



SEEDA

Evaluation of
Skills and
Employability
Programme

Final Report

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SEEDA
Evaluation of Skills and Employability Programme

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EXECUTIVE SUMMARY

Background

Introduction

1. SEEDA is responsible for the economic and social development of the South East region. It aims to create a prosperous, dynamic and inspirational region by helping businesses to compete more effectively, training a highly skilled workforce, supporting and enabling its communities, while safeguarding the region's natural resources and its cultural heritage.
2. The Smart Growth Directorate's remit is about raising productivity through development and smart use of technology, knowledge and skills, and tackling the economic polarisation in the South East which results in pockets of deprivation, worklessness and a lack of community cohesion.

Evaluation Objectives

3. This evaluation is being undertaken as part of the review of the impact of RDAs. It focuses on the support provided by SEEDA for skills and employability initiatives over the period from 2002/03 to 2006/07. The evaluation has focused on generating evidence in relation to those areas of skills and employability activities that have not been subject to previous evaluation, or where the scope of previous evaluation activities has not included consideration of the net results of SEEDA's investments.
 4. The evaluation objectives are:
 - to undertake an economic impact-focused evaluation of skills and employability projects that is compliant with the Impact Evaluation Framework (IEF) and which can be used to inform the National Evaluation of the Impact of RDA spending;
 - to generate evidence of the net economic impact of a sample of projects and apply this across the relevant activities within the overall scope of the evaluation in terms of skills, productivity and employment.
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5. The evaluation focuses on projects that match people to jobs, develop skills and/or support the development of educational infrastructure.

Evaluation Approach

6. Information initially provided by SEEDA indicated that, during the period from 2002/03 to 2006/07, a total of 369 projects or lines of expenditure had been supported, with total expenditure during this period of £35.36 million. The final sample frame for the evaluation, included SEEDA's expenditure on 106 projects, with total spend £14,364,611 million over the same time period.
7. The sample frame was used to focus on a final sample of 19 projects which provided representation by programme area, activity type, types of output generated and scale of expenditure.
8. Key features of the evaluation approach included:
- a review of initial programme data;
 - design of research tools;
 - initial consultations with SEEDA project managers;
 - consultations with project managers within external organisations;
 - surveys with individual and business beneficiaries;
 - consultation with SEEDA's strategic partner and stakeholders.
9. The identification of programme beneficiaries including the sourcing of appropriate contact details has been problematic, resource intensive and time-consuming. Fewer beneficiary contacts have been generated than originally expected.

Strategic Context

10. The key economic and labour market indicators demonstrate the generally positive climate operating within the South East of England¹, although the headline regional figures mask some pockets of underperformance at a sub-regional level.

¹ The Regional Economic Strategy 2006–2016 – The Evidence Base, SEEDA, 2006

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Productivity

11. Between 1997 and 2003, Gross Value Added (GVA) increased by an average of 3.4% per annum, surpassing all other regions and nations of the UK. More recent data indicates that the strength of regional output continued, with GVA growing by 5.1% between 2005 and 2006 with GVA per head 15% higher than for the UK.

Labour Market Conditions

12. The South East is generally regarded as having a tight labour market. Economic activity and employment rates are amongst the highest in the country. Unemployment remains low by comparison with national and international measures.
13. The South East has a relatively highly qualified population with over a third (36%) of all economically active people in the inner South East in 2003 qualified to NVQ Level 4 equivalent or above². The figure for the rural South East is 32.2% while for the coastal economy this figure is 26%, compared to the national average of 28.6%.
14. There remain significant numbers of people who lack the levels of literacy and numeracy required by the labour market. In terms of basic skills, in 2004, almost one million people in the South East of working age had poor literacy skills and around 900,000 people in the region had poor numeracy skills.

Links to Regional Economic Strategies

15. The relevant period of activity for this evaluation falls within two Regional Economic Strategies (RES) – 2002 to 2012 and 2006 to 2016.
16. The 2002–2012 RES identified skills shortages as one of the three main problems associated with the general success of the region. The areas of skills development at all levels and maximising participation and learning for all were identified as key priorities directly related to skills and employability.

² The Regional Economic Strategy 2006–2016 – The Evidence Base, SEEDA

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17. The three key issues framed within the ‘Smart growth...’ strategic area in the 2006–16 RES were closing the skills gaps at all levels, improving the productivity of the workforce and increasing economic activity.

Links to Corporate Plans

18. SEEDA’s corporate plans between 2001/02 and 2008 to 2011 articulate how the Agency intends to respond to the issues identified in the RES. The four Corporate Plans that cover the evaluation period identify key priorities in relation to skills and employability including encouraging more employers to influence and deliver learning opportunities (2001/02), developing centres of excellence for particular skills/sectors (2002–2004), implementing a comprehensive network of basic skills provision (2003 to 2006) and recognising education, skills and science as the foundation of the knowledge economy (2005 to 2008).

Evidence of Market Failure

19. A market failure reflects the situation where the market mechanism alone cannot achieve economic efficiency i.e. where nobody can be made better off without someone else being made worse off. Market failures can be classified as follows:
- **public goods** – the returns to potential providers are less than society, as a whole, would be willing to pay collectively, therefore the market would lead to too few public goods being produced to be socially optimal;
 - **externalities** – when a particular activity produces benefits or costs for other activities that are not directly priced into the market;
 - **imperfect information** – where the providers and users of a product or service do not have full information about their costs and benefits, and therefore are unable to make fully informed decisions;
 - **market power** – where there is insufficient actual or potential competition for a product or service to ensure that the market continues to operate efficiently.
20. In addition to the market failures described above, an important rationale for public intervention is the achievement of **equity** by addressing inequalities that would otherwise exist without action being taken
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21. It is important to consider the extent to which there was evidence of market failures or equity issues that indicated the need for SEEDA’s investment. **Table 1** shows an indicative classification of the market failures that are being addressed by SEEDA’s interventions in each programme activity area.

Table 1: Rationales for Skills and Employability Interventions					
Project Category	Market Failure				Equity
	Public Goods	Externalities	Imperfect Information	Market Power	
Matching People into Jobs			X		X
Provision of Vocational Training or General Education			X		
Provision of Basic Skills Training		X	X	X	
Provision of Level 2 or equivalent qualifications		X	X		
Provision of Level 3 or above qualifications		X			
Sector and Enterprise Skills		X	X		
Educational Infrastructure Development	X	X			X

22. SEEDA also has a pivotal role in addressing market failure by generating demand and creating markets that are currently not present. A good example of this is the education-led regeneration activities that the Agency has been leading.

Role of SEEDA

23. During the period for which data is available (2005 to 2008), SEEDA has either met or exceeded its Smart Growth targets for five out of eight output categories. The output target for jobs created/safeguarded was exceeded by 96% and the output target for employment support (number of people assisted to get a job) was exceeded by 89%. The target output related to adults achieving a Level 2 qualification was not achieved by 39%, although this is against a relatively small base target of 489 across the period. The Level 2 target was achieved across the Agency as a whole.
24. It is extremely important to state that although SEEDA has substantially delivered its gross tasking framework (and Tier 3) outputs, these targets are only considered to be a small but important part of what the Agency delivers. SEEDA activity is not shaped or driven by meeting these targets. For example, more emphasis is placed

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on skills development, as opposed to qualification achievement, and creating markets as opposed to developing learning opportunities.

25. The role that SEEDA has played in relation to skills and employability actions reflects that the Agency is not a mainstream funder of skills programmes and, as such, it is not responsible for fundamental actions to address the region's skills issues. The four main areas of action identified by programme managers are catalysing activity, coordinating activities in the region and capacity building, influencing the actions of the other agencies and leading actions in response to specific issues.
26. The activities that have been taken forward range from large scale programmes operating across the region as a whole, to very localised support in response to specific sub-regional differences.
27. In reflecting the role that SEEDA plays in relation to skills and employability, programme managers have stressed that an appropriate supply of skills is an implicit enabler to the delivery of RES and Corporate Plan priorities, as well as being encompassed in specific targets and priorities.

Skills and Employability Projects

Introduction

28. Here, we provide details of the gross expenditure and outputs generated by the projects within scope of this evaluation and reflect on the factors that have influenced their delivery. We have been able to source spend data for all projects across the whole relevant spend period. It has only been possible, however, to secure output data for all projects within the scope of the evaluation for 2004/05 to 2006/07.
29. Output data has been secured for the sample projects for the earlier years of activity, but we do not have comprehensive data for all projects in the sample frame. This has significant implications for the ability of the evaluation to comment conclusively on the outputs and subsequent outcomes of the activities undertaken during these early years.

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30. It is also important to recognise that the evaluation period covers two different frameworks of output measures. With the introduction of the Single Programme in April 2002, RDAs were contractually required to report outputs under the Tier 3 framework. Following the 2004 Spending Review, the Tier 3 output measures were replaced by the Core Outputs under the New Tasking Framework, which became operational in April 2005.
31. The skills and employability activities supported by SEEDA have not been developed with a specific focus on delivering the outputs set out in Tier 3 and the New Tasking Framework, although all the contracted outputs have been met. SEEDA's resources have been used to *enable* the development of skills and employability in the region, rather than to fund a significant range of delivery. This therefore means that the quantitative outputs under the contractual frameworks only reflect part of the outputs of SEEDA's investments.

Logic Chain

32. It has been possible to develop a generic logic chain for each category of programme activity. The logic chains links the rationale and objectives of the programme area with the inputs, activities, outputs, outcomes and eventually impact in terms of increases in skill and/or employment levels and increases in GVA per capita.
33. The logic chain demonstrates that all project activities are ultimately intended to lead to improved regional competitiveness via enhancing individual's skills levels and thereby increasing business productivity. However, there are many different routes between inputs and outcomes depending on the types of projects supported and also different time lags between the initial investment and measurable impact. Measuring net additional regional competitiveness at any moment in time will only capture a partial picture of total impact.
34. There are indirect outputs and outcomes that are more difficult to link directly to increases in employment, skill levels and/or GVA levels within an appropriate timescale.

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Expenditure and Outputs 2002/03 to 2006/07

35. For the period from 2002/03 to 2006/07, 'people' interventions within the sample frame accounted for £14,364,611 of SEEDA expenditure. Expenditure across the relevant period has been heavily concentrated in 2006/07, which accounts for 38% of total project spend across the period. The profile of spending has implications for the delivery of outputs and, therefore the potential to identify the outcomes resulting from this spend, especially where funding has been used as a pump-prime for future activities. The expenditure is also heavily concentrated in two main areas, which together account for nearly three quarters (74%) of total relevant spend:
- activities supporting the development of educational infrastructure accounted for 49% of spend over the period;
 - support for sector and enterprise skills accounted for 25% of relevant spend.
36. The gross direct outputs generated by the sample frame projects over the period from 2002/03 to 2006/07 are presented in **Table 2** below.

Table 2: Summary Outputs 2002/03 to 2006/07	
Number of jobs created	157
People assisted into employment	26
People involved in skills development	8,699
Adults receiving basic skills training	1,191
Adults gaining Level 2 or equivalent qualifications	99
Adults receiving high level skills	1,333
Individuals receiving ICT Training	332
Businesses assisted	3,263
Source: SEEDA PMS Data	

37. It is important to recognise that the outputs that have been recorded in this way reflect only those that relate directly to the contractual measures reported by SEEDA to government.
38. The outputs do not reflect the wider results of the catalytic and influencing role that SEEDA has played in utilising its skills and employability resources. These do not always lend themselves to quantification in a manner that fully represents the results of the activities undertaken and are a stage in the progression towards support for skills development by individuals or businesses. They include:

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- the establishment of new learning frameworks or structures;
- the development of new networks of organisations;
- support for the development of new facilities for the delivery of skills programmes.

Expected Spend and Outputs

39. A total of £2,159,795 was budgeted to be spent on sample frame projects in the period 2007/08 and 2008/09 which is after the end of the relevant spend period. No further expenditure was budgeted for 2010/11. Estimated gross outputs for this period are:

- 51 jobs created/safeguarded;
- 170 people assisted into employment;
- 927 businesses assisted to improve performance;
- 81 businesses in new collaboration with the UK knowledge base;
- 2,380 people assisted in their skills development;
- 397 adults gaining basic skills qualifications.

Characteristics of Projects

40. It is important to note the diverse characteristics of the projects that have received funding. This is reflected in the nature of the activities that have been undertaken and the way in which funds have been used. Further information on the sample projects can be found in **Appendix B**.

41. The majority of projects within the sample are *in support of* delivery or the development of skills infrastructures, rather than directly funding skills and employability support programmes reflecting SEEDA's role as an enabler and catalyser of actions.

42. The delivery arrangements for the sample projects reflect the diversity of the projects themselves. Delivery has been contracted to a wide range of organisations, including schools, universities, Further Education organisations, sector consortia, a Business Link, Sector Skills Council and other bodies. Stakeholders identified the range of delivery partners involved as a strength, reflecting SEEDA's ability to make use of regional strengths to take activities forward.

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Beneficiary Characteristics

43. A wide range of beneficiaries have been directly supported across the sample projects including:
- low skilled/low qualified individuals;
 - employed and unemployed;
 - employees of specific target sectors;
 - young people, parents and schools;
 - businesses;
 - FE colleges, workbased learning providers and Higher Education institutions;
 - local authorities.

Factors Affecting Gross Outputs

44. This evaluation has focused on assessing the results of a broad programme of skills and employability activities. This has included a review of a sample of projects that have been funded. However, the relatively small scale of the evaluation has meant that it has not been possible to go into the same level of detail in reviewing management and delivery arrangements as would normally be the case in carrying out an evaluation at the individual project level. It is not therefore possible to comment conclusively on the effectiveness with which projects have been delivered and outputs generated. However, it has been made clear to us that all the contractual targets have been met or exceeded.
45. The change in the way in which learning opportunities and people assisted in their skills development have been categorised between the two sets of output classification would appear to have had a significant impact on the volume of outputs generated, and therefore the apparent value for money of some activities.
46. There is also a need to consider the scale of direct outputs generated versus the influence of project activities. For example, the development and introduction of the Action for Business College standard directly impacted on 30 colleges, of which 25 achieved accreditation. However, the changes to delivery approaches and approaches to employer engagement by these colleges will affect a far larger number of their clients and learners. The effect on these businesses and learners can therefore be seen as indirect outputs of the project. However, there has not been a systematic approach to gathering data across the colleges on the effects on

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businesses and learners as a result of the Action for Business results. It is therefore not possible to quantify the ultimate results of the changes made for the project as a whole. Individual colleges have collected data to demonstrate this impact as part of the new Training Quality Standard accreditation process.

Gross and Net Outputs Generated

47. Telephone surveys were carried out with individual and business beneficiaries of skills and employability programmes supported by SEEDA. The sample projects covered by the surveys included those where it was possible to access beneficiary details from external delivery partners. The surveys were used to gather information from the direct individual and business beneficiaries of projects that had received funding from SEEDA.

Survey of Individual Beneficiaries

48. In total, we were provided with details of 876 individual beneficiaries. Of these contacts, 531 records (60.6%) were classified as usable, either including usable contact details, or where it was possible, to append contact details. A total of 170 beneficiary interviews were completed. This represents completed interviews with 32% of the beneficiaries where usable contact details were provided.
49. Across the survey as a whole, the total number of interviews achieved provides a maximum 95% confidence interval of ± 7.1 percentage points. The small samples achieved, therefore, meant that analysis by project type is compromised. However, it is important to recognise that the classification by project type does not necessarily reflect the specific nature of the support provided.
50. Beneficiaries had undertaken a wide range of training including vocational skills (50%), literacy/language/numeracy/basic skills (15%), leadership and management skills (11%) and IT (5%). Just under a third of the training was at Entry Level/Basic Skills, 17% was at Level 2 and 15% was undertaken at Level 3.
51. It is significant to note that almost four fifths (78%) of those who had received a qualification, as a result of their involvement in the support indicated that they were now more highly qualified than was the case prior to their participation.

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52. In general, survey participants rated the support they received from the skills programmes highly, with the highest levels of satisfaction indicated in relation to the skills and abilities of the tutors delivering the support.
 53. We asked participants to comment on the course of action they would have taken if the training had not been available through the programme they took part in. Sixty-six respondents (39%) stated that they would not have been able to proceed with training activities had the support not been available through the programme.
 54. Whilst two-fifths of respondents indicated that they would have sought support from an alternative supplier if the SEEDA funded training had not been available, it is significant to note that only 19% of all respondents were actually aware of alternative suppliers of similar training.
 55. The extent to which suitable alternative provision was actually available to these organisations is directly linked to whether SEEDA's funding was used to address a true market failure. If there is a total market failure in the provision of a particular type of support, then direct alternative support would not be available. The relative lack of awareness of alternative provision suggests that there is some evidence of market failure in terms of imperfect information.
 56. In considering the extent to which the training would have happened in the absence of SEEDA's funding, we have focused on those respondents who indicated that they would have found alternative provision and were aware of an alternative.
 57. The survey asked respondents to indicate the extent to which they would have paid for the training they received, if it had not been funded by SEEDA. Just over one-fifth (22%) of respondents indicated that they would have paid the full costs of the training they received, whilst the same number stated that they would have been willing to contribute part of the costs of the training. Half of respondents stated that they would not have paid for the training they received.
 58. Combining the findings in relation to activity deadweight and financial deadweight means that the activities undertaken by 45 of the survey participants would have happened in the absence of SEEDA funding. We therefore estimate that 26.5% of participants represent deadweight, or that 73.5% of individual participants represent additional activity as a result of SEEDA's investment. The 95% confidence intervals from the survey of +/- 7.1% would suggest that the net additional activity falls in the range from 68.3% to 78.7%.
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59. The survey sought to identify the extent to which involvement in the SEEDA supported training was then leading on to involvement in further training activities. Just 30 respondents (18%) of those surveyed had gone on to take part in other development activities. Of these, 16 indicated that they would have probably or definitely not have gone ahead with these further activities if they had not been involved in the SEEDA funded support. Thirteen participants indicated that they would probably or definitely have taken part in this further training anyway.

Survey of Business Beneficiaries

60. The projects covered by the survey of business beneficiaries were the support for the South East Tourism Skills Network and the Regional Skills Brokerage delivery, both of which are in the category of Sector and Enterprise Support.
61. In total, we were provided with contact details for 481 business beneficiaries, of which 458 were classified as 'usable', either including contact details or sufficient information from which to source contact details from elsewhere.
62. Interviews have been completed with a total of 90 business beneficiaries, representing 19.7% of usable contacts. This included 73 businesses that received support through the Tourism Skills Network, but only 17 businesses that received support from the Regional Skills Brokerage service.
63. Across the survey as a whole, the total number of interviews achieved provides a maximum 95% confidence interval of +/- 9.3 percentage points.
64. The participants in the survey provided very positive feedback on the support they received. Three quarters of respondents (76%) stated that the support met their expectations, whilst a further 16 (18%) stated that their expectations were exceeded.
65. When businesses were asked to rate different aspects of the support they received, each aspect was rated as good or very good by the majority of survey participants, reflecting a consistently high standard of provision.

