level One or below was estimated to have a significant impact on employment, and sustained employment for both the STU and the LTU. This form of learning was estimated to cut benefit receipt for the STU, but not the LTU which contrasts with the results for learning at Level One / Level Two maths and / or English. Amongst the STU the impact on employment and sustained employment was larger for those aged 18-24 than those aged 25-55, but amongst the LTU the reverse was true with larger employment impacts for the older age group. The impact on benefit receipt was larger for those aged 18-24 than for those aged 25-55 for both the STU and the LTU. The impact of learning for Preparation for Work at Level One or below on employment and sustained employment was larger for men than women, but the impact on both genders is similar for benefit receipt.

**Table 11.10: Two to four year average impacts of FE Learning**

		Percentage points difference		
<b>L1 / L2 Maths and / or English</b>		Employment	Sustained Employment	Benefit Receipt
Achiever v Non-Achiever				
Age 18-55	STU	2.4	2.7	0.0
	LTU	2.6	2.8	-2.7
Age 18-24	STU	3.5	3.9	-1.7
	LTU	3.3	3.6	-2.9
Age 25+	STU	2.0	2.2	0.3
	LTU	1.9	2.0	-2.4
STU, Age 18-24	Women	2.5	3.3	-2.2
	Men	4.0	4.1	-1.7
STU, Age 25+	Women	1.2	1.7	-1.2
	Men	2.4	2.4	0.9
Achiever v Non-Learner				
Age 18-24	STU	2.7	2.5	0.0
	LTU	3.5	3.5	-0.5
Age 25+	STU	4.8	4.6	3.8
	LTU	0.2	0.3	4.4
Preparation for Work at L1 or Below				
Achiever v Non-Achiever				
Age 18-55	STU	2.1	2.3	-1.3
	LTU	3.3	3.9	0.0
Age 18-24	STU	4.2	4.3	-1.7
	LTU	2.8	3.5	-2.9
Age 25+	STU	1.2	1.5	-1.0
	LTU	3.6	4.1	0.0
STU, Age 18-24	Women	3.2	3.3	-1.9
	Men	4.6	4.8	-1.8
STU, Age 25+	Women	0.0	0.0	-0.9
	Men	2.1	2.4	-1.2

Source: Bibby et al (2015)

11.38 Bibby et al. (2014)<sup>85</sup> undertook a similar piece of research into the labour market outcomes from FE qualification in England for all FE learners rather than focused just on the unemployed. Hence the results here are of lesser

<sup>85</sup> Bibby, D et al. (2014). Estimation of the labour market returns to qualifications gained in English Further Education. *BIS Research Paper*. 195

relevance than the Bibby et al (2015) study. This study also compared outcomes for people who study for and achieve qualifications against non-achievers who study for but did not achieve these same qualifications. Matching techniques were again employed so that achievers were being compared with similar non-achievers. In general, the impacts on employment and benefit receipt amongst all learners are smaller than for the unemployed as reported by Bibby et al. (2014). The employment impacts for qualifications below Level Two were generally positive but so small that they round to zero as the nearest whole percentage point (Table 11.11). The impacts on benefit receipt were only reported for all learners without any break down. These were zero for qualifications below Level Two and -1 percentage point for Level Two qualifications. This study also reported impacts on wages. These were generally positive.

**Table 11.11: Employment impacts three to five year averages (percentage points) of FE learning on all learners by Qualification Level.**

	<b>Below Level Two</b>	<b>Level Two</b>
All	0	1
Women	0	1
Men	0	1
Age 19-24	0	2
Age 25+	0	1
Classroom Based	0	1
Workplace Based	2	0

Source: Bibby et al. (2014).

