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# Skills Conditionality Pilot Evaluation: Final Report

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## 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

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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.

- 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’
  - 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.
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.

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<sup>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.

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**

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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.

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. 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 job outcome variable 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 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 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.**

Available at: <http://gov.wales/statistics-and-research/evaluation-skills-conditionality-pilot/?lang=en>

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

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Mae'r ddogfen yma hefyd ar gael yn Gymraeg.

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