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66. Just over one third (35%) of respondents were likely to have gone ahead with the activities anyway (13% stated that this was very likely to have been the case). Over half (58%) of survey respondents stated that they would have been unlikely to take on the development activities in the absence of the support, with 31% of all respondents stating that they would have been very unlikely to proceed in the absence of the support.
67. The support has influenced the timing and scale of activities and, to a lesser extent, the nature of the activities undertaken for almost two thirds (63%) of the businesses likely to have proceeded with the development activities in the absence of the provided support.
68. Taking into account various scenarios of the likelihood of the businesses taking forward the development activities in the absence of the support provided, and the extent to which the support has actually been seen to have made a difference, 15.6% of businesses are estimated to represent activity deadweight.
69. Just over half (52%) of the survey participants indicated that their organisations had made a financial contribution to the costs of the support they received, although the majority of respondents were unable to state how much had been paid.
70. We asked survey participants about the impact on their organisation had the support not been made available to them. Two-fifths (43%) of survey respondents indicated that they would have been unable to take the training or development activities forward in the absence of the support.
71. However, two-thirds of businesses who expected that they would have been able to take forward some activity stated that they were unaware of alternative provision, whilst one-third indicated that they knew of an appropriate alternative.
72. As with the individual survey, in considering the extent to which the development activities would have happened in the absence of SEEDA's funding, we have focused on those respondents who have indicated that they would have paid the full costs for the support and were aware of an alternative supplier.

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73. Combining the estimates in relation to activity deadweight and financial deadweight, we estimate the total deadweight relating to businesses supported by these programmes of activity to be 20%, indicating net additional outputs of 80% of the gross total. The 95% confidence intervals from the survey of +/- 9.3% would suggest that the net additional activity falls in the range from 72.6% to 87.4%.
74. The survey sought information on the extent to which the support received by beneficiary businesses led them to undertake further skills development activities. For 24 businesses (27%), this was found to be the case.

Adjustments to Net Outputs

75. The survey data has been used to generate factors that can be applied to the gross output data in order to estimate the net results of activities that have been funded by SEEDA. The three adjustment factors are as follows:
- individuals adjustment factor = 0.87
 - business adjustment factor = 0.94
 - jobs created adjustment factor = 0.75
76. The effect of applying these factors to the gross outputs is presented in **Table 3**.

Table 3: Gross to Net Output Conversion 2002/03 to 2006/07			
Output	Gross Outputs	Adjustment Factor	Net Outputs
Number of jobs created	157	0.75	117
People assisted into employment	26	0.75	20
People involved in skills development	8,699	0.87	7,568
Adults receiving basic skills training	1,191	0.87	1,036
Adults gaining Level 2 or equivalent qualifications	99	0.87	86
Adults receiving high level skills	1,333	0.87	1,160
Individuals receiving ICT Training	332	0.87	289
Businesses assisted	3,263	0.94	3,067
Source: Calculations based on SEEDA PMS Data			

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Expected Net Outputs

77. The same adjustment factors have been applied to the expected outputs for 2007/08 to 2008/09. This results in an increase of 32% of number of jobs created, a six-fold increase in the number of people assisted into employment, an additional 27% people involved in skills development, an additional third of adults receiving basic skills training and an additional 31% of businesses assisted.

Leverage

78. A total of £7,466,000 additional funding (private and public) has been generated through the investment of £7,624,814 of SEEDA funding. The two projects providing the highest ratios are the University Centre Folkestone project, which levered in five times its SEEDA investment, and the South East Tourism Skills Network, which generated four times as much additional funding compared to what was invested.
79. Overall, each £1 of SEEDA investment has levered in an additional £1.30 of private/public funding.

Outcomes and Strategic Added Value

80. Here, we consider the outcomes and strategic impacts that have been generated by the activities supported and the evidence available in relation to the value for money of the activities delivered. The generation of outcomes represents a step beyond the specific delivery activities yielding outputs and considers the results of the activities undertaken.

Impacts on Individuals

81. Survey participants were asked to identify the main impacts of their participation in the training delivered by the sample projects. Two thirds (67%) of respondents indicated that they had gained new or improved skills that related directly to their jobs, whilst 14% had acquired new skills that were not directly job-related.

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82. Across all impacts identified, 16% of respondents indicated that the impacts were 100% due to their participation in the programme. A further 29% of respondents identified that the impacts observed were 75% due to their participation, whilst just over a quarter (28%) indicated that the impacts observed were 50% due to their participation. For 17% of respondents, the impacts they observed were regarded as being only 25% due to their participation in the training programme, whilst 8% of respondents indicated that, on reflection, the training they received had no effect on what they are now doing.
83. Over a third (34.8%) of individuals assisted in their skills development have acquired new skills that are job related as a direct result of the support they have received. A further 5.7% of individuals assisted have acquired new skills that are not directly related to their jobs as a result of their participation.
84. The very small number of people who found employment as a result of the support they received reflects that the activities supported by sample projects have not been directly focused on supporting job creation. Therefore, the primary research has not been able to address this directly.
85. The survey also asked beneficiaries about whether they experienced a salary increase as a result of their participation in the support. Only one of the survey participants reported this to be the case. Consequently, it has not been possible to use the survey evidence to assess the income benefits resulting from the SEEDA funded support.
86. The impacts of the skills improvements reported by the participants in the survey of individuals would require considerable additional research with their employing organisations to be able to isolate productivity and business performance impacts resulting from their skills development activities.

Business Impacts

87. Participants in the business survey were asked to comment on the impacts they observed following their involvement in the programme of support and to identify the extent to which the impacts were directly attributable to their participation.

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88. Two-fifths (41%) of respondents indicated that they experienced increased productivity as a result of their involvement in the support, and the same proportion indicated that their business had an improved chance of survival following their participation.
89. In the majority of impacts, between a quarter and one-third of the changes observed are being directly attributed to involvement in the support. Therefore, where changes in business performance are observed, a significant proportion of the change is a direct result of the support received.
90. The survey also asked whether businesses had taken on any new employees as a result of the support received from the project. Five respondents specifically stated that this was the case. In all these cases, the new employees were reported to be in addition to their existing workforce, rather than displacing previous employees.

Economic Impacts and Value for Money

91. The jobs and skills outcomes created as a result of SEEDA's investment in the sample frame projects are estimated to have generated almost £11.9 million in additional GVA as a result of activities undertaken in the five years to March 2007. By March 2009, it is estimated that a further £6.3 million of GVA will have been generated.
92. On this basis, we estimate the cost benefit ratio to be 1.01:1 over the period from 2002/03 to 2006/07. For the expected expenditure over the period from 2007/08 to 2008/09, we estimate the cost benefit ratio to be 3.28:1. Our estimates therefore indicate a neutral or small positive return on the investment over the relevant spend period. However, in our view, this is likely to significantly under-state the true value of the impacts generated.
93. Consideration of value for money also relates to the unit costs of the outputs and outcomes delivered through the programme. These show a very wide range, and reflect the fact that the direct contractual outputs do not reflect the primary purpose of much of the support. Funding has not been directly focused on the delivery of measurable outputs, but rather is supporting the development of structures and frameworks to build capacity and enable later provision.

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Strategic Added Value

94. Throughout our consultations with SEEDA staff and external delivery partners and stakeholders, a common theme has been the strategic role of the skills and employability activities that the Agency has funded. During one SEEDA consultation, the overall philosophy of the directorate was summed up as “to try to influence and shift policy, undertake pilot work and then attempt to mainstream activity”.
95. The philosophy adopted for supporting skills and employability activities represents a strategic approach to intervention, and reflects the relatively limited skills budgets available to SEEDA when compared to the mainstream funders of delivery. The strategic approach to supporting skills and employability has influenced the scale, nature and timing of the direct outputs and outcomes generated, but also places a heavy reliance on successful engagement of other organisations to fund and take forward actions on the back of SEEDA’s pump priming and piloting.

Strategic Leadership and Catalyst

96. Stakeholders highlighted a number of key features of SEEDA acting as a strategic leader and catalyst through its skills and employability actions, including:
- supporting the development of a range of pilot initiatives in the region that have now gone on to mainstream implementation;
 - supporting the development of learning and skills infrastructures that provide a basis through which to address key regional skills needs;
 - shaping new approaches to address skills needs where mainstream approaches have not been effective.

Strategic Influence

97. As part of its strategic role, stakeholders have highlighted SEEDA’s focus on the skills agenda helping to increase the focus of other agencies on addressing the key skills needs of the region (although it is recognised that more still needs to be done in this area). For example, the support for the development of Action for Business was said by one stakeholder to have led to increasing provider/employer engagement, which helped to improve the readiness of providers to deliver Train to Gain as it was rolled out.

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Leverage

98. In our consultations, stakeholders and delivery partners have made reference to evidence of leverage resulting from SEEDA's investment in skills and employability activities. However, it has been difficult to gain a comprehensive picture of the full value of financial leverage resulting from programme activities. In particular, this reflects that the catalytic effect of many of the projects supported have led to subsequent investment by other organisations. But these have not been captured as part of formal monitoring processes because they have fallen outside of contract periods.

Synergy

99. Strategic stakeholders have commented that the ability to capitalise on synergies between key agencies in the region is improving, with less evidence of SEEDA's support overlapping with those of other key regional agencies. A key recent development has been the establishment of the Skills Accord between SEEDA, the LSC and Jobcentre Plus. This Accord reflects the importance of the three organisations working together effectively, whilst recognising the need for each organisation to meet its own contractual commitments. This includes the possibility of co-location of staff responsible for employment, skills and other services, or the establishment of virtual teams, to enable integration and coordination of actions as appropriate.

Engagement

100. Engagement is one of the areas where strategic stakeholders and external delivery partners have highlighted the importance of SEEDA's role in drawing together key organisations with a role to play in skills and employability. The ability to draw together the appropriate range of organisations to support and carry forward actions is critical given SEEDA's relatively limited resources to undertake activity directly and the lack of formal authority to direct actions. Examples include the formation of the Regional Skills and Productivity Alliance (RSPA) and engaging LogicaCMG and IBM in the e-Skills Diploma and IAG Pilot project.

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Quantifying Strategic Added Value

101. It is important to recognise the SAV generated by the activities that SEEDA has supported and that considerable benefits have been generated from the way in which SEEDA has sought to act as an enabler and a catalyst for wider action on skills in the region. However, it is difficult to quantify the scale of the Strategic Added Value of the activities undertaken. It is critical that the activities supported generate both directly attributable outputs and outcomes and SAV if the value of SEEDA's investment is to be maximised. In the absence of hard outputs and quantifiable evidence of SAV, there is a risk that the unit costs of SEEDA's investment cannot be quantified accurately.

Addressing the key skills and employability issues in the Region

102. The business survey sought feedback from businesses on changes in the supply of skills in the region since 2002/03. A quarter of respondents were unable to comment on the supply of skills. For those that were able to provide an answer, all but four survey participants indicated that the supply of people with the skills needed by their businesses was the same or better than was the case in 2002/03.

Progress Against Key Priorities

103. There are a range of examples that demonstrate the progress that SEEDA has made contributions towards the delivery of RES and Corporate Plan objectives.

Conclusions and Lessons Learnt

104. This evaluation has focused on £14.36 million of SEEDA's funding for Skills and Employability projects over the five years from 2002/03 to 2006/07. As such, its scope has covered just less than a quarter (23%) of the total programme spend on skills and employability over this period. It is therefore an evaluation of only part of the expenditure in this programme area, not an evaluation of the programme as a whole. Consequently, we can only comment on the outputs and impacts of those activities within the scope of our evaluation.

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105. The ability to draw conclusions about the activity undertaken during the period from 2002/03 to 2004/05 has been limited by the unavailability of output data for this period. We have undertaken a backward extrapolation of the outputs generated for the earlier years, but the wide variation in activities and outputs generated mean that the results of this extrapolation must be treated with some caution.
106. The wide variation in the scale of inputs is reflected in a very diverse range of activities supported by the funding. This has ranged from direct funding of skills provision, to the establishment of skills support networks, the development and piloting of new skills programmes, to capital support for the establishment of new learning and skills infrastructure. The spend represents a wide-ranging response to the skills needs of the region, at all levels from basic skills to degree level qualifications.
107. The available information on gross outputs does not fully capture the entire range of strategic activities that were supported through SEEDA's investment. In particular, significant resources have been committed to development activities, creating new delivery mechanisms and support approaches, rather than supporting the direct delivery of learning and the generation of qualifications and other learning outcomes. In many cases, the generation of these specific learning outputs and outcomes has relied on further inputs from other public sector bodies.
108. The surveys of individuals and businesses have found that the support received has led to identifiable impacts for the vast majority of individuals and a significant proportion of beneficiaries. In general, the outcomes they identified have tended to be softer or unquantified. Two fifths of individual beneficiaries have gained new or improved job-related skills that they directly attributed to the support received, but these are not necessarily linked to the achievement of qualifications.
109. The businesses surveyed in the evaluation have identified a range of benefits gained from the support they received. Although, in all cases where a change has been observed, less than one third of that change has been attributable to the support received. Whilst the support is making a significant contribution to changes in the business beneficiaries, it appears to be responsible for a minority of any changes generated when compared to other factors.

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110. Based on the results of the surveys of individuals and businesses, we estimate that the investment of £11.7 million in the sample frame projects generated Gross Value Added of approximately £11.9 million. However, we regard this as a significant under-estimate of the true impact, due to the difficulties of capturing the full range of outputs generated and the way in which SEEDA's resources have been used to support and stimulate delivery, rather than to fund direct provision of skills development activities.
111. Considerable emphasis has been placed on the strategic impacts that have been generated through SEEDA's investment in these skills and employability activities. Evidence has been generated of Strategic Added Value across all SAV categories, both in relation to the general role that SEEDA is playing, and also in relation to the activities funded, with specific examples generated across the full range of sample projects. However, it is difficult to quantify the SAV of the activities undertaken. In the absence of hard outputs and outcomes, there is a risk that the value for money of the activities funded may be perceived as relatively poor. We do not believe this to be the case, and are of the view that the strategic role that SEEDA is undertaking with its resources for skills and employability will generate significant on-going benefits. Capturing the scale and value of these longer term benefits will, however, be far from straightforward.
112. A clear link can be made between the activities that have been funded to support skills and employability and the achievement of the RES Objectives and Corporate Plan priorities. This relates to both Regional Economic Strategies covering the relevant period for the evaluation, with specific projects contributing to a number of the objectives.
113. There is a need to ensure that the full range of outputs generated by SEEDA's investment is reflected in programme monitoring and management information. For example, where resources were committed to capital expenditure, this was not always captured in recording the physical outputs that will be directly generated, whilst learning and skills outputs may come much later.
114. For future evaluation activities, there is a need to ensure that external delivery partners are prepared from the initiation of project activities to hold beneficiary data to support future monitoring and evaluation. Without a clear arrangement of this nature, further difficulties will be experienced in securing beneficiary information to enable evaluation activities to be taken forward.
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1 INTRODUCTION

Background

- 1.1 SEEDA is responsible for the economic and social development of the South East region. It aims to create a prosperous, dynamic and inspirational region by helping businesses to compete more effectively, training a highly skilled workforce, supporting and enabling its communities, while safeguarding the region's natural resources and its cultural heritage.
- 1.2 SEEDA is organised into six directorates³ that are responsible for fulfilling this remit – Global Competitiveness, Sustainable Prosperity, Smart Growth, Enabling Infrastructure and Development, Strategy and Communications and Resources. The Smart Growth Directorate's remit is about raising productivity through development and smart use of technology, knowledge and skills and tackling the economic polarisation in the South East which results in pockets of deprivation, worklessness and a lack of community cohesion.
- 1.3 In relation to skills and employment, SEEDA's role, as set out in the current Corporate Plan for 2008–11, is to **align the resources** of the Learning and Skills Council, Higher Education Funding Council for England (HEFCE), Local Authorities and Jobcentre Plus. It also seeks to work with these major funding partners to **catalyse new and integrated approaches** to encouraging economic activity and raising skills levels which avoid duplication of effort and address market failure.

³ Changes to directorates' names will come into effect at end of October 2008. Global Competitiveness will become Competitiveness and Growth. Smart Growth and Sustainable Prosperity will become Skills and Sustainable Prosperity.

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- 1.4 Between 1999 and 2007, SEEDA was responsible for total programme spend of approximately £1 billion⁴, which was invested across its whole remit. Whilst the scale of this expenditure is significant, it constitutes only a very small proportion of total public expenditure in the region on physical and social infrastructure. However, SEEDA's Corporate Plan for 2005–08 states that what distinguishes SEEDA's resources from those of other public sector bodies is their flexibility. This has enabled SEEDA's funds to be used in testing new approaches, addressing gaps and acting as a catalyst in response to identified problems and opportunities in the region.
- 1.5 The availability of flexible resources from SEEDA takes on greater significance in the South East than in some other regions due to the relatively limited availability of European funds that are used flexibly to support a range of activities elsewhere.

Terms of Reference

- 1.6 PricewaterhouseCoopers LLP (PWC) has been commissioned by BERR and the nine RDAs to review the available evidence on the impacts of the RDA activities⁵. The review aims to support the RDAs in undertaking additional evidence gathering and to produce an aggregate report on the impacts, both nationally and regionally. The study started in December 2007 and will report in November 2008. This evaluation has been commissioned as part of the additional impact evidence gathering for SEEDA.

⁴ As reported in Impact of RDA Spending, Final Phase 1 Report, PwC, May 2008

⁵ Covering the period 2002/03 to 2006/07

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1.7 In order to ensure that all the RDAs have a significant body of robust evidence, each RDA committed to ensuring that at least 60% of their 'relevant' expenditure⁶ between 2002 and 2007 is covered by evaluations which are compliant with the RDAs' Impact Evaluation Framework⁷ (IEF).

1.8 This evaluation is therefore being undertaken as part of the review of the impact of RDAs. It focuses on the support provided by SEEDA for skills and employability initiatives over the period from 2002/03 to 2006/07. The evaluation has focused on generating evidence in relation to those areas of skills and employability activities that have not been subject to previous evaluation, or where the scope of previous evaluation activities has not included consideration of the net results of SEEDA's investments.

1.9 Summary of Evaluation Objectives:

- to undertake an economic impact-focused evaluation of skills and employability projects that is compliant with the Impact Evaluation Framework (IEF) and which can be used to inform the National Evaluation of the Impact of RDA spending;
- to generate evidence of the net economic impact of a sample of projects and apply this across the relevant activities within the overall scope of the evaluation in terms of:
 - **skills** – the achievement of qualifications, including Basic Skills qualifications, Level 2 qualifications and qualifications at Level 3 and above;
 - **productivity** – impacts on regional and national Gross Value Added (GVA) and GVA per hour worked and impacts in priority sectors;
 - **employment** – Full-Time Equivalent (FTE) jobs created.