11.39 The Bibby et al. (2014) study updated Buscha and Urwin's (2013)<sup>86</sup> study.

This study showed rather larger impacts on employment (again comparing achievers and non-achievers) of undertaking FE learning. After four years these were 4.1 percentage points and 4.3 percentage points for learning below and at Level Two respectively. This study also suggested that learning at these levels had a statistically significant and negative impact on benefit receipt. After four years these were estimated at -0.6 and -0.8 percentage points respectively for learning below and at Level Two. These impacts need to be judged in the light that they applied to all FE learners undertaking learning at these levels. Very few FE learners were in receipt of out of work benefits and when this is taken into account the impact on the percentage of learners in receipt of such benefits is -10 to -15 per cent after four years.

11.40 A similar study is Patrignani and Conlon (2011)<sup>87</sup> which utilised linked benefit receipt, learning, employment and earnings data, and like the later papers compared outcomes for achievers of different qualifications against those who studied but did not achieve these same qualifications. Again the focus was on learners in general not unemployed learners. Seven years after attaining their qualification those with Level One qualifications were 3.8 per cent more likely to be in employment than those who had not. The equivalent figure for Level Two learners was 5.4 per cent. The impacts on benefit receipt were also assessed with Level One qualifications 0.7 per cent less likely to be in receipt of JSA after 7 years. The equivalent figure for Level Two qualifications was 1.1 per cent.

11.41 Greenwood et al (2007)<sup>88</sup> focused mainly on the wage returns to holding qualifications, but did include some analysis of the impact of holding different levels of qualifications on the probability of being in employment. This study

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<sup>86</sup> Buscha, F and Urwin, P. (2013). Estimating the Labour Market Returns to Qualification gained in English Further Education using the ILR. *Department for Business, Innovation and Skills*.

<sup>87</sup> Patrignani, P and Conlon, G. (2011). The Long Term Effect of Vocational Qualifications on Labour Market Outcomes. *Department for Business, Innovation and Skills Research Paper*. 47.

<sup>88</sup> Greenwood, C et al. (2007). The Returns to Qualification in England: Updating the Evidence Base on Level 2 and Level 3 Vocational Qualifications. *Centre for the Economics of Education Discussion Paper*

uses data from the LFS rather than linked administrative data as for the 2011 to 2015 studies reviewed above. Focusing on qualifications at below Level Two, the evidence was mixed for their impact on unemployment. Overall vocational qualifications at this level were found to not increase or even decrease individuals' chances of being in employment. In contrast, having academic qualifications at below Level Two did seem to increase the chances of individuals being employed rather than unemployed. When economically inactive individuals were included in the analysis then the results became more clear cut: having either vocational or academic qualifications below Level Two were found to increase the chances of individuals being employed rather than unemployed or economically inactive.

11.42 Work Based Learning for Adults was a voluntary training programme aimed principally at those over 25 years who had been on JSA for over six months. It had four strands of which Basic Employability Training (BET) was the closest to the learning on offer under the Wales Skills Conditionality Pilot. Participants in BET had poor essential skills and needed to improve their numeracy and literacy skills. Participation in BET was expected to improve their numeracy and literacy skills to at least entry level. Speckesser and Bewley (2006)<sup>89</sup> estimated that 40 months after participation BET had increased employment amongst participants compared to matched non-participants by five percentage points, but had not reduced rates of benefit receipt: these were 14 percentage points higher 40 months after participation.

11.43 Overall, past research suggests that learning for relatively low level qualifications (Level Two and below) have had a positive impact on individuals' chances of being in employment and reduced benefit receipt. In particular, the recent Bibby et al (2015) study which focused on unemployed learners found statistically significant impacts in this regard. Hence the results of our impact assessments were out of line with past research. This would not necessarily be

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<sup>89</sup> Speckesser, S and Bewley, H. (2006). The longer term outcomes of Work Based Learning for Adults: Evidence from administrative data. *Department for Work and Pensions Research Report*. 390.

a cause for concern if we were confident that our methodology was an improvement on that used in the previous research and we had reasons to suspect that the results of this research might be biased in some way. However, given the caveats discussed in this section it seems clear that our approach, which was the best available to us with the data we had available, is not robust and is certainly less robust than the studies using matched administrative data on learning, benefit receipt and employment. Hence, the fact that our impact results differed markedly from the results of previous research is in this context another cause for concern.