⁶ excludes administration costs, legacy programmes and national programmes

⁷ *Evaluating the impact of England's Regional Development Agencies: Developing a Methodology and Evaluation Framework*, DTI (PA Consulting and SQW Ltd), February 2006

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1.10 The evaluation of skills and employability activities focuses on projects addressing the following types of activity:

- matching people to jobs;
- skills development, including:
 - provision of vocational training or general education;
 - provision of basic skills training;
 - provision of level 2 or above qualifications;
 - provision of level 3 or above qualifications;
 - sector and enterprise skills;
- supporting the development of educational infrastructure.

1.11 Over the period from 1999 to 2007, SEEDA's total spend on 'people' interventions was £77 million. For the period from 2002/03 to 2006/07, 'people' interventions accounted for £61.5 million of SEEDA expenditure.

1.12 The focus of this evaluation has been on activities within the 'people' intervention category supporting skills and employability interventions that had not been evaluated previously. Information initially provided by SEEDA indicated that, during the period from 2002/03 to 2006/07, a total of 369 projects or lines of expenditure had been supported, with total expenditure during this period of £35.36 million. This list was then subject to further refinement with 212 projects or lines of expenditure, with relevant spend of £20.99 million, removed for the following reasons:

- evaluation already in progress (115 projects);
- evaluation completed (35);
- no spend recorded (62).

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1.13 The removal of these lines of expenditure therefore led to the initial sample frame for the evaluation, which included SEEDA’s expenditure on 157 projects, with total spend £14,364,611 million in the period from 2002/03 to 2006/07. Consequently, this accounted for approximately 23% of total ‘people’ spend during this period. The term ‘relevant expenditure’ relates to the total value of spend during the period from 2002/03 to 2006/07. It must be recognised that where projects incurred expenditure outside of this period, their values would exceed the relevant spend figure. Our focus, however, is on evaluating the impact of relevant spend.

1.14 This initial list of 157 projects was subject to further refinement, with the removal of a further 44 projects for which no spend was recorded during the relevant period. Following discussions with the Steering Group, it was also agreed that seven projects classified as ‘Learning and Skills Marketing’ would be excluded from the sample frame, as activities under this area of the programme were directly linked to other projects being funded, rather than representing discrete activities in their own right. However, as the activities undertaken within this category are in support of other activities across the programme, the relevant spend of £157,696 remains within the scope of the final analysis.

1.15 This therefore produced a final sample frame of 106 projects, classified into seven programme areas, plus seven Learning and Skills Marketing projects, as set out in Table 1.1 below.

Table 1.1: Projects and Relevant Spend by Programme Area			
Programme Area	Number of Projects	Total Relevant Spend	% of Relevant Spend
Workforce Skills	8	£741,227	5.2%
STE Network Projects	34	£5,694,099	39.6%
FRESA Action South East	22	£2,623,531	18.3%
Access to Learning	24	£2,744,926	19.1%

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Table 1.1: Projects and Relevant Spend by Programme Area			
Re-employment Unit	1	£80,000	0.6%
Rural Skills Programme	5	£277,100	1.9%
Sector Skills	12	£2,046,032	14.2%
Learning & Skills Marketing	7	£157,696	1.1%
TOTALS	113	£14,364,611	100%
Source: SEEDA PMS/Agresso			

1.16 The projects identified in the sample frame had an average (mean) spend per project of £127,120. The value of relevant spend per project ranges from just £4,015 to £1,335,932. This sample frame was then subject to further review and refinement to identify the specific projects to form the sample on which evaluation activities have been undertaken.

1.17 The final sample of 19 projects was selected to provide representation by programme area, activity type, types of output generated and scale of expenditure. A detailed description of the approach to the selection of the sample projects, together with further analysis of the sample projects is included in Appendix A. **Table 1.2** shows details of the projects selected in the final sample.

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Table 1.2: Final Sample Details

Programme Area	Sample Projects	Relevant Spend	% of Relevant Spend	Activity Type
Workforce Skills	Regional Skills Brokerage	£302,673		Sector & Enterprise Skills
	Technology Skills Managers	£223,000		Sector & Enterprise Skills
	TOTAL	£525,673	70.9%	
STE Network Projects	Regional Resource Centre	£460,952		Vocational Training/General Ed.
	Stimulating Physics and Engineering	£820,000		Provision of Level 3+
	Institute for Urban Renaissance	£250,000		Provision of Level 3+
	e-skills degree in IT management for business	£438,505		Provision of Level 3+
	University Centre Folkestone	£1,360,000		Provision of Level 3+
	Global Regions Network	£256,000		Educational Infrastructure
	TOTAL	£3,585,457	62.9%	
FRESA Action South East	'Action for Business' Colleges	£1,455,285		Educational Infrastructure
	TOTAL	£1,455,285	55.5%	
Access to Learning	Oxfordshire Skills Escalator	£100,000		Provision of Basic Skills
	Kent Skills Escalator	£102,503		Vocational Training/General Ed.
	Embedding Skills for Life in Local Authorities	£244,950		Educational Infrastructure
	Learning through Work Phase 2	£144,761		Educational Infrastructure
	Supporting SEEDA's Workplace Basic Skills Strategy	£757,424		Educational Infrastructure
		TOTAL	£1,349,638	49.2%

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Table 1.2: Final Sample Details				
Re-employment Unit	West Wight Training	£80,000		Matching people into jobs
	TOTAL	£80,000	100%	
Rural Skills Programme	Rural Business Advice and Training Network	£131,000		Sector & Enterprise Skills
	TOTAL	£131,000	47.3%	
Sector Skills	Training Pools Pilot (Marine Sector Skills)	£80,630		Provision of Level 2/Equivalent
	South East Tourism Skills Network	£105,281		Sector & Enterprise Skills
	e-skills diploma and IAG	£311,850		Sector & Enterprise Skills
	TOTAL	£497,761	24.3%	
TOTALS		£7,624,814	53.1%	

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1.18 Appendix A also includes a detailed description of the approach that has been used to undertake the evaluation. The key features of the evaluation approach have included:

- a review of initial programme data drawn from PMS and Agresso to enable the selection of the sample projects which formed the focus of evaluation activities;
- design of research tools for use in surveys and interviews with programme and project managers, beneficiaries and strategic stakeholders;
- initial consultations with the programme managers in SEEDA responsible for the skills and employability programme;
- consultations with project managers within the external organisations contracted to deliver the sample projects;
- surveys with individual and business beneficiaries of the sample projects that have delivered specific programmes of learning and skills development. Where sample projects have supported the development of learning and skills infrastructures or support for organisational approaches to skills, consultations have been undertaken with key managers and other stakeholders in the organisations supported;
- consultations with SEEDA's strategic partners and stakeholders who have a key interest in the skills and employability programme.

1.19 The identification of programme beneficiaries and sourcing appropriate contact details has been problematic. As beneficiary contact details were not generally available within SEEDA, it was necessary to work through the external delivery organisations to source beneficiary details to enable follow-up activity to be undertaken. This has proved a time-consuming and resource intensive process and has generated fewer beneficiary contacts than had originally been expected.

Report Structure

1.20 In the remainder of this report, we set out:

- the strategic context for SEEDA's skills and employability activities (Section 2);
- further details of the nature of the skills and employability projects supported (Section 3);
- the evidence of the gross and net outputs generated by the activities (Section 4);
- the outcomes and the Strategic Added Value generated through the skills and employability projects (Section 5);
- our conclusions resulting from the evaluation activities (Section 6).

1.21 The report includes the following appendices:

Appendix A: Approach and Methodology, including Sampling Approach;

Appendix B: Individual Summaries for Sample Projects;

Appendix C: Fieldwork Tools and Survey Questionnaires;

Appendix D: Survey Findings;

Appendix E: Strategic Added Value Examples;

Appendix F: Organisations Consulted.

2 STRATEGIC CONTEXT

Introduction

- 2.1 In this Section, we provide an overview of the context for the Skills and Employability programme and provide information on the headline levels of expenditure and outputs generated across the elements of the programme that fall within the scope of this evaluation.
- 2.2 The South East region encompasses 19 county and unitary authorities and 55 districts, stretching in an arc around London, from Thanet in the South-East to the New Forest in the South-West and to Aylesbury Vale and Milton Keynes in the North-West. It is home to over eight million people in some three million households covering two cities with populations of around 250,000 (Medway and Brighton and Hove) and five cities with populations of greater than 100,000.
- 2.3 In the following paragraphs we highlight the key features of the skills and employability environment in the region that provide the context for SEEDA's programme of activities.

Overview of Skills and Employability Needs

- 2.4 The key economic and labour market indicators demonstrate the generally positive climate operating within the South East of England⁸, although the headline regional figures mask some pockets of underperformance at a sub-regional level. The strength of the South East economy is reflected in the historic data on output, employment and skill levels, as set out below.

⁸ The Regional Economic Strategy 2006-2016 – The Evidence Base, SEEDA, 2006

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Regional Competitiveness

- 2.5 Between 1997 and 2003, Gross Value Added (GVA) increased by an average of 3.4% per annum, surpassing all other regions and nations of the UK. Similarly, GVA per head based on workplace and residence outstripped all other regions (38.4% and 35.3% respectively).
- 2.6 More recent data indicates that the strength of regional output continued, with GVA growing by 5.1% between 2005 and 2006 (Table 2.1) with GVA per head 15% higher than for the UK.

Table 2.1: NUTS1 Regional GVA 2006^{1,2,3}					
Region	Total (£bn)	Share of UK(%)	Growth on 2005 (%)	Per head (£)	Per head index (UK=100)
United Kingdom ⁴	1,128.8	100.0	5.1	18 631	100
South East	177.2	15.7	5.1	21 514	115
England	968.6	85.8	5.1	19 082	102

1 GVA at current basic prices on residence basis; 2 Figures may not sum due to rounding in totals, per head (£) figures are rounded to the nearest pound; 3 2005 and 2006 estimates are provisional; 4 Excluding statistical discrepancy and Extra-Regio (off-shore contribution to GVA that cannot be assigned to any region).

Source: ONS www.statistics.gov.uk December 2007

- 2.7 There was strong growth in GVA per head in the South East between 1997 and 2003, which slowed down in 2004 and 2005 – due to a cyclical downturn in the economy and faster population growth. GVA per head growth was 3.7% in 2003. This was estimated to have fallen to 1.5% in 2005, with a forecast of 2.6% growth in 2006.

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- 2.8 The sub-regional variations in economic performance are considerable. GVA per head in Berkshire in 2002 was £25,178, which was 61.3% above the national average. This contrasts with the Isle of Wight where GVA per head was 39% below the national average followed by East Sussex and Kent which experienced 31% and 21% GVA per head below the national average respectively. The combined, economies of Kent, East Sussex and the Isle of Wight, have a total population of 2.47 million and a GVA per head of around £12,147. This is very similar to the entire North East region, often regarded as the poorest in England.
- 2.9 Productivity increased from 1997 through to 2003, before falling in 2004 and 2005. Output per hour worked was 3.7% above the UK average in 2002 and estimated at 3.7% in 2006⁹. Output per employee increased by 2% in 2002 and is forecast to have increased by the same rate in 2006.

Table 2.2:			
Changes in key economic growth indicators between 2002/03 and 2006/07			
Indicator	2002	2006	Source
GVA per head growth	3.7% [2003]	1.5% est [2005]	ONS 2006, Experian 2007
Output per hour worked (compared to national average)	4.5%	3.7% est [2005]	ONS 2007
Annual change in output per employee (adjusted for hours worked)	2%	2%	ONS 2006, Experian 2007

Note: Drawn from RES 2006-16 targets HT1-1, HT2-1 and HT2-2

Regional Labour Market

- 2.10 The South East is generally regarded as having a tight labour market. Economic activity and employment rates are amongst the highest in the country. Unemployment remains low by comparison with national and international measures.

⁹ The Regional Economic Strategy 2006-2016 Annual Monitoring Report Issue 1 Oct 2007, SEEDA

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2.11 Economic activity was 82.7% in 2002 and fell slightly to 82.1% in 2006 (see Table 2.3), but remained higher than the national average of 78.6% in 2006. Economic inactivity rose slightly in the region to 17.9% in 2006 compared with other parts of the country, while remaining lower in absolute terms (UK=21.6%). This was mainly due to migration from other parts of the country and early retirement.

2.12 The employment rate in 2003 was 79.5% compared with 74.5% nationally. This dropped to 78.3% in 2006 as did the national rate (74.1%).

2.13 The ILO unemployment rate in 2002 was 3.9%, significantly below the national average of 5.1% and in 2004 was 3.8%, one percentage point below the national average. These figures have been consistent over time; however, they do mask some variations across the region. For example, most of the districts in the coastal fringe and several large urban centres in 'inner areas' have unemployment rates above the regional average. The working age employment rate in 2004 was 78.8% compared with 74.9% nationally.

Table 2.3:			
Changes in key employment indicators between 2002/03 and 2006/07			
Indicator	2002	2006	Source
Economic Activity Rate	82.7%	82.1%	ONS 2007
Annual Employment Rate	79.5%	78.3%	ONS 2007
ILO Unemployment	3.9%	4.5%	ONS 2008

Note: Drawn from RES 2006-16 targets HT10-1 and HT10-3

2.14 There are some differences in unemployment rates by gender and different ethnic groups. For example, in 2003 the unemployment rate for the white population was 3.8%, while the rate for the black and minority ethnic group was 6.5%. In specific locations, such as Milton Keynes (11%), Portsmouth (10.2%) and Reading (8.3%), this is even higher.

Skills and Qualifications

- 2.15 In the context of this evaluation, it is important to recognise that the South East has a relatively highly qualified population. Over a third (36%) of all economically active people in the inner South East in 2003 were qualified to NVQ Level 4 equivalent or above¹⁰. The figure for the rural South East is 32.2%, while for the coastal economy this figure is 26%, compared to the national average of 28.6%. A reverse picture exists for those with no qualifications. The inner South East has just under 6% of the economically active population with no qualifications. For the rural South East, this figure is just below 8%, and for the coastal South East it is just below 10%.
- 2.16 Whilst there is a generally high level of qualifications in the region, there remain significant numbers of people who lack the levels of literacy and numeracy required by the labour market. In terms of basic skills, in 2004, almost one million people in the South East of working age had poor literacy skills and around 900,000 people in the region had poor numeracy skills. The distribution across the region of poor basic skills is not uniform. For example, 27% of people in Thanet had poor literacy skills (compared with 20% across the South East) and 26% had poor numeracy skills (compared with 19% across the South East).
- 2.17 The 2003 National Employer Skills Survey indicated that 21% of employers in the South East reported internal skills gaps or skills shortages. By 2005 this had fallen to 18%. The direction of change is similar for England; falling from 22% to 16% over the same period. The greatest skills gaps in the South East were in occupations traditionally requiring lower level skills.
- 2.18 The proportion of the working age population receiving job related training in the South East was 24.9% in 2002, above the national average of 22.7% for that year. However, this fell to 23.1% by 2006, although remaining above the national average of 21.6%.

¹⁰ The Regional Economic Strategy 2006–2016 The Evidence Base, SEEDA

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2.19 A summary of changes that took place between 2002/03 and 2006/07 demonstrates that most indicators have shown improvement (Table 2.4). In particular, the proportion of the working age population with qualifications has risen.

Table 2.4: Changes in key skills indicators between 2002/03 and 2006/07¹¹			
Indicator	2002	2006	Source
Proportion of working age population with NVQ2+	65.3%	68%	ONS 2007
Proportion of working age population with NVQ3	15.4%	16.6%	ONS 2007
Proportion of working age population with NVQ4+	27.8%	30.5%	ONS 2007
Proportion of working age population with no qualifications	11.3%	9.6%	ONS 2007
Proportion of employers reporting skills gaps and skills shortages	21% [2003]	18% [2005]	LSC NESS 2007
Proportion of labour force receiving training	24.9%	23.1%	ONS 2007

Note: Drawn from RES 2006–16 targets HT6–1, HT6–2, HT6–3, HT6–4, HT6–5 and HT6–6

Regional Strategies and Corporate Plan Priorities

Regional Economic Strategies

2.20 The relevant period of activity for this evaluation falls within two Regional Economic Strategies (RES) – 2002 to 2012 and 2006 to 2016. SEEDA has a key responsibility both for the development and the delivery of the RES. We therefore consider briefly the changing regional priorities as articulated in the RES and what they mean in relation to the activities being undertaken to respond to the skills issues facing the region.

¹¹ The Regional Economic Strategy 2006–2016 Annual Monitoring Report Issue 1 Oct 2007, SEEDA

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2.21 The 2002–2012 RES identified skills shortages as one of the three main problems associated with the general success of the region. The quality of the workforce was identified as one of the key reasons for businesses investing and choosing to locate in the region, leading to the high employment rates reported above. However, this also created issues with unsustainable dependence on imported labour and masked issues of exclusion, low pay and under-utilisation of the workforce.

2.22 In support of the overall objective to be one of the top 15 regions in the world in terms of labour, productivity and employment rates by 2012, three areas of priority were identified that were directly related to skills and employability:

- skills for prosperity. Key actions included:
 - ensuring skills support for sector and cluster development;
 - promoting management and entrepreneurial development;
 - enhancing the regional role of universities;
 - promoting workplace learning;
 - encouraging work–life balance;
- participation in prosperity. Key actions included:
 - maximising employability and involvement for all, especially groups facing exclusion, discrimination and labour market disadvantage;
 - developing sustainable work practices for a more effective workforce;
 - implementing a comprehensive network of basic skills provision;
- learning for all. Key actions included:
 - preparing businesses and the workforce for future changes in the workplace;
 - reaching out to communities;
 - reaching out to workplaces and improving education–business links.

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2.23 In the 2006–16 RES these issues were framed within the ‘Smart Growth’ heading as follows:

- skills – close the skills gaps at all levels as a key driver for the region’s prosperity. New actions included:
 - clarify the skills offer to businesses across the region and address skills deficits, particularly those at intermediate level;
 - increase the percentage of the working age population with qualifications at Level 2 or higher;
 - ensure that all young people and adults in the region have access to relevant diplomas, vocational and work-based learning opportunities;
 - develop an action for communities model with providers and other partners.
- employment – improve the productivity of the workforce and increase economic activity from 82% to 85% by bringing 110,000 net additional South East residents of the working age into the labour market by 2016 (as a step towards bringing up to 250,000 residents into the labour market by 2026). New actions included:
 - work with employers to support in-work training schemes;
 - enable coverage and access to ICT support throughout the region and promote the development of flexible working;
 - enable all employers to develop and implement flexible working policies;
 - support businesses and organisations to develop strategies that place physical and mental well-being at the heart of their drive to increase productivity.

2.24 The Strategy identifies actions to achieve the objectives, including eight transformational actions that have the potential to have specific impact across the breadth of the Strategy:

- 100% Next Generation Broadband Coverage – to improve business efficiency and transform the way people work and learn;

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- Science and Innovation Campuses – to establish new world class research facilities in the South East;
- Skills Escalator – to ensure that people at all skill levels are continually equipped to progress in the labour market;
- Regional Infrastructure Fund – to harness new sources of funding for infrastructure investment;
- Raising Economic Activity Rates – by addressing barriers to employment and increasing incentives to work;
- Global Leadership in Environmental Technologies – to exploit the business opportunities created by reducing carbon emissions and waste generation;
- Education–Led Regeneration – to harness the catalytic effect of new Further and Higher Education facilities on releasing untapped potential;
- Making the Most of 2012 – to ensure that the 2012 Olympic Games and Paralympic Games leave a positive and lasting legacy for the South East.

2.25 The Strategy adopts three headline targets (the first two of which are very relevant to skills and productivity):

- achieve an average annual increase in GVA per capita of at least 3%;
- increase productivity per worker by an average 2.4% annually, from £39,000 in 2005 to at least £50,000 by 2016;
- reduce the rate of increase in the region’s ecological footprint (from 6.3 global hectares per capita in 2003, currently increasing at 1.1% per capita per annum), stabilise it and seek to reduce it by 2016.

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Corporate Plan Priorities

2.26 SEEDA's corporate plans articulate how the Agency intends to respond to the issues identified in the RES. There are four Corporate Plans that cover the evaluation period, and the relevant key priorities in relation to skills and employability are summarised below:

- the Corporate Plan for 2001/02 identified a number of learning, skills and workforce priorities, including:
 - building a culture of lifelong learning;
 - encouraging employers to influence and deliver learning opportunities;
 - developing high quality provision to meet the needs of key sectors;
 - developing more world-class managers;
 - raising achievement levels;
 - developing new partnerships between employers and trade unions/employee representative organisations;
- the themes that would form the basis of the Framework for Regional Employment and Skills Action (FRESA) were presented in the Corporate Plan for 2002 to 2004 included:
 - the need to motivate both individuals and employers to learn;
 - the need to ensure that any barriers (access and cost) to learning are minimised;
 - using mentoring as a mechanism to develop people to train others;
 - developing centres of excellence for particular skills/sectors;
 - engaging hard-to-reach/non-traditional learners;
- the FRESA themes were consolidated in the Corporate Plan for 2003 to 2006 under the 'Successful People' strand. Priorities included:
 - ensuring skills support for sector and cluster development including promoting management and entrepreneurial development;
 - enhancing the regional role of universities;

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- promoting workplace learning and encouraging work life balance;
- maximising employability especially for those facing exclusion, discrimination and labour market disadvantage;
- implementing a comprehensive network of basic skills provision;
- SEEDA's Corporate Plan for 2005 to 2008 highlighted education, skills and science as the foundation of the knowledge economy and therefore an area where there was a need in the region for investment in effective policies and actions. The Corporate Plan also highlighted the fundamental importance of improving skills and aspirations at all levels to increase productivity, raise incomes and to help disadvantaged groups into jobs;
- the most recent Corporate Plan covering 2008 to 2011 identifies two programmes that impact on skills and business competitiveness;
 - the enterprise programme will deliver support through the six Business Link providers. Activities will include Train to Gain brokerage, supporting under-represented groups to start and grow businesses, support for social enterprises, developing enterprise gateways and aligning and streamlining existing business support programmes;
 - the employment and skills programme will be driven through the Regional Skills for Productivity Alliance and Local Employment and Skills Boards. The focus will be upskilling the workforce at all levels to drive business performance improvement.

The Need for Intervention

2.27 The data on the regional economy and the key priorities set out in the Regional Economic Strategies and Corporate Plans demonstrate the importance of supporting and improving skills in ensuring the success of the regional economy. In this context, however, it is important to consider the extent to which there was evidence of market failures or equity issues that indicated the need for SEEDA's investment.

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2.28 A market failure reflects the situation where the market mechanism alone cannot achieve economic efficiency i.e. where nobody can be made better off without someone else being made worse off. Market failures can be classified as follows:

- **public goods** – with public goods, the returns to potential providers are less than society, as a whole, would be willing to pay collectively, therefore the market would lead to too few public goods being produced to be socially optimal;
- **externalities** – when a particular activity produces benefits or costs for other activities that are not directly priced into the market;
- **imperfect information** – where the providers and users of a product or service do not have full information about their costs and benefits, and therefore are unable to make fully informed decisions;
- **market power** – where there is insufficient actual or potential competition for a product or service to ensure that the market continues to operate efficiently.

2.29 In addition to the market failures described above, an important rationale for public intervention is the achievement of equity by addressing inequalities that would otherwise exist without action being taken.

2.30 **Table 2.5** shows an indicative classification of the market failures that are being addressed by SEEDA's interventions in each programme activity area.

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Table 2.5: Rationales for Skills and Employability Interventions					
	Market Failure				Equity
	Public Goods	Externalities	Imperfect Information	Market Power	
Matching People into Jobs			X		X
Provision of Vocational Training or General Education			X		
Provision of Basic Skills Training		X	X	X	
Provision of Level 2 or equivalent qualifications		X	X		
Provision of Level 3 or above qualifications		X			
Sector and Enterprise Skills		X	X		
Educational Infrastructure Development	X	X			X

2.31 This shows that for each area of activity, there is at least one potential area of market failure that is being addressed by the activities being supported. Most frequently, this relates to addressing:

- externalities** – through supporting skills development activities, with under-investment in training by employers or individuals who do not see the benefits of training outweighing the costs of taking part. The Urban Renaissance Institute is focusing on delivering training to regeneration professionals, responding to the needs identified in the Egan Review¹². One of the issues identified has been a lack of demand for such provision in the past because the need to take on such skills development has not been recognised, and therefore there has been insufficient demand for such support. Proactive stimulation of demand has been necessary;

¹² The Egan Review – Skills for Sustainable Communities, Office of the Deputy Prime Minister, April 2004: The report sought to clarify what the term ‘sustainable community’ means, identify who is responsible for leading on delivery and to recognise the skills necessary to achieve sustainable communities.

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- **imperfect information** – this is most obvious in relation to job-matching activities, where information asymmetries mean that the labour market fails to clear effectively. However, there is also evidence of imperfect information in bringing training providers and potential clients together, with brokerage and guidance activities helping to address this failure. For example, the e-skills Diploma and IAG project is specifically focusing on ensuring that potential diploma candidates have appropriate information on the opportunities available, in order to stimulate take-up of the diplomas as they go live.

2.32 SEEDA also has a pivotal role in addressing market failure by generating demand and creating markets that are currently not present. A good example of this is the education-led regeneration activities that the Agency has been leading.

2.33 Across the skills and employability programme, significant resources have been committed to the development of educational infrastructure, by supporting the development of new forms of provision, new facilities and new institutions. There is a significant public goods argument for these activities, but such actions are also appropriate to address equity issues, by supporting the creation of new facilities in areas where the market has created relatively poor access to learning opportunities. For example, the support for delivery in West Wight reflected a need for local residents to be able to access training, but a lack of provision or cost-effective access to provision, created issues of equality of access to opportunities.

SEEDA's Role

2.34 Analysing the role of SEEDA within the skills and employability agenda requires an understanding of how their role compares with other organisations in the region.

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2.35 The mainstream funding bodies relating to skills and employability are as follows:

- the Learning and Skills Council (LSC) funds post-16 learning and skills, excluding higher education and including Skills for Life. This embraces most level 2 and level 3 provision, such as A Levels, Apprenticeships and other vocational qualifications;
- Jobcentre Plus has a focus on supporting unemployed clients into jobs through a combination of job search resources and information on training opportunities;
- the Higher Education Funding Council for England (HEFCE) promotes and funds teaching and research across a range of higher education providers;
- a number of other local and regional bodies and partnerships provide roles in the skills and employability field from strategic through to delivery. Key amongst these are employers (facilitated by a range of representative bodies) and local authorities.

2.36 Most of the direct funding bodies active in the region have specific funding streams defined by national priorities, therefore flexibility in the use of funding for alternative regional priorities cannot always be accommodated. With the availability of ESF funding in the region, the RDA has a uniquely flexible funding resource. Combining funding enables greater critical mass and leverage to be achieved. For example, the Training Pools project which SEEDA together with the LSC has aimed to mainstream. A Training Pool is a consortium of employers, learning providers, trade bodies and employer organisations (e.g. Sector Skills Councils) that bid to SEEDA to develop a training programme that will meet employer's needs which are not currently being met in the region by existing FE/HE or private sector providers.

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2.37 During the period for which data is available (2005 to 2008), SEEDA has either met or exceeded its Smart Growth targets for five out of eight output categories. The output target for jobs created/safeguarded was exceeded by 96% and the output target for employment support (number of people assisted to get a job) was exceeded by 89%. The target output related to adults achieving a Level 2 qualification was not achieved by 39%, although this is against a relatively small base target of 489 across the period. The Level 2 target was achieved across the Agency as a whole.

2.38 It is extremely important to state that although SEEDA has substantially delivered its gross tasking framework (and Tier 3) outputs, these targets are only considered to be a small but important part of what the Agency delivers. SEEDA activity is not shaped or driven by meeting these targets. For example, more emphasis is placed on skills development, as opposed to qualification achievement, and creating markets as opposed to developing learning opportunities.

2.39 The role that SEEDA has played in relation to skills and employability actions reflects that the Agency is not a mainstream funder of skills programmes and, as such, it is not responsible for fundamental actions to address the region's skills issues. Rather, four main areas of action were identified by programme managers:

- catalysing activity;
- coordinating activities in the region and capacity building;
- influencing the actions of the other agencies;
- leading actions in response to specific issues.

2.40 Regional evidence identified higher level skills and basic skills as key priorities. This reflected:

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- a relative shortage of science and technologists, and a need to capitalise on the strengths of higher education in the region through exploiting the relative strength of key sectors;
- the need to address the literacy and numeracy needs of the existing workforce in particular. In this context, strengthening delivery within the workplace was a key priority, which was not being secured through other funding.

2.41 The activities that have been taken forward range from large scale programmes operating across the region as a whole, to very localised support in response to specific sub-regional differences.

2.42 SEEDA's intention is to always look for potential exit routes, rather than providing continuing funding. This could be achieved by activities being incorporated within mainstream programmes, securing other funding streams or activities becoming self-financing.

2.43 A significant use of resources has been to pump-prime activities. Pump-priming has implications for the nature of the outputs generated by the skills and employability programme. For example, funds that have been used to support activities that will lead delivery partners *towards* the delivery of qualifications, rather than fund the delivery of qualifications *directly*. This reflects support for activities to facilitate progression routes, or create the infrastructure that will ultimately provide access to further learning.

2.44 In reflecting the role that SEEDA plays in relation to skills and employability, programme managers have stressed that an appropriate supply of skills is an implicit enabler to the delivery of RES and Corporate Plan priorities, as well as being encompassed in specific targets and priorities.

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2.45 The actions that have been undertaken in the area of skills and employability reflect the working of the Regional Skills and Productivity Alliance (RSPA). The RSPA provides the forum to debate the actions that are required to address skills issues in the region and to agree which organisations will take forward actions. The Alliance now has ownership of Objective 6 (Skills) and Objective 10 (Employment) in the 2006 to 2016 Regional Economic Strategy. The RSPA membership includes key public sector agencies as well as employers and employer representative organisations. Effective RSPA operation has helped to minimise the risk of duplication of activities.

3 SKILLS AND EMPLOYABILITY PROJECTS

Introduction

- 3.1 In this Section, we provide details of the gross expenditure and outputs generated by the projects within scope of this evaluation and reflect on the factors that have influenced their delivery.
- 3.2 We have been able to source spend data for all projects across the whole relevant spend period. It has only been possible, however, to secure output data for all projects within the scope of the evaluation for 2004/05 to 2006/07.
- 3.3 Output data has been secured for the sample projects for the earlier years of activity, but we do not have comprehensive data for all projects in the sample frame. We understand that a change in SEEDA's IT systems means that this data is not now accessible electronically, and that it has not been possible to secure data in hard copy from the archive. This has significant implications for the ability of the evaluation to comment conclusively on the outputs and subsequent outcomes of the activities undertaken during these early years.
- 3.4 It is also important to recognise that the period covered by the evaluation covers two different frameworks of output measures. With the introduction of the Single Programme in April 2002, RDAs were contractually required to report outputs under the Tier 3 framework. Following the 2004 Spending Review, the Tier 3 output measures were replaced by the Core Outputs under the New Tasking Framework, which became operational in April 2005.

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- 3.5 The guidance¹³ on mapping the Core Outputs to Tier 3 outputs indicated that there was direct read across between some of the Tier 3 and Core Outputs, there were changes in the specification of skills activities, which means that the learning opportunities captured are qualitatively and quantitatively different. The results of these changes are discussed later in this Section.
- 3.6 As discussed in Section 2, the skills and employability activities supported by SEEDA have not been developed with a specific focus on delivering the outputs set out in Tier 3 and the New Tasking Framework, although all the contracted outputs have been met. SEEDA's resources have been used to *enable* the development of skills and employability in the region, rather than to fund a significant range of delivery. This therefore means that the quantitative outputs under the contractual frameworks only reflect part of the outputs of SEEDA's investments.

Skills and Employability Logic Chain

- 3.7 **Table 3.1** shows the general logic chain for the activities undertaken in each category of programme activities.

¹³ Core Outputs Technical Note, OffPAT, 2005

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Table 3.1: General Logic Chain

Logic Chain Element	Matching people to Jobs	Skills Provision: <ul style="list-style-type: none"> - Basic Skills - L2 or equivalent - L3+ - Vocational Training/General Education - Sector and Enterprise Skills 	Development of Educational Infrastructure
Rationale and Objectives	Addresses a market failure by enabling people who are at a disadvantage in the labour market to access the training and support that they require to secure employment but would otherwise have been unable to do so. The key market failure relates to market power. The activities also address issues of equity in communities that are not well-served by other provision.	The interventions seek to address the skills needs in the region at all levels from Basic Skills to Higher Level skills. This reflects the need for 1 million people in the South East to improve their literacy and numeracy levels, through to the necessity to ensure an appropriate supply of higher level skills to meet the needs of priority sectors and areas. Activity in these categories reflects actions to address externalities, imperfect information and market power issues.	Actions are required to strengthen the educational infrastructure in the region in a number of ways, including responsiveness to businesses, accessibility and modes of delivery to better respond to current and emerging needs. The educational infrastructure activities reflect public goods arguments and externalities, but also address equity issues.
Inputs	SEEDA Funds	SEEDA Funds Funds Levered from other public and private sector organisations. In-kind contributions from project	SEEDA Funds Funds levered from other public, private and voluntary sector organisations.

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Table 3.1: General Logic Chain

Logic Chain Element	Matching people to Jobs	Skills Provision: – Basic Skills – L2 or equivalent – L3+ – Vocational Training/General Education – Sector and Enterprise Skills	Development of Educational Infrastructure
		partners.	
Activities	Delivery of Training Opportunities for work experience.	Delivery of training at L3 and above. Activities to stimulate progression towards take-up of L3 qualifications. Development of new qualification programmes. Development of infrastructure to support new higher level skills provision.	Development of new structures to deliver training. New frameworks in support of skills delivery.
Outputs	<u>Direct:</u> People assisted in skills development. <u>Indirect:</u> SAV (strategic influence) – providing IAG linked to priority sectors. SAV (synergy) – skills accord SAV (engagement) – formation of RSPA	<u>Direct:</u> People assisted in skills development. Businesses assisted to improve performance. <u>Indirect:</u> SAV (strategic leadership & catalyst) – shaping new approaches to address skills needs where mainstream provision not available/not effective. SAV (synergy) – development of skills and	<u>Direct:</u> People assisted in skills development. Businesses in collaboration with the UK knowledge base. <u>Indirect:</u> SAV (strategic leadership & catalyst) – development of learning and skills infrastructure to address regional skills needs. SAV (engagement) – bringing together

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Table 3.1: General Logic Chain

Logic Chain Element	Matching people to Jobs	Skills Provision:	Development of Educational Infrastructure
		<ul style="list-style-type: none"> - Basic Skills - L2 or equivalent - L3+ - Vocational Training/General Education - Sector and Enterprise Skills 	
		business support brokerage models.	employers and education providers. SAV (leverage) - education-led regeneration.
Outcomes	Number of people achieving qualifications People assisted into employment.	Number of people achieving qualifications People assisted into employment. Business growth - employment, turnover, profitability and productivity.	Number of people achieving qualifications Increasing take-up of learning opportunities by individuals and businesses. Capacity to meet learning needs within the workplace. Better range of provision to meet the region's skills and employability needs.
Impact	Increase in skills levels Increase in employment levels Increase in GVA per capita	Increase in skills levels Increase in employment levels Increase in GVA per capita	Increase in skills levels Increase in employment levels Increase in GVA per capita

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- 3.8 The logic chain demonstrates that all project activities are ultimately intended to lead to improved regional competitiveness via enhancing individual's skills levels and thereby increasing business productivity. However, there are many different routes between inputs and outcomes depending on the types of projects supported and also different time lags between the initial investment and measurable impact. Measuring net additional regional competitiveness at any moment in time will only capture a partial picture of total impact.
- 3.9 There are indirect outputs and outcomes that are more difficult to link directly to increases in employment, skill levels and/or GVA levels within an appropriate timescale. Two examples of projects that demonstrate this are presented below.

E-Skills Diploma and IAG Pilot

- **Employer engagement** – the project has worked with many employers such as LogicaCMG and IBM to hold Southeast Go4IT and Chances workshops.
- **School Engagement** – by the end of 2007 ten schools had been consulted on matters relating to skills gaps and training needs analysis. Regional events, such as the Channel 4event, have enabled employers and HEIs to network and gain information about the Diploma in IT.
- **Teaching and learning resources** – an audit of all consortia partners has been undertaken to gain an insight into the teaching and learning resources they use and have at their disposal. This information has been fed into the development of the teaching and learning resource at level 1 of the Diploma. By piloting new modules, feedback information has been collected and has provided insights as to how course content could be made more relevant. Also, a detailed project plan has been developed to create the Diploma in IT learning resource for the Multimedia unit at level 1.
- **Information Advice and Guidance (IAG)** – template IAG leaflets have been made available to all consortia members so that they can tailor it to their individual needs and capture local employer contributions and views. A careers day was held at City and Islington Colleges to help careers advisors understand the Diploma in IT. Regular newsletters are sent to all consortia members which are specific to the SE region.

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Oxford Skills Escalator

- Working with seven NHS organisations in 22 workplaces including 16 rural workplaces.
- Created an NVQ centre and delivered the new Support Services in Healthcare NVQ 2, with Skills for Life support for candidates.
- Developed and piloted Bite Size ESOL: an innovative, close-to-the-job ESOL programme.
- Developed and delivered an innovative team appraisal process for facilities and other staff.
- Developed and delivered an innovative programme around drug calculations for nursing staff.
- Functioned as a research site for NRDC/NHSU's Maths4Life: Decisions that Count in Healthcare programme.
- Developed and delivered a range of programmes embedding Skills for Life learning opportunities into workplace training, including Food Hygiene and Health & Safety.
- Delivered range of other contextualised learning opportunities including IT, ESOL, Communication Skills, Assertiveness, Counselling, Report/essay writing, Language for job description, maths skills, study skills, workplace administration and literacy.
- Built local capacity to deliver *Skills for Life and Health*.

3.10 The inputs, activities, outputs and outcomes in relation to the sample projects are discussed in more detail below.

Expenditure and Outputs 2002/03 to 2006/07

3.11 The projects included in the sample frame for the evaluation had total relevant spend over the period from 2002/03 to 2006/07 of £14.36 million. Table 3.2 shows the breakdown of spend by year for the projects within the sample frame and for the sample projects.

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Table 3.2: Total Spend by Year						
	2002/03	2003/04	2004/05	2005/06	2006/07	TOTAL
Sample Frame	£954,548	£2,566,118	£3,078,334	£2,278,578	£5,487,033	£14,364,611
% of Total Spend	6.6%	17.9%	21.4%	15.9%	38.2%	
Sample Projects	0	£1,311,905	£1,146,153	£974,004	£4,192,752	£7,624,814
% of Total Spend	-	17.2%	15.0%	12.8%	55.0%	
Source: SEEDA PMS/Agresso						

3.12 Table 3.2 shows that expenditure across the relevant period has been heavily concentrated in 2006/07, which accounts for 38% of total project spend across the period. This backloading of expenditure has been reflected in the selection of sample projects. The profile of spending has implications for the delivery of outputs and the potential therefore to identify the outcomes resulting from this spend, especially where funding has been used as a pump-prime for future activities.

3.13 Table 3.3 shows the distribution of spend by activity type for the sample frame as a whole and for the projects within the sample.

Table 3.3: Relevant Spend by Activity Type		
	Sample Frame	Sample Projects
Matching people into jobs	£80,000	£80,000
Skills – Provision of Basic Skills	£409,108	£100,000
Skills – Provision of L2/equivalent	£80,630	£80,630
Skills – Provision of L3+	£1,355,367	£688,505
Skills – Provision of Vocational Training/General Education	£419,165	£102,503
Skills – Sector & Enterprise Skills including supporting leadership and management	£3,599,743	£1,073,804
Development of Educational Infrastructure	£7,045,883	£5,499,372
Other	£330,833	-
Not Specified	£1,043,882	-
TOTAL	£14,364,611	£7,624,814
Source: SEEDA PMS/Agresso		

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3.14 Table 3.3 shows that the expenditure over the period from 2002/03 to 2006/07 is heavily concentrated in two main areas, which together account for nearly three quarters (74%) of total relevant spend:

- activities supporting the development of educational infrastructure accounted for 49% of spend over the period;
- support for sector and enterprise skills accounted for 25%.

3.15 The classification of projects by activity does not necessarily align directly with the specific actions or direct outputs of the spending. For example, a number of expenditure lines had been originally classified as “Skills – provision of Level 3 or above qualifications”, but the specific spend relates to capital investment and have therefore been moved to the “Development of Educational Infrastructure” category. Two examples are the establishment of the University Centre Folkestone and the funding for the observatory and planetarium through the Stimulating Physics and Engineering projects. Whilst ultimately these activities create the conditions to generate Level 3 qualifications, the direct outputs generated are in relation to physical improvements.

3.16 The projects included within the “Other” category are a relatively small number of projects that SEEDA project managers felt did not present a good fit with the activity typology presented in Table 3.3. There are a large number of small value (<£100k) projects that are described as “Not Specified”. They include research, evaluation, marketing and communication activities that cut across a number of activity types. For both the “Other” and “Not Specified” projects, we are confident that they have contributed indirectly to the overall impact of the skills and employability programme as a whole.

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- 3.17 Table 3.4 overleaf shows the breakdown of outputs delivered through the programme during the period from 2002/03 to 2006/07. This is based on actual output data for the period from 2004/05 to 2006/07. For 2003/04, we have derived estimates based on a backward projection of outputs from 2004/05 using those projects that had expenditure and outputs across the two financial years.
- 3.18 The expenditure in 2003/04 included £491,571 that was not directly related to the delivery of Tier 3 outputs, including core support for Skills Insight and Action South East, together with other support for communications, marketing and research. We have also taken account of those instances where expenditure in 2003/04 has led to outputs that have been recorded in 2004/05, for example in relation to the support for the University at Medway.
- 3.19 We believe, therefore, that the estimates generated for 2003/04 provide a reasonable indication of the scale of outputs generated across the Tier 3 measures, although will not be a wholly accurate reflection of the specific outputs delivered.
- 3.20 The sample frame included only five lines of expenditure in 2002/03. Two of these were specifically identified as marketing activities, accounting for 13% of spend in the year. One project, Hastings Learndirect Centre, accounted for spend of £404,812 (42% of the annual total), but had a start date in March 2003. It would not therefore be expected to deliver outputs until some time later. Significant learning outputs are recorded against this project in 2004/05 and are, consequently, included in Table 3.4.
- 3.21 Furthermore, there are two projects in 2002/03, accounting for spend of £427,746, for which we have been unable to identify the scale of contractual outputs delivered. This therefore relates to just 3% of the total relevant skills and employability expenditure.

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Table 3.4:
Actual Outputs Delivered 2002/03 to 2006/07

	2002/03	2003/04*	2004/05	2005/06	2006/07	TOTAL
Tier 3 Outputs:						
C1a: New Jobs Created/Safeguarded		-	42.6			42.6
C3a: Learning Opportunities Created and Filled 3-30 hrs		1,634	2,949			4,583
C3b: Learning Opportunities Created and Filled 30 hrs+		108	1,017			1,125
S2: Businesses receiving specialist advice		72	501			573
S3: Businesses in a cluster, technology or learning network		61	228			289
S4: Adults Receiving Basic Skills Training		262	199			461
S5: Individuals Receiving ICT Training		-	332			332
S6: Adults receiving high level skills		163	1,170			1,333
New Tasking Framework Core Outputs:						
1: Number of Jobs Created/Safeguarded					114	114
2: Number of people assisted into employment					26	26
4: Number of businesses assisted to improve performance				956	1,317	2,273
4: Number of businesses in new collaboration with UK Knowledge base				55	74	129
6: Number of people assisted in their skills development (6 hours+)				1,202	1,410	2,612
6a: Number of adults gaining basic skills qualifications				449	281	730
6b: Number of adults in work gaining L2 or equivalent qualification				68	31	99

Source:
SEEDA PMS Data

* Outputs for 2003/04 are estimates based on balance of spend across activities and actual outputs recorded in 2004/05.

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3.22 It can be seen from Table 3.4 that the output categories differ between the two periods. In particular, the differences relate to the way in which learning opportunities have been classified. In the previous (Tier 3) outputs, learning opportunities were broken down into those with a duration of between three and 30 hours, and those delivering more than 30 hours of learning. In the new tasking framework, the focus is on individuals assisted in their skills development, with the definition relying on those individuals receiving a minimum of six hours learning¹⁴.

3.23 This change had a significant impact on those projects that were initially designed under the Tier 3 regime but where delivery continued under the New Tasking Framework. This led to a situation where support was initially designed to deliver three hour training sessions that did not meet the six hour requirements under the new Core Outputs. Consequently these could not be counted. This was reported as a significant issue in relation to the activities of the Urban Renaissance Institute. Initially, the target was set to deliver 1,000 learning opportunities of between 3–30 hours, which was then revised to deliver 450 learning opportunities of at least six hours per person.

3.24 In 2004/05, sample projects were delivering a significant number of short learning opportunities. In particular, this related to the activity delivered in support of SEEDA's Workplace Basic Skills Strategy, which included the delivery of courses and seminars to develop capacity in the region to meet basic skills needs in the workplace.

¹⁴ In the Core Outputs Technical Note which mapped Tier 3 and New Tasking Framework outputs, Tier 3 Output 5 and New Tasking Framework Core Output 6 were seen as mapping closely to each other, but no outputs have been identified against Tier 3 Output 5 for the sample projects in 2004/05.

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3.25 Two of the sample projects included activity during 2003/04 – Action for Business Colleges and the e–skills IT Management for Business Degree (ITMB). At this stage, both of these projects were involved in the development of new standards and frameworks. As such, they did not deliver outputs that were quantifiable in the context of the Tier 3 framework. However, they have either contributed Strategic Added Value or will deliver significant outputs in the future. As stated in the contract for the delivery of the ITMB project, “in the next phase of the project (2005 and beyond) there will be several hundred C3a and S6 outputs”. However, this has not followed through to the recording of significant numbers of learning outputs in subsequent years.

3.26 Below are two examples from the sample projects which demonstrate the range of indirect outputs and outcomes that have been generated through SEEDA investment.

West Wight Training: Learning for All

- The project enhances the Isle of Wight local strategies for combating and preventing labour market exclusion, improving labour market development, tackling unemployment and developing economic growth.
- Employed and unemployed people have been able to gain and raise their skill levels to enable them to fill skills gaps in health and social work, IT, tourism and retail services.
- SEEDA provided business support throughout the project which proved useful in maintaining high quality service provision.

Learning through Work – Phase 2

- Development of a model for integrating skills training into on–the–job training.
 - Development of a network of employers who have benefited from the project’s support which can help to take the work forward by sharing with other employers, hence building sustainability.
 - Development of a network of trained Skills for Life specialists who can work with further organisations to embed LLNIT skills into job roles.
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3.27 Table 3.5 summarises the gross direct outputs generated by the sample frame projects over the period from 2002/03 to 2006/07.

Table 3.5: Summary Outputs 2002/03 to 2006/07	
Number of jobs created	157
People assisted into employment	26
People involved in skills development	8,699
Adults receiving basic skills training	1,191
Adults gaining Level 2 or equivalent qualifications	99
Adults receiving high level skills	1,333
Individuals receiving ICT Training	332
Businesses assisted	3,263
Source: SEEDA PMS Data	

3.28 This summary demonstrates the overall number of individuals and businesses that were supported by the programme over the five year period, although it must be recognised that the interactions supported have varied in scale and nature.

3.29 It is important to recognise that the outputs that have been recorded in this way reflect only those that relate directly to the contractual measures reported by SEEDA to government. The outputs recorded above do not reflect the wider results of the catalytic and influencing role that SEEDA has played in utilising its skills and employability resources. These do not always lend themselves to quantification in a manner that reflects the results of the activities undertaken and are a stage in the progression towards support for skills development by individuals or businesses. They include:

- the establishment of new learning frameworks or structures;
- the development of new networks of organisations;
- support for the development of new facilities for the delivery of skills programmes.

3.30 In these cases, there may be significant lags between the specific activity supported by SEEDA taking place and the direct delivery of skills outcomes that will then lead on to economic impacts.

Expected Spend and Outputs

3.31 In order to understand the full scale of outputs, outcomes and impacts from the sample frame projects, the spend and outputs generated since April 2007, and expected in future, need to be taken into account¹⁵.

3.32 Table 3.6 shows the expenditure in the period from 2007/08 to 2009/10, broken down by programme area and activity type. This shows that a total of £2,129,795 was budgeted to be spent on sample frame projects after the end of the relevant spend period. No further expenditure was budgeted for 2010/11.

3.33 One line of expenditure, support for the University Centre Folkestone, accounts for £561,000 of this spend to March 2010, which is 26.3% of the total and is classified as Development of Educational Infrastructure. Other projects with significant levels of expenditure during this period include:

- e-skills Diploma and IAG Pilot – £237,900 in 2007/08, within the Sector and Enterprise Skills category;
- Gatwick Learning and Development Centre – £143,388 over the three year period (vocational training and general education);
- Regional Resource Centre – £135,048 in 2007/08 (development of educational infrastructure).

¹⁵ It should be noted that none of the sample frame projects incurred expenditure prior to April 2002.

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Table 3.6:				
Sample Frame Project Expenditure 2007/08 to 2009/10				
Programme Area	2007/08	2008/09	2009/10	TOTAL
Sector Skills	424,065	47,692	23,846	495,603
Workforce Skills	69,974	-	-	69,974
FRESA/Action South East	47,364	59,119	-	106,483
L&S Marketing	49,749	25,634	-	75,383
STE Networks & Projects	590,450	141,016	170,000	901,466
Access to Learning	381,138	55,000	15,000	451,138
Re-employment Unit	-	-	-	-
Rural Skills Programme	30,000	-252	-	29,748
TOTAL	1,592,740	328,209	208,846	2,129,795
Project Type				
Skills - Provision of Basic Skills	90,000	-	-	90,000
Skills - Provision of L2/equivalent	119,210	-	-	119,210
Skills - Provision of L3+	327,538	130,500	170,000	628,038
Skills - Provision of Vocational Training/ General Education	273,185	55,000	15,000	343,185
Skills - Sector & Enterprise Skills	374,829	47,692	23,846	446,367
Development of Educational Infrastructure	333,741	69,635	-	403,376
Other	3,800	-	-	3,800
Not Specified	70,437	25,382	-	95,819
TOTAL	1,592,735	328,209	208,846	2,129,795
Source: SEEDA PMS Data				

3.34 Table 3.7 shows the actual outputs generated for 2007/08 and projected outputs for 2008/09, based on actual performance in quarter 1 and forecasts for the remainder of the year.

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Table 3.7:			
Outputs Expected 2007/08 to 2008/09			
New Tasking Framework Core Outputs:			
	2007/08	2008/09	TOTAL
1: Number of Jobs Created/Safeguarded	51	0	51
2: Number of people assisted into employment	72	98	170
4: Number of businesses assisted to improve performance	641	286	927
4: Number of businesses in new collaboration with UK Knowledge base	5	76	81
6: Number of people assisted in their skills development	920	1,460	2,380
6a: Number of adults gaining basic skills qualifications	277	120	397
Source: SEEDA PMS Data * Outputs for 2007/08 are actual figures. Outputs for 2008/09 are estimates based on actual Q1 Performance and Forecasts for Q2-Q4.			

3.35 These expected outputs provide a partial picture of the direct outputs generated by the sample frame projects continuing from April 2007, reflecting measures for 19 of the 25 projects where spend is identified in this period. No data has been provided for outputs anticipated from 2009/10 onwards. These outputs only reflect those measures against which SEEDA is contractually required to report to government. They do not reflect the full range of results generated by the activities, nor do they capture the ultimate outputs that have been generated since 2007 as a result of earlier expenditure on projects that were completed during the relevant spend period.

3.36 It is important to state that the projected outputs for 2007/08 and 2008/09 are not related to the previous activity within the relevant spend period. They are contracted outputs related to expenditure over the same time period. In Section 4 and Section 5 we make a distinction between the net outputs generated and estimated GVA incurred during the evaluation period (2002/03 to 2006/07) and the future period (2007/08 and 2008/09).

Characteristics of Projects

3.37 In evaluating SEEDA’s support for skills and employability activities, it is important to recognise the diverse characteristics of the projects that have received funding. This is reflected in the nature of the activities that have been undertaken and the way in which funds have been used.

3.38 **Table 3.8** provides a brief summary of the activities that have been undertaken by the projects within the sample. Further information on the case study projects is included in **Appendix B**, which provides brief case studies of each project.

Table 3.8: Summary of Sample Project Activities	
Matching people into jobs	
1. West Wight Training	1. The main objective of the project was to enable beneficiaries to gain employment on a full or part-time basis. The project provided training in childcare to NVQ Levels 1, 2 & 3, and also IT skills at basic level for beginners, ECDL and advanced exams. It also offered basic skills, life skills, parenting skills, basic first aid and health and safety for all beneficiaries. Participants were offered work experience to test working in one of the areas that training is offered.
Skills – Provision of Basic Skills	
1. Oxfordshire Skills Escalator	1. Delivery of 10 hour learning opportunities to employees of Oxford and Radcliffe Astute Trust working in low paid/low skilled ancillary and support roles.
Skills – Provision of L2/equivalent	
1. Training Pools Pilot – Marine Sector Skills	1. The project objectives were to increase the use of apprentice training within the marine sector and to improve achievement levels and completion rates. This will be achieved by offering fully subsidised training to develop ‘Apprentice Mentors’ for companies who were using or considering apprentice training schemes. The project explored opportunities for pooling of apprentices across a number of businesses, but these were not progressed. The project also delivered specific training on Noise and Vibration Awareness.
Skills – Provision of L3+	
1. Urban Renaissance Institute	1. SEEDA’s funding has supported the establishment and initial staffing of the Urban Renaissance Institute, which is delivering training for built environment professionals, in response to the needs identified in the Egan Review. The programmes offered deliver opportunities to accumulate credits leading to qualifications.
2. e-skills IT Management for	2. SEEDA’s funding has supported the development and initial roll-out of

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Table 3.8: Summary of Sample Project Activities	
Business (ITMB) Degree	the new ITMB programme, which is a new qualification that specifically focuses on meeting the needs of IT employers. The funding covered development of the programme, endorsement and the recruitment of the first group of students. The first eight students graduated from the programme in June 2008. DIUS has funded subsequent student intakes.
Skills – Provision of Vocational Training/General Education	
1. Kent Skills Escalator (Windows of Opportunity)	1. The project has provided access to training and development, information, advice and guidance. Practical assistance was provided to ensure local people gain the skills retail and associated employers require. The intended overall effect of the project was to help raise skills levels in a targeted way within the Shepway workforce, thereby enabling more people to move up the skills escalator with an overall aim of raising workforce productivity.
Skills – Sector & Enterprise Skills including supporting leadership and management	
1. Regional Skills Brokerage	1. SEEDA funding has supported the development of a region-wide skills brokerage model, followed by the roll-out of the brokerage approach in support of Train to Gain delivery. A key characteristic has been the integration of the skills brokerage with business broker activities to align skills and business support provision.
2. Technology Skills Managers	2. This included two elements. Farnborough Aerospace Consortium used funding to carry out a two-phase research project into skills needs in the aerospace industry in the region. SECBE were involved in raising awareness of environmental technologies, leading to the delivery of training in environmental technologies from the Regional Resource Centre for Environmental Technologies.
3. South East Tourism Skills Network	3. SEEDA has part-funded (29%) six sub-regional co-ordinators and a regional co-ordinator who provide a specialist skills advice service to businesses within the tourism, hospitality and leisure industries within the region. The network has been in existence since September 2004.
4. e-skills Diploma and IAG	4. SEEDA's funding has been used to support preparation for the implementation of the Diploma in September 2008. This has been delivered through engaging employers in regional events to raise awareness of the Diploma, supporting Training Needs Analysis for teachers, reviewing teaching and learning resources and developing IAG materials to ensure that guidance providers are offering appropriate information regarding Diploma options. The impacts of these activities will be evident when take-up figures are available for the first lines of Diploma learning later in 2008, and it will be possible to assess the overall success of the project.
5. Rural Business Advice and Training Network	5. Supporting the development and operation of a network of providers delivering business advice and training to rural businesses. This has included recruiting to the network and the development of a quality assurance standard for the network members.
Development of Educational Infrastructure	
1. Global Regions Network	1. This project has funded the central coordination of activities around an academic network to focus on the exchange of best practice and to help

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Table 3.8:
Summary of Sample Project Activities

2. Action for Business Colleges	engage senior managers in HE with research and enterprise remits with others around the world. It has included the maintenance and central coordination of development of the Research Excellence Directory, which is now also being rolled out in London and the East of England. Funding has been used to meet staff costs, event organisation and the costs of developing and managing the Research Excellence Directory. 2. This involved the development and roll-out of the Action for Business Standard with colleges in the South East, focusing on the readiness of colleges to identify and respond to the needs of employers in an efficient and effective manner. It also tested the extent to which the culture of responsiveness to employers' needs is embedded in the development planning process. Following the development of the Standard, an optional advisory service was provided to colleges who requested external help in meeting the standard, together with mystery shopper exercises, external assessment and an assessment panel. A total of 26 colleges achieved Action for Business accreditation.
3. Embedding Skills for Life in Local Authorities	This project aimed to increase the awareness of Skills for Life issues within local authorities in the region and to embed approaches to address Skills for Life needs. This has been delivered through the allocation of grants of up to £10,000 to local authorities in the region to develop and implement action plans, linked to the achievement of the GO Award for Local Government.
4. Learning Through Work	4. This was a research project to investigate how SEEDA funded learning partnerships, developed in the NHS and other workplaces, could potentially be used to widen participation in learning and thus develop the skills of some of the region's low-paid workers. In particular, the project sought to gather evidence to determine what opportunities the low-paid workplace offered for 'on-the-job' LLNIT (Literacy, English Language, Numeracy, IT) learning. The project examined how these opportunities could be maximised and made as accessible as possible, as well as exploring what public funding was available to support this kind of skills development.
5. Supporting SEEDA's Workplace Basic Skills Strategy	5. The project focused on looking at ways to develop capacity in potential or current providers of workplace basic skills tuition and support. The project employed six Regional Development Officers and a Regional Development Manager in the South East, supported by wider Network staff (professional development, marketing, administration etc) at the University of Lancaster.
6. Stimulating Physics and Engineering	6. The project has provided capital funding to equip a planetarium at Intech and to construct an observatory at the Simon Langton Grammar School. The planetarium and observatory are to provide facilities for schools and the public, with the aim of stimulating take-up of science and technology learning, to support progression into science courses at HEIs. The planetarium opened in March 2008, whilst construction of the observatory has still to take place. No direct skills outputs were generated during the relevant period for the evaluation.

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Table 3.8: Summary of Sample Project Activities	
7. University Centre Folkestone	7. Capital funding was provided to contribute to the costs of the conversion of a former glassworks in the creative quarter in Folkestone. The first students began courses on the campus in September 2007. By 2014, the plan is that there will be 500 learners on site, with a total of 102 jobs created or safeguarded. No skills outputs were generated during the relevant period for the evaluation.
8. Regional Resource Centre	8. Capital funding has been provided to develop the Kent Science Resource Centre (KSRC), providing a facility for CPD courses and an opportunity for science students to use a modern industry focused laboratory facility. The KSRC is the venue for the delivery of a new Foundation Degree for lab technologists, the first group of students having started in September 2007 i.e. outside the relevant period for the evaluation.
Source: Drawn from project appraisals, evaluation reports and consultations with external project managers.	

3.39 The summaries provided in Table 3.8 highlight that the majority of projects within the sample are *in support of* delivery or the development of skills infrastructures, rather than directly funding skills and employability support programmes. This reflects the points made earlier regarding SEEDA’s role as an enabler and catalyser of actions.

3.40 The nature of the activities also has implications for the timing of the delivery of outputs:

- the support for the development of ITMB degree led to the recruitment of the first cohort of students in 2005, with the first eight students graduating in 2008, although only one of these graduated from a university in the region. The volume of participants in the programme has subsequently been increasing with funding from DIUS;

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- SEEDA invested £1.36 million capital funding in the University Centre Folkestone in 2006/07, which was originally classified as a project delivering qualifications at Level 3+. However, the delivery of programmes from the University Centre did not start until September 2007, and the target learner numbers identified in the project appraisal of 500 are not planned to be achieved until 2014. We understand that the target is to have 225 learners on site in 2008, although our consultations have indicated an expected shortfall against this target;
- following SEEDA's capital investment in 2006/07, a further £1 million of revenue funding is to be provided over the period from 2007/08 to 2010/11. The learner outputs are therefore more directly related to this additional revenue spend by SEEDA, and can be regarded as an indirect output from the initial capital investment;
- the Stimulating Physics and Engineering project received £820,000 of capital funding in March 2007. The Intech Planetarium opened in March 2008 and has since had over 35,000 visitors, whilst the Langton Observatory has still to be constructed. The purpose of the two centres is to engage young people in taking forward science and technology learning. This project has been classified in PMS as delivering Level 3 qualifications, but the projects in themselves are not directly supporting the achievement of qualifications. Rather, they are intended to provide an opportunity for large numbers of people to visit facilities that will stimulate interest in further related learning. Direct tracking of the impact of attendance at one of the centres is not anticipated. This will make it problematic to estimate the impact that the support will have on take-up and achievements of future science and engineering programmes.

3.41 The delivery arrangements for the sample projects reflect the diversity of the projects themselves. Delivery has been contracted to a wide range of organisations, including schools, universities, Further Education organisations, sector consortia, a Business Link, Sector Skills Council and other bodies.

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3.42 The range of delivery partners involved has been identified by stakeholders as a strength, reflecting SEEDA’s ability to make use of regional strengths to take activities forward. For example, it has been suggested that contracting the delivery of the Global Regions Network to the University of Sussex was a strength in ensuring that the lead organisation was able to relate to the other HEIs in the region in taking activities forward, especially in relation to the Research Excellence Directory.

Beneficiary Characteristics

3.43 **Table 3.9** identifies the types of beneficiaries supported directly by each of the sample projects.

Table 3.9: Sample Project Beneficiaries	
Matching people into jobs	
1. West Wight Training	1. Low skilled/Low qualified individuals. Employed and Unemployed
Skills – Provision of Basic Skills	
1. Oxfordshire Skills Escalator	1. Low skilled/Low qualified in the public sector workforce
Skills – Provision of L2/equivalent	
1. Training Pools Pilot – Marine Sector Skills	1. Employees of Marine Sector Businesses
Skills – Provision of L3+	
1. Urban Renaissance Institute 2. e-skills IT Management for Business (ITMB) Degree	1. Professionals in the Urban Development, Design and Regeneration field 2. Individual Learners
Skills – Provision of Vocational Training/General Education	
1. Kent Skills Escalator (Windows of Opportunity)	1. Unemployed and employed individuals, local SMEs
Skills – Sector & Enterprise Skills including supporting leadership and management	
1. Regional Skills Brokerage 2. Technology Skills Managers 3. South East Tourism Skills Network 4. e-skills Diploma and IAG 5. Rural Business Advice and Training Network	1. Businesses 2. Sector businesses and their employees 3. Tourism, hospitality and leisure businesses 4. Potential Diploma Students 5. Providers of business advice and training to rural businesses
Development of Educational Infrastructure	
1. Global Regions Network 2. Action for Business Colleges	1. HEIs, Businesses seeking links with the region’s knowledge base 2. FE Colleges

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Table 3.9: Sample Project Beneficiaries	
3. Embedding Skills for Life in Local Authorities	3. Local Authorities
4. Learning Through Work	4. Employers
5. Supporting SEEDA's Workplace Basic Skills Strategy	5. Employers and providers of workplace learning
6. Stimulating Physics and Engineering	6. Young people, parents and schools
7. University Centre Folkestone	7. Individual Learners
8. Regional Resource Centre	8. Employees and potential employees in sectors supported by RRC.
Source: Drawn from project appraisals, evaluation reports and consultations with external project managers.	

3.44 The range of beneficiary types has been reflected in the approach to fieldwork, with surveys carried out with individuals and businesses that have received skills development support from sample projects, whilst consultations have been undertaken where support has been directed at organisational change.

3.45 In the case of the three projects receiving capital funding, there were no direct beneficiaries prior to March 2007. Beneficiaries were beginning to take part in activities at the University Centre Folkestone and the Kent Science Resource Centre from September 2007, whilst the Intech Planetarium was launched in March 2008.

3.46 The coverage of individual and business beneficiaries in the fieldwork surveys is described below.

Factors Affecting Gross Outputs

- 3.47 This evaluation has focused on assessing the results of a broad programme of skills and employability activities. This has included a review of a sample of projects that have been funded. However, the relatively small scale of the evaluation has meant that it has not been possible to go into the same level of detail in reviewing management and delivery arrangements as would normally be the case in carrying out an evaluation at the individual project level. It is not therefore possible to comment conclusively on the effectiveness with which projects have been delivered and outputs generated. However, it has been made clear to us that all the contractual targets have been met or exceeded.
- 3.48 The change in the way in which learning opportunities and people assisted in their skills development have been categorised between the two sets of output classification would appear to have had a significant impact on the volume of outputs generated, and therefore the apparent value for money of some activities.
- 3.49 For example, the Urban Renaissance Institute commenced delivery during 2004/05. Targets were initially set under the Tier 3 framework, with the aim to deliver a total of 600 Core 3 outputs in the period from 2005/06 to 2006/07. With the change to the New Tasking Framework, the target for training with a minimum of six hours duration was adjusted to 450. It was reported that the change from a three hour to six hour output requirement had made it more difficult to secure participants. Therefore, SEEDA recognised a need to concentrate on engaging participants in short series of learning, rather than single learning sessions in order to achieve qualifying outputs.

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- 3.50 There is also a need to consider the scale of direct outputs generated versus the influence of project activities. For example, the development and introduction of the Action for Business College standard directly impacted on 30 colleges, of which 25 achieved accreditation. However, the changes to delivery approaches and approaches to employer engagement by these colleges will affect a far larger number of their clients and learners. The effect on these businesses and learners can therefore be seen as indirect outputs of the project. However, there has not been a systematic approach to gathering data across the colleges on the effects on businesses and learners as a result of the Action for Business results. It is therefore not possible to quantify the ultimate results of the changes made for the project as a whole. Individual colleges have collected data to demonstrate this impact as part of the new Training Quality Standard accreditation process.
- 3.51 The support for the Rural Business Advice and Training network has focused on engaging rural training and business support providers in a collaborative network, with the introduction of a quality assurance framework. Engagement in the network affects the services provided by the network members and therefore the experiences of their clients. However, their clients cannot be identified as direct beneficiaries of the SEEDA funding.

4 GROSS AND NET OUTPUTS GENERATED

Introduction

- 4.1 In this Section, we report on the findings of the surveys and other fieldwork with beneficiaries of the sample projects. We report on the use of survey evidence to assess the net outputs of the activities undertaken and therefore the outputs of the activities covered by the full range of projects in the sample frame.
- 4.2 Telephone surveys were carried out with individual and business beneficiaries of skills and employability programmes supported by SEEDA. The sample projects covered by the surveys included those where it was possible to access beneficiary details from external delivery partners. The surveys were used to gather information from the direct individual and business beneficiaries of projects that had received funding from SEEDA.

Survey of Individual Beneficiaries

- 4.3 The projects covered by the survey of individual beneficiaries are listed in Table 4.1 below.

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Table 4.1: Projects Covered by Surveys of Individual Beneficiaries	
Project Name	Project Type
Oxfordshire Skills Escalator	Provision of Basic Skills
Regional Resource Centres	Provision of Vocational Training/General Education
Supporting SEEDA's Workplace Basic Skills Strategy	Developing Educational Infrastructure
Technology Skills Managers (SECBE)	Sector and Enterprise Skills
Training Pools Pilot – Marine Sector Skills	Provision of L2 or equivalent qualifications
Urban Renaissance Institute	Provision of L3 or above qualifications
West Wight Children's Centre	Matching People to Jobs

4.4 In total, we were provided with details of 876 individual beneficiaries. Of these contacts, 531 records (60.6%) were classified as usable, either including usable contact details, or where it was possible, to append contact details.

4.5 Considerable time and resources were committed to sourcing beneficiary details, although it was not possible to do so in the case of all relevant projects. In particular, with relation to the Kent Skills Escalator, we were provided with the names of 300 beneficiaries, although no contact information had been retained preventing further contact to be established, meaning that it was not possible to include any beneficiaries in the survey. This has therefore reduced the potential to achieve the maximum sample size for the surveys, with a subsequent impact on the confidence levels achieved.

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4.6 The original intention in setting up the survey was to be able to achieve a spread of interviews across the levels of learning being undertaken, with a target of achieving a minimum of 250 completed interviews at each level (i.e. Up to Level 1, Level 2 and Level 3 and above). The relatively small total number of beneficiary contact details provided meant that it was not possible to achieve this volume of interviews.

4.7 The cut-off for beneficiary interviews was set at 22 August 2008. At this point, a total of 170 beneficiary interviews had been completed. This represented completed interviews with 32% of the beneficiaries where usable contact details were provided. The breakdown of completed interviews across the categories of project is shown in Table 4.2.

Table 4.2: Completed Interviews by Project Type			
Project Type	Number of Interviews	Number of Usable Contacts Provided	Total Number of Sample project Beneficiaries
Skills – Provision of Basic Skills	22	44	186
Skills – Provision of Level 2 or equivalent qualifications	11	36	54
Skills – Provision of Level 3+ qualifications	5	22	283
Skills – Provision of Vocational Training/General Education	76	231	398
Skills – Sector and Enterprise Skills	45	106	168
Matching People to Jobs	2	6	44
Developing Educational Infrastructure	9	86	533
TOTALS	170	531	1,666

4.8 Across the survey as a whole, the total number of interviews achieved provides a maximum 95% confidence interval of +/- 7.1 percentage points. However, the number of completed interviews in relation to each category of project means that the confidence intervals by project type are much larger:

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- **across the skills themes as a whole** – the maximum 95% confidence interval is $\pm 7.2\%$, but this ranges from $\pm 10.1\%$ for the Provision of Vocational Training/General Education, to $\pm 43.4\%$ for the Provision of Level 3+ qualifications, reflecting the very small numbers of completed interviews;
- **matching people to jobs** – very small numbers mean that generation of a specific confidence interval is inappropriate;
- **development of educational infrastructure** – maximum 95% confidence interval $\pm 32.4\%$.

4.9 The small samples achieved, therefore, meant that analysis by project type is compromised. However, it is important to recognise that the classification by project type does not necessarily reflect the specific nature of the support provided. All beneficiaries interviewed were involved in direct skills development activities. The beneficiaries of the project in the 'Matching People to Jobs' category had received basic skills training as part of their support. There are also significant similarities in the support received by beneficiaries of projects categorised under the Vocational Training/General Education and Sector and Enterprise Skills headings.

4.10 The survey questionnaire is included in Appendix C. On average, the interviews with individuals lasted 17 minutes. Full analysis of the survey results is included in Appendix D.

Type of Training:

4.11 The types of training undertaken by survey respondents were as follows:

- vocational skills/skills related to a particular sector – 50%
- literacy, language, numeracy/Basic Skills – 15%
- leadership and management Skills – 11%

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- IT - 5%
- tutor skills development - 4%
- business and improvement techniques - 2%
- other/don't know - 13%.

Level of Training Received

4.12 The survey sought information on the level of training received through the SEEDA funded project. This showed that the support received was most likely to have been at Entry Level or relating to Basic Skills (34%). 4% of respondents identified that they had taken part in a Level 1 course; 9% had taken part in a course at Level 2; 13% had taken part in a Level 3 course; 4% had taken part in a Level 4 course and 2% indicated that their course was at Level 5. One third (34%) of those surveyed were not able to comment on the specific level of course in which they had been involved.

4.13 Two fifths (42%) of survey participants reported that they had gained a qualification as a result of their involvement in the support, as follows:

- Entry Level or Basic Skills - 32%
- Level 1 - 6%
- Level 2 - 17%
- Level 3 - 15%
- Level 4 - 3%
- Level not specified - 27%.

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4.14 It is significant to note that almost four fifths (78%) of those who had received a qualification as a result of their involvement in the support indicated that they were now more highly qualified than was the case prior to their participation.

Rating of Training

4.15 Survey participants were asked to rate the quality of the training they had received on a scale from 1 (very poor) to 5 (very good). The average ratings across the different aspects of support are shown in Table 4.3 below.

Table 4.3: Ratings of Support Provided	
Aspect of Support	Average Rating
Information in advance of programme	3.6
Quality of the Trainer or Tutor	4.4
Method of Training Delivery	4.3
Quality of Training Materials	4.1
Quality of Advice and Guidance	4.0
Venue	4.1

4.16 These results indicate that, in general, survey participants rated the support they received from the skills programmes highly, with the highest levels of satisfaction indicated in relation to the skills and abilities of the tutors delivering the support. When asked about the most beneficial elements of the support received, the most frequent response reinforces this rating, with 18% of survey participants identifying the tutor's skills, knowledge and ability to address questions as being of most benefit. One in ten respondents identified the materials provided (11%) and the practical element of the support provided (10%) as most beneficial.

Alternatives to the Training Received:

4.17 We asked participants to comment on the course of action they would have taken if the training had not been available through the programme they took part in. Sixty-six respondents (39%) stated that they would not have been able to proceed with training activities had the support not been available through the programme. For the other 61% of respondents:

- 19% stated that they would have found an alternative course through a different provider, but at a later date;
- 18% stated that they would have found an alternative course through a different provider at the same time;
- 15% would have taken part in informal on-the-job training;
- other responses included being self-taught, talking to a consultant about alternatives, searching the internet.

4.18 These findings are important in considering aspects of deadweight in relation to the training activities supported by SEEDA. The key responses are those that relate to taking on alternative courses through different providers, as we do not regard substitution of informal on-the-job training or being self-taught as a direct alternative to the training activities undertaken.

4.19 Whilst two-fifths of respondents indicated that they would have sought support from an alternative supplier if the SEEDA funded training had not been available, it is significant to note that only 19% of all respondents were actually aware of alternative suppliers of similar training.

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4.20 A total of 31 respondents indicated that they would have found support from an alternative supplier at the same time. However, only six of these respondents were actually aware of alternative provision. Thirty-three respondents indicated that they would have sought training from an alternative supplier at a later date. Of these, only ten respondents were actually aware of alternative provision.

4.21 Where survey participants were aware of similar alternative provision, the main reasons given for selecting the SEEDA funded support were:

- selection by their employer (42%);
- convenience of the training venue (36%);
- the right organisation was delivering the training (30%);
- the training was available sooner than through the other courses (18%);
- the training was delivered at a convenient time of day (12%);
- the training was at a lower cost than the alternatives (12%);
- the provider was already known to the participant (9%).

4.22 The extent to which suitable alternative provision was actually available to these organisations is directly linked to whether SEEDA's funding was used to address a true market failure. In the case of Basic Skills provision, SEEDA funding was being used to address a gap at entry level which was delivered in the workplace. The alternative Basic Skills provision that was available was funded through the LSC, available at Level 2 and was delivered at training provider's premises. If there is a total market failure in the provision of a particular type of support, then direct alternative support would not be available. The relative lack of awareness of alternative provision suggests that there is some evidence of market failure in terms of imperfect information.

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4.23 In considering the extent to which the training would have happened in the absence of SEEDA's funding, therefore, we have focused on those respondents who indicated that they would have found alternative provision and were aware of an alternative. It is also important to adjust for the timing aspect here, as there is potential value added by training happening earlier as a result of funding than would otherwise have been the case.

4.24 On this basis, we have applied the following adjustments. Where respondents have indicated that they would have gone ahead with training at the same time, and were aware of a suitable alternative provider, this has been identified as total deadweight. This consequently means that six survey respondents are affected in this way. For those who would have found alternative provision at a later date and were aware of alternative provision, we have applied a weighting factor of 50%, to reflect the timing impact. This means that five respondents are affected in this way. Overall, therefore, 11 of the survey participants can be regarded as activity deadweight.

Financial Contributions to Training

4.25 The survey asked respondents to indicate the extent to which they would have paid for the training they received, if it had not been funded by SEEDA. Just over one-fifth (22%) of respondents indicated that they would have paid the full costs of the training they received, whilst the same number stated that they would have been willing to contribute part of the costs of the training. Half of respondents stated that they would not have paid for the training they received.

4.26 The final adjustment to the data in relation to potential deadweight relates to the willingness of participants to pay for the training they received anyway, either in terms of the full cost or part of the cost of the activity.

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- 4.27 Having removed those respondents who would have gone ahead with the training anyway, we need to make an adjustment to take account of those who would have paid for their support. This leaves 34 participants who would have paid the full cost of their training. This suggests that these individuals represent 100% deadweight. However, it must be recognised that the interviews took place after participants had experienced the development activities and therefore the benefits of participation. We would view this as representing an over-optimistic view of what these individuals would have done in the absence of the funded programme. To account for this potential optimism bias, we have therefore applied a factor of 75% to these results, rather than 100%. Furthermore, 32 participants indicated that they would have made a contribution to the cost of the training, and we have applied a weighting factor of 25% to these respondents. As a result, this means that a further 34 participants represent financial deadweight.
- 4.28 Combining the findings in relation to activity deadweight and financial deadweight means that the activities undertaken by 45 of the survey participants would have happened in the absence of SEEDA funding. We therefore estimate that 26.5% of participants represent deadweight, or that 73.5% of individual participants represent additional activity as a result of SEEDA's investment. The 95% confidence intervals from the survey of +/- 7.1% would suggest that the net additional activity falls in the range from 68.3% to 78.7%.
- 4.29 SQW and PA Consulting generated 'ready-reckoners' for adjusting gross to net outputs as part of the guidance on implementing the IEF. For learning opportunities provided, the 'ready-reckoner' indicates an adjustment factor of 0.65 (65%) to identify the scale of additional outputs, with a factor of 0.58 (58%) for assistance with skills development. The aggregate adjustment factor for all human resources interventions was 0.65 (65%). This indicates that the findings from the survey suggest slightly lower levels of deadweight than have been identified elsewhere. However, the levels of deadweight will depend, to a significant degree, on the effectiveness with which support has been targeted at appropriate individuals, and may therefore be a reflection of successful delivery approaches.

Progression to Further Training Activities

- 4.30 The survey sought to identify the extent to which involvement in the SEEDA supported training was then leading on to involvement in further training activities. Just 30 respondents (18%) of those surveyed had gone on to take part in other development activities. Of these, 16 indicated that they would have probably or definitely not have gone ahead with these further activities if they had not been involved in the SEEDA funded support. Thirteen participants indicated that they would probably or definitely have taken part in this further training anyway.
- 4.31 In the context of this evaluation, we are most interested in those participants where participation in training funded by SEEDA has led directly to further activity. Where respondents have indicated that their further training is *definitely* the result of the funded support, we have used a 100% attribution. For those indicating that their further training was *probably* a result of their participation in the supported programme, we have applied a weighting of 75%. Where participants have indicated that they would probably have gone ahead with further training anyway, we have applied a weighting of 25%, reflecting that there is at least some contribution of the SEEDA supported training to the decision to take forward these further activities. Applying these weightings to the total numbers indicates that 15 people have participated in further training as a direct result of the funded activities, equating to 8.8% of survey participants.

Survey of Business Beneficiaries

- 4.32 The projects covered by the survey of business beneficiaries were the support for the South East Tourism Skills Network and the Regional Skills Brokerage delivery, both of which are in the category of Sector and Enterprise Support.

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4.33 In total, we were provided with contact details for 481 business beneficiaries, of which 458 were classified as 'usable', either including contact details or sufficient information from which to source contact details from elsewhere.

4.34 In setting up the survey, our intention was to achieve a total of 250 completed interviews with business beneficiaries. However, the total number of business beneficiary contact details provided meant that this volume of interviews was not achievable.

4.35 The cut-off point for interviews was set at 22nd August 2008. At this point, interviews had been completed with a total of 90 business beneficiaries, representing 19.7% of usable contacts. This included 73 businesses that had received support through the Tourism Skills Network, but only 17 businesses that had received support from the Regional Skills Brokerage service.

4.36 Across the survey as a whole, the total number of interviews achieved provides a maximum 95% confidence interval of +/- 9.3 percentage points.

4.37 The survey questionnaire is included as Appendix C. On average, the interviews with businesses lasted 21 minutes. The duration of the interviews was significantly longer than had originally been planned. The smaller number of interviews completed allowed for this longer average duration. Clearly, it would not have been feasible to achieve this level of detail in the interviews and complete the target number.

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Experiences of the Support Received

4.38 The participants in the survey provided very positive feedback on the support they received. Three quarters of respondents (76%) stated that the support had met their expectations, whilst a further 16 (18%) stated that their expectations had been exceeded. The key reasons given for the support exceeding expectations were:

- the level of support provided (12 responses);
- the lack of paperwork/bureaucracy (6);
- the business improvements or developments achieved (5);
- the improvements in staff motivation observed (5);
- the flexibility of the training provided (5).

4.39 Only six survey participants indicated that the support they received had not met their expectations.

4.40 Survey participants were asked to rate different aspects of the support they received on a scale from 1 (very poor) to 5 (very good). The average ratings across the different aspects of support are shown in Table 4.4 below.

Table 4.4: Average Ratings of Support Elements – Businesses	
Aspect of Support	Average Rating
Information provided in advance about the programme	4.0
Quality of the Advisor or Trainer Providing the Support	4.4
Method of Training Delivery	4.3
Quality of Materials Provided	4.0
Quality of Advice or Guidance Provided in Relation to the support	4.0
Venue for the support	4.2
Responsiveness of support to specific business needs	4.1

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4.41 These responses show that each aspect of the support was rated as good or very good by the majority of survey participants, reflecting a consistently high standard of provision.

4.42 Respondents were asked to identify the aspects of the support that they had found to be most and least beneficial. The elements of support that were most frequently identified as being of greatest benefit to the respondent businesses were:

- networking with other business people (8 respondents);
- the information received (7);
- website development (6);
- the knowledge/experience of the trainers (5);
- the knowledge or skills gained (5);
- the literature received (4);
- advice and guidance (3);
- the tailoring of the support to the specific needs of the business (3).

4.43 In addition to these elements that were identified by at least three respondents each, a wide range of factors were identified, but by only one or two survey participants, reflecting very specific aspects of the support they received.

Alternatives to the Activities Undertaken

4.44 We asked the survey participants to indicate on a scale of 1 (very likely) to 5 (very unlikely) the likelihood that they would have gone ahead with the skills development activities in the absence of the support from the SEEDA funded activities. The responses to this question showed that just over one third (35%) of respondents were likely to have gone ahead with the activities anyway (13% stated that this was very likely to have been the case). Over half (58%) of survey respondents stated that they would have been unlikely to take on the development activities in the absence of the support, with 31% of all respondents stating that they would have been very unlikely to proceed in the absence of the support.

4.45 The 32 businesses indicating that they would have been likely to have gone ahead with the development activities in the absence of the SEEDA funded support were asked to comment on the difference that the support had made to them. Twelve respondents indicated that the support had not made any real difference to them. For the remaining survey participants, the differences reported were:

- undertaking development activities more quickly than would otherwise have been the case (13 businesses);
- undertaken more development activities than would have otherwise been the case (12);
- undertaken different development activities (4).

4.46 This therefore indicates that for almost two thirds (63%) of the businesses that would have been likely to have gone ahead with the development activities in the absence of the support provided, the support has influenced the timing and scale of activities and, to a lesser extent, the nature of the activities undertaken.

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- 4.47 As a result, we need to understand the implications of these survey findings for the net additionality of the outputs generated by the skills support provided to businesses. This relates to the likelihood of the business taking forward the development activities in the absence of the support provided, and the extent to which the support has actually been seen to have made a difference.
- 4.48 Five organisations indicated that they would have gone ahead with the development activities anyway and that the support received made no difference to them. These businesses are counted as 100% activity deadweight, accounting for 5.5% of survey participants.
- 4.49 Seven organisations stated that they would have been quite likely to have gone ahead with the development activities anyway and that the support received made no difference to them. Given these statements, we have applied a 75% weighting factor to these respondents. This therefore means that five of these respondents represent activity deadweight, accounting for a further 5.5% of survey participants.
- 4.50 Where respondents have indicated that they would have gone ahead with development activities without the support provided, but that the support led to some difference in timing, scale or nature of activity, we have applied a weighting factor of 25%, to reflect the marginal change resulting from the support provided. Seven respondents in total fall within this category. Applying the weighting factor means that two respondents represent activity deadweight, accounting for 1.9% of survey participants.
- 4.51 Thirteen organisations indicated that they would have been quite likely to have gone ahead with development activities, but that the support made a difference to them. The adjustments here are based on 75% deadweight with a further weighting of 25%, to reflect the marginal change resulting from the support provided. Applying these weighting factors mean that a further 2.7% of survey participants are counted as activity deadweight.
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4.52 These adjustments mean that 15.6% of businesses are estimated to represent activity deadweight.

Financial Contributions to the Costs of Development Activities

4.53 Just over half (52%) of the survey participants indicated that their organisations had made a financial contribution to the costs of the support they received, although the majority of respondents were unable to state how much had been paid. These financial contributions are important in the context of the leverage generated through the support for the programme. The levels of contribution varied to a significant degree between individual respondents, reflecting, perhaps, the varied nature of the support they had been involved in to address specific business needs.

4.54 Where respondents were aware of their organisation's contribution to the costs of development activities, the amount paid ranged from a minimum of just £10 to a maximum of £7,000. The median contribution was £150, with a mean of £659. Thirteen of the businesses supported by the Tourism Skills project provided information on their financial contributions, which ranged from £10 to £500, with a median of £50 and a mean of £140. Seven of these businesses had contributed less than £50.

4.55 The five recipients of support from Regional Skills Brokers had generally made higher financial contributions, with spending ranging from £250 to £7,000. The median contribution from these businesses was £500, whilst the mean was £2,010.

4.56 Survey participants were generally unable to comment on the total costs of the development activities they had been involved in. Only a quarter of respondents were able to provide this information, which showed that the costs ranged from a minimum of £50 to a maximum of £10,000, with mean costs of £1,025 and a median of £500.

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4.57 We asked survey participants about the impact on their organisation had the support not been made available to them. Two-fifths (43%) of survey respondents indicated that they would have been unable to take the training or development activities forward in the absence of the support. Those respondents who expected that they would have been able to take forward some activity gave the following responses:

- would probably have taken the training forward at a later date (31% of all respondents);
- would have looked for funding from elsewhere to undertake the training (21%);
- would have undertaken the training anyway and paid the full costs (19%).

4.58 To understand the extent to which the activity supported by SEEDA is leading to additionality, it is important to reflect on the extent to which businesses were aware of alternatives to the support provided. Two-thirds of survey respondents stated that they were unaware of alternative provision, whilst one-third indicated that they knew of an appropriate alternative.

4.59 Where respondents had been aware of an alternative to the support received, we sought to identify the reasons for choosing the SEEDA funded support rather than the alternatives. The responses provided are set out Table 4.5 below.

Table 4.5:	
Reasons for Choosing Funded Support	
Reason	Number
Support was better targeted to the needs of the organisation	16
Organisation delivering the support was already known to us	10
Support was at a lower cost than the alternatives	9
Delivery venue was more convenient	5
Project was providing more support than the alternatives for the same costs to the business	4

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- 4.60 This shows that a key factor in the selection of the development activities is the extent to which they specifically target business needs, whilst established relationships with providers are also important.
- 4.61 As with the individual survey, in considering the extent to which the development activities would have happened in the absence of SEEDA's funding, we have focused on those respondents who have indicated that they would have paid the full costs for the support and were aware of an alternative supplier. We have applied similar adjustments for the timing aspect also.
- 4.62 On this basis, we have applied the following adjustments. Having removed those respondents identified above as representing activity deadweight, four further respondents were identified who had said that they would have paid the full cost of the development activities and were aware of an alternative provider, which would initially suggest 100% deadweight. As with the individual survey, we have taken account of the fact that the interviews took place after the benefits of the development activities had been experienced, rather than at the time the decision was taken to progress with the support. To adjust for this, we have assumed 75% deadweight for these businesses. Consequently, this accounted for three businesses or 3.3% of the sample.
- 4.63 A further four respondents indicated that they would have been quite likely to have taken forward the activity anyway, paid the full costs, and were aware of an alternative provider. For these respondents, a weighting of 25% has been applied, which means that one of these participants is estimated to be financial deadweight, accounting for 1.1% of the sample.
- 4.64 These adjustments mean that we estimate there to be financial deadweight of 4.4%.

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4.65 Combining the estimates in relation to activity deadweight and financial deadweight, we estimate the total deadweight relating to businesses supported by these programmes of activity to be 20%, indicating net additional outputs of 80% of the gross total. The 95% confidence intervals from the survey of +/- 9.3% would suggest that the net additional activity falls in the range from 72.6% to 87.4%.

4.66 The SQW/PA 'ready reckoners' indicate a net adjustment factor for businesses assisted of 0.65 (65%), which is somewhat lower than the level suggested by the beneficiary survey.

Additional Activity Stimulated

4.67 The survey sought information on the extent to which the support received by beneficiary businesses led them to undertake further skills development activities. For 24 businesses (27%), this was found to be the case. The additional activities that were taken forward included:

- training to meet skills needs, but not leading to a qualification (13 businesses);
- training for staff to achieve NVQs (7);
- introduction of apprenticeships (3);
- training leading to professional qualifications (3).

4.68 We asked about the likelihood that these activities would have been taken forward if the businesses had not received support from SEEDA. Four of the survey participants stated that they would definitely have undertaken the further development activities anyway, whilst a further 12 stated that this was probably the case. Only five businesses stated that they would definitely not have taken forward the additional activities in the absence of the SEEDA support.

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4.69 In the context of this evaluation, we are most interested in the additional activity that has been generated as a direct result of SEEDA's support. The activities taken forward by the five businesses that would definitely not have done anything further if they had not received the SEEDA funded support are regarded as wholly additional. Where respondents have indicated that they would possibly have gone ahead with the additional activity, we have applied a 25% weighting, reflecting that there was at least some contribution to the additional activity. Applying these weightings, we estimate that eight businesses (8.9% of the total sample) have taken forward additional activity as a result of their SEEDA funded activities.

4.70 Fourteen of the respondents in businesses that were taking forward additional development activities as a result of their participation in the programme were aware that their businesses were making a financial contribution towards the costs of their training. Although, only half of these were aware of the value of their contributions. The value of contributions ranged from just £225 to £10,000, reflecting vastly differing scales of further activities. The small numbers involved and the wide variations in values mean that it is not possible to generate a reliable estimate of the total value of additional activity generated by the support received.

Adjustments to Net Outputs

4.71 The survey data has been used to generate factors that can be applied to the gross output data in order to estimate the net results of activities that have been funded by SEEDA, as follows:

- **Net Additional Outputs (A)** – we have developed net additional output adjustment factors from the individual and business surveys, as follows:
 - individual – 74% net additional outputs (minimum = 68%, maximum = 79%)

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- businesses supported – 80% net additional outputs (minimum = 3%, maximum = 87%).
 - **Displacement (D)** – we have not developed a displacement adjustment because individual and business participants are unable to comment on how their involvement may have impacted on other individuals or businesses. The IEF indicates that displacement is not a relevant consideration in relation to core or supplementary skills outcomes, and therefore zero displacement has been assumed;
 - **Substitution (S)** – the IEF guidance identifies substitution as being of relevance to employment support, where people who were previously in employment have lost their jobs as a result of new entrants to employment. Our survey of businesses sought to identify evidence of substitution where new jobs had been created. In the small number of businesses reporting new jobs, all indicated that these new jobs were additional rather than substituting for previous employment, therefore providing no evidence that job substitution was taking place. For the skills support activities, potential substitution effects have been taken into account in developing our deadweight calculations, relating to the possibility that SEEDA-funded activity could have been a substitute for alternative provision. We have not therefore included a specific substitution factor in our adjustments;
 - **Leakage (L)** – both the individual and business surveys found evidence of very small numbers of beneficiaries who are now located outside the region, providing evidence of low levels of leakage. However, there has been no consistent tracking of beneficiaries following support. This has meant that, where beneficiaries have relocated, current contact details have been unavailable. Some of the difficulties with contacting beneficiaries may be associated with relocation, although we have no way of knowing whether this would be within or outside of the region. In the absence of sufficient evidence from the primary surveys on the levels of leakage, we have chosen to make use of the SQW/PA guidance, which suggests that leakage is around 10%, and we have used this in our adjustments;
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- **Multipliers** – IEF guidance indicates the need to take account of multiplier effects in relation to additional jobs created as a result of either increased income or increased supply chain expenditure following improvements in skill levels. As noted in the IEF, little guidance currently exists on the use of multipliers for skills outputs. The English Partnerships ‘Additionality Guide’ provides a ‘ready reckoner’ of general ranges for multipliers. Given the long lags from skills development activities to the generation of additional job and income effects, and the implication of relatively limited induced or income effects, we have therefore used the low level composite multiplier of 1.3 at the regional level.

4.72 The conversion from gross to net outputs is therefore based on the following formula:

$$N=G(A*S*L*M)$$

Where N = Net Outputs, G= Gross Outputs, A= Net Additional Outputs, S= Substitution, L=Leakage, M = Multiplier

4.73 Applying this calculation yields the following adjustment factors:

- individuals: adjustment factor = $(0.74*1.0*0.9*1.3) = 0.87$
- businesses: adjustment factor = $(0.8*1.0*0.9*1.3) = 0.94$

4.74 The survey of individuals was designed to capture evidence from people who had been assisted through employability support to gain employment. However, the beneficiary sample did not yield any individuals who were supported in this way. We have not therefore been able to develop overall additionality ratios for job creation activities. In the absence of evidence from the primary research, we have made use of the Net Additional Outputs figure from the SQW/PA ‘ready reckoners’ for aggregate jobs from human resources of 0.64, which yields the following adjustment factor:

- jobs created: adjustment factor = $(0.64*1.0*0.9*1.3) = 0.75$

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4.75 Table 4.6 shows the results of applying these factors to the gross outputs for the sample frame projects summarised earlier in Table 3.5.

Table 4.6:			
Gross to Net Output Conversion 2002/03 to 2006/07			
Whole Sample Frame			
Output	Gross Outputs	Adjustment Factor	Net Outputs
Number of jobs created	157	0.75	117
People assisted into employment	26	0.75	20
People involved in skills development	8,699	0.87	7,568
Adults receiving basic skills training	1,191	0.87	1,036
Adults gaining Level 2 or equivalent qualifications	99	0.87	86
Adults receiving high level skills	1,333	0.87	1,160
Individuals receiving ICT Training	332	0.87	289
Businesses assisted	3,263	0.94	3,067
Source: Calculations based on SEEDA PMS Data			

4.76 Table 4.7 shows how these net outputs are distributed across the activity types.

4.77 A number of outputs were originally allocated to expenditure lines classified as either “Other” or “Not Specified”. A more detailed review of these expenditure lines enabled the reallocation of these outputs as follows:

- transferring the “Other” people in skills development total and businesses assisted total to the “Development of Educational Infrastructure” category;
- transferring the “Not Specified” jobs created total and adult high level skills total to the “Skills – Sector and Enterprise” category;
- transferring 90% of the “Not Specified” businesses assisted total to the “Skills – Sector & Enterprise” category. The remaining 10% being transferred to “Development of Educational Infrastructure” category;

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- transferring 95% of the “Not Specified” businesses assisted total to the “Skills – Sector & Enterprise” category. The remaining 5% being transferred to “Development of Educational Infrastructure” category.

Table 4.7:
Net Outputs by Activity Type
Sample Frame Projects

	Output Type							
	Jobs Created	People into Employment	People in Skills development	Adults Basic Skills training	Adults L2 or equivalent	Adults receiving High Level Skills	Individuals receiving ICT Training	Businesses Assisted
Matching people into jobs			71	87	60			
Skills – Provision of Basic Skills			9	540				4
Skills – Provision of L2/equivalent			10					11
Skills – Provision of L3+	78		2,013	127		817	289	89
Skills – Provision of Vocational Training/General Education		6	137					76
Skills – Sector & Enterprise Skills including supporting leadership and management	39	14	2,663	282		321		2,706
Development of Educational Infrastructure			2,665		26	22		180
TOTAL	117	20	7,568	1,036	86	1,160	289	3,066
Source: Calculations based on SEEDA PMS/Agresso Data								

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4.78 The information provided in Table 4.7 represents the net additional outputs generated by the projects across the sample frame over the period from 2002/03 to 2006/07. In considering the net outputs in this way, we are not seeking to devalue the achievements of SEEDA and its delivery partners in achieving the significant volumes of targeted outputs. Rather, it is a useful step on the way to considering how the activities undertaken are ultimately leading to the generation of impacts in the region, by focusing on the net outputs generated.

Expected Net Outputs

4.79 Table 4.8 presents the additional net outputs generated by applying the same adjustment factors to the expected outputs for 2007/08 to 2008/09. This results in an increase of 32% of number of jobs created, a six-fold increase in the number of people assisted into employment, an additional 27% people involved in skills development, an additional third of adults receiving basic skills training and an additional 31% of businesses assisted.

Table 4.8: Gross to Net Output Conversion – Outputs Expected 2007/08 to 2008/09			
Output	Gross Outputs	Adjustment Factor	Net Outputs
Number of jobs created	51	0.75	38
People assisted into employment	170	0.75	128
People involved in skills development	2,380	0.87	2,071
Adults receiving basic skills training	397	0.87	345
Businesses assisted	1,008	0.94	948
Source: Calculations based on SEEDA PMS Data * Combination of actual outputs for 2007/08 and estimates for 2008/09 based on actual Q1 Performance and Forecasts for Q2-Q4.			

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Leverage

4.80 Table 4.9 presents the leverage ratio for each of the 19 sample projects. A total of just under £10 million additional funding (private and public) has been generated through the investment of £7,624,814 of SEEDA funding. The two projects providing the highest ratios are the University Centre Folkestone project, which levered in five times its SEEDA investment, and the South East Tourism Skills Network, which generated four times as much additional funding compared to what was invested.

4.81 Overall, each £1 of SEEDA investment has levered in an additional £1.30 of private/public funding.

Table 4.9: Calculation of Leverage Multiplier			
Project	SEEDA Funding (£)	Additional Funding (£)	Leverage Ratio
Regional Skills Brokerage	302,673	183,000	1:0.6
Technology Skills Managers	223,000	0	0
Regional Resource Centre	460,952	0	0
Stimulating Physics & Engineering	820,000	0	0
Institute for Urban Renaissance	250,000	100,000	1:0.4
e-Skills ITMB	438,505	0	0
University Centre Folkestone	1,360,000	6,450,000	1:4.7
Global Regions Network	256,000	0	0
Action for Business Colleges	1,455,285	2,250,000	1:1.5
Oxford Skills Escalator	100,000	125,000	1:1.25
Kent Skills Escalator	102,503	32,000	1:0.3
Embedding Skills for Life in Local Authorities	244,950	20,000	1:0.1
Learning Through Work - Phase 2	144,761	30,000	1:0.2
Supporting SEEDA's Workplace Basic Skills Strategy	757,424	200,000	1:0.3
West Wight Training	80,000	16,730	1:0.2
Rural Business Advice & Training Network	131,000	0	0
Training Pools Pilot (Marine Sector Skills)	80,630	55,000	1:0.7
South East Tourism Skills Network	105,281	396,000	1:3.8
e-Skills diploma & IAG	311,850	0	0
Total	7,624,814	9,857,730	1:1.3

Source: Additional funding figures obtained via project appraisal documents

5 OUTCOMES AND STRATEGIC ADDED VALUE

Introduction

- 5.1 In this Section, we consider the outcomes and strategic impacts that have been generated by the activities supported and the evidence available in relation to the value for money of the activities delivered.
- 5.2 The outcomes generated by the programme reflect the transition from direct delivery activities to changes in the status of the beneficiaries, in terms of:
- skills;
 - qualifications;
 - employment status;
 - increase in business employment;
 - increase in business turnover and profitability;
 - improvements in other aspects of organisational performance.
- 5.3 The generation of outcomes represents a step beyond the specific delivery activities yielding outputs and considers the results of the activities undertaken. This relates both to the direct outcomes resulting from skills development activities and the more strategic outcomes and impacts that have been identified as a result of consultations with organisations that have benefited from organisational development support, rather than direct skills provision.

Changes in Individual and Business Beneficiaries

5.4 The surveys of individuals and business beneficiaries have generated a range of evidence of changes that have been experienced following their involvement in a programme of support. The relevant survey results are discussed briefly below.

Impacts of the Training Received on Individuals

5.5 Survey participants were asked to identify the main impacts of their participation in the training delivered by the sample projects (see Table 5.1 below). The vast majority of respondents (94%) indicated that the training they received had led to some impacts for them.

Table 5.1: Impacts on Individuals	
Main Impact	% Reporting
New or improved skills that are directly job related	67%
New or improved skills that are not directly job related	14%
More knowledge	3%
Promoted with the same employer	2%
Secured a job with a new employer	2%
Other Impacts	6%
No Real Impacts	6%
<p>Source: Survey of Individual Beneficiaries</p>	

5.6 Two thirds (67%) of respondents indicated that they had gained new or improved skills that related directly to their jobs, whilst 14% had acquired new skills that were not directly job-related.

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5.7 The other impacts of the training undertaken are listed below. Each of these was identified by only one respondent and it has not, therefore, been possible to use these responses for more quantitative assessment. In many cases, they also reflect much softer outcomes that do not provide a basis on which to value the impacts generated. The other responses included:

- being paid more;
- formal recognition of practical experiences;
- highlighting further improvements required;
- the development of greater confidence;
- recognition of the level of training already received;
- preparation to take on an apprentice;
- the development of useful contacts;
- improving techniques;
- increased awareness of the position of the job role in their industry.

5.8 Where respondents had identified an impact as a result of their participation in the training programme, they were asked to indicate the extent to which the impacts they observed were a direct result of their involvement, as shown in Table 5.2.

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Table 5.2: Attribution of Impact – Number of respondents						
	100%	75%	50%	25%	No effect	Don't know
New or improved skills that are directly job related	22	32	34	20	4	2
New or improved skills that are not directly job related	2	8	5	2	6	-
More knowledge	-	2	1	1	1	-
Promoted with the same employer	1	-	1	1	-	-
Secured a job with a new employer	1	-	1	1	-	-
Source: Survey of Individual Beneficiaries						

5.9 Across all impacts identified, 16% of respondents indicated that the impacts were 100% due to their participation in the programme. A further 29% of respondents identified that the impacts observed were 75% due to their participation, whilst just over a quarter (28%) indicated that the impacts observed were 50% due to their participation. For 17% of respondents, the impacts they had observed were regarded as being only 25% due to their participation in the training programme, whilst 8% of respondents indicated that, on reflection, the training they had received had no effect on what they are now doing.

5.10 These responses are important in establishing the overall net impact of the training supported by SEEDA. Using these numbers and applying the percentage of the impact attributed to the SEEDA funded support generates the following results in relation to skills acquisition:

- 68 survey respondents (40%) have acquired new or improved skills that are directly job related as a result of their participation in the support

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- 11 respondents (6.5%) have acquired new or improved skills that are not directly related to their jobs.

5.11 We also need to consider the gross-to-net conversion of these outcomes. Applying the same adjustment factor as we used for outputs yields the following results:

- 34.8% ($40\% \times 0.87$) of individuals assisted in their skills development have acquired new skills that are job related as direct result of the support they have received;
- 5.7% of individuals assisted (6.5×0.87) have acquired new skills that are not directly related to their jobs as a result of their participation.

5.12 Due to the small number of responses in relation to the other impacts identified, it is not appropriate to carry out these calculations in these instances.

5.13 Ninety nine survey respondents were able to identify other benefits resulting from their participation in the training programme. These included:

- updating skills or knowledge (16%);
- meeting new contacts (11%);
- increased confidence (6%);
- improved awareness of skills and technologies (4%).

5.14 In considering the economic impact of skills development activities, the general principle, as outlined in the IEF, is that people whose skills have been enhanced experience increased opportunities for employment, are able to achieve improved productivity and their income earning capacity is increased.

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5.15 Our surveys therefore sought to identify the status of respondents before they participated in the support, and their current employment¹⁶ status to consider any changes.

5.16 We found that only five of the survey participants had been out of work at the time of their participation. Of these, only one specifically identified that they had found employment as a result of the support they received. Two other participants had found new jobs with new employers following their involvement in the support and one of these identified that the new job was totally as a result of the training they received.

5.17 The very small number of people who found employment as a result of the support they received reflects that the activities supported by sample projects have not been directly focused on supporting job creation. Therefore, the primary research has not been able to address this directly.

5.18 The survey also asked beneficiaries about whether they had experienced increased pay as a result of their participation in the support. Only one of the survey participants reported this to be the case. Consequently, it has therefore not been possible to use the survey evidence to assess the income benefits resulting from the SEEDA funded support.

5.19 The reasons for a lack of an identifiable impact on the incomes of the participants in the individual beneficiary survey may include:

- the nature of the activities they have been involved in. The majority of skills development activities supported have been short in duration. Such interventions would not be expected to lead to significant changes in the status of the participants, leading to income effects;

¹⁶ It is important to note that employability became a part of SEEDA's remit towards the end of the evaluation period, and is reflected as an indicator in the RES for 2006 – 2016.

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- the status of the vast majority of survey participants. The most significant income effects are likely to be seen where people experience new employment status as a result of an intervention. With limited evidence of new employment, job changes or promotions among the survey participants, it would not be expected to identify significant changes in income.

5.20 It is necessary to consider how to value the increased skill levels reported by survey participants. One of the key difficulties, in this respect, is that there is no accepted method of directly valuing 'skills' per se. Qualifications are often used as a proxy for skills, as they represent a consistent measure. As a result, a range of research has been carried out to calculate the returns to qualifications in terms of increased income. Research recently published by the SSDA¹⁷, which was based on data drawn from the Labour Force Survey, found that there are significant positive income returns to qualifications at Level 2 and above. However, these are driven by significant returns to academic rather than vocational qualifications. Low level vocational qualifications (up to level 2 for men and level 3 for women) receive zero or negative returns.

5.21 The survey found that 42% of participants (72) reported receiving any form of qualification following their participation in the support. However, of these, only two participants reported that the qualification they received was higher than Level 3. Two thirds of respondents reported that they had received qualifications at Level 2 or below. The nature of the support services covered by the survey means that these are wholly vocational qualifications and would not, based on the research evidence, be expected to yield positive income effects.

¹⁷ "The distribution and returns to qualifications in the four countries of the UK", SSDA Research Report 21A, February 2008

5.22 The impacts of the skills improvements reported by the participants in the survey of individuals would require considerable additional research with their employing organisations to be able to isolate productivity and business performance impacts resulting from their skills development activities.

Business Impacts

5.23 Participants in the business survey were asked to comment on the impacts they had observed following their involvement in the programme of support and to identify the extent to which the impacts were directly attributable to their participation, as set out in Table 5.3.

5.24 A significant proportion of survey respondents have been able to identify impacts on their businesses as a result of participation in SEEDA funded support. The impacts most frequently identified relate to skills gaps being addressed, improvements in quality standards and the implementation of new working practices, each of which was identified by around two-thirds of respondents. Two-fifths (41%) of respondents indicated that they had experienced increased productivity as a result of their involvement in the support, and the same proportion indicated that their business had an improved chance of survival following their participation.

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Table 5.3: Attribution of Benefits – Businesses						
Benefit	Number Experiencing	Attribution to Participation in Support				
		0-24%	25-49%	50-74%	75-100%	Don't Know
Increased employment	6	4	1	1		
Increased turnover	24	14	5			5
Increased profit	22	14	4			4
Increased productivity	37	20	3	4	2	8
Addressed specific skills gaps	58	22	5	15	6	10
Developed new products or services	26	17	4	4		1
Introduced new technologies	27	11	6	3	3	4
Increased/new markets	22	12	7	1	1	1
Improved quality standards	59	26	8	12	3	10
Improved working practices	59	22	10	13	4	10
Improved likelihood of survival	37	16	6	4	4	7
Source: Survey of Business Beneficiaries						

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5.25 In order to understand more clearly the extent to which the impacts identified are directly attributable to the SEEDA funded support, we have derived an average attribution for each impact. This has been done by taking the mid-point of each percentage impact banding and applying these to the numbers reporting each impact. The results generated are set out in Table 5.4 below.

Table 5.4: Proportions of Change Attributable to Support		
Benefit	Number Experiencing	Average % of Change Attributable to Support
Increased employment	6	24.5%
Increased turnover	24	14.7%
Increased profit	22	14.4%
Increased productivity	37	20.9%
Addressed specific skills gaps	58	32.7%
Developed new products or services	26	23.1%
Introduced new technologies	27	29.7%
Increased/new markets	22	25.1%
Improved quality standards	59	27.3%
Improved working practices	59	30.3%
Improved likelihood of survival	37	27.3%
Source: Survey of Business Beneficiaries		

5.26 This shows that in the majority of impacts, between a quarter and one-third of the changes observed are being directly attributed to involvement in the support. Therefore, where changes in business performance are observed, a significant proportion of the change is a direct result of the support received.

5.27 The survey also asked whether businesses had taken on any new employees as a result of the support received from the project. Five respondents specifically stated that this was the case. In all these cases, the new employees were reported to be in addition to their existing workforce, rather than displacing previous employees.

Impacts of Support

- 5.28 Here we consider the evidence from the business survey of the impacts of the skills development activities undertaken. There is a strong intuitive link between the development of new skills and improvements in business performance and productivity. As set out in the IEF however, the generally available evidence on the links between skills and productivity is inconclusive. Skills development can lead to improved business performance, growth and productivity, but there are many other factors that are internal and external to the businesses concerned that will also impact on growth achieved.
- 5.29 As noted above, a significant proportion of the businesses in the survey have indicated that they have experienced improvements in performance through their involvement in the programme, but, on average, the majority of the changes experienced were attributed to other factors, although the skills support was reported as contributing a significant proportion of the changes reported. One of the key challenges in identifying the impacts of skills development activities is isolating the changes resulting from the activities undertaken from other influences on business performance. It is often found that skills development activities are undertaken alongside other changes in a business. The surveys undertaken did not provide the scope to explore these other influences on business performance in more detail. Much more detailed research with individual businesses would be required to achieve this, which would be disproportionate to the level of support they had received previously.
- 5.30 In future, it could be possible to track business beneficiaries and the employing organisations of individual support beneficiaries to assist further in building the evidence base on the impacts of the support provided. This could be part of a coordinated evaluation approach with other support programmes to help in building the wider evidence base.

Impact on GVA

5.31 Two aspects of GVA growth need to be identified in order to assess the impact of the support provided on GVA:

- GVA created by an increase in the number of people employed;
- GVA created by an improvement in business performance as a result of skills development activities.

Employment

5.32 In terms of employment, there are two elements to consider:

- the direct jobs created or people who have found employment directly as a result of the support provided;
- indirect employment created in the businesses that have received skills support.

5.33 Whilst the respondents to the survey indicated only a small number of jobs created as a result of the support received, if this is extrapolated across all the businesses supported during the period from 2002/03 to 2006/07, this would equate to the indirect creation of a further 204 net jobs as a result of the skills support provided. For the 948 businesses that are expected to be supported by the end of 2008/09, this would be estimated to lead to the creation of a further 63 net jobs.

5.34 In order to assess the GVA created by these new jobs created, we have used the latest GVA per capita figure available for 2006 of £21,514¹⁸ for the South East region. Table 5.5 shows the estimated GVA created as a result of the jobs created by the projects within the sample frame.

¹⁸ Source: Office for National Statistics

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Table 5.5: GVA through job creation		
Direct Job Outcomes 2002/03 to 2006/07	Regional GVA per capita (2006 prices)	Estimated GVA Created
137 ¹⁹	£21,514	£2,947,418
Indirect Job Outcomes 2002/03 to 2006/07		
204	£21,514	£4,388,856
TOTAL GVA Created 2002/03 to 2006/07		£7,336,274
Expected Direct Job Outcomes 2007/08 to 2008/09		
166 ²⁰	£21,514	£3,571,324
Expected Indirect Job Outcomes 2007/08 to 2008/09		
63	£21,514	£1,335,382
TOTAL GVA Expected 2007/08 to 2008/09		£4,906,706
Source: PMS Data, Business Survey Responses and ONS Data		

5.35 This shows that the jobs created by the sample frame projects in the period from 2002/03 to 2006/07 are estimated to have generated additional GVA of approximately £7,336,274.

5.36 It is estimated that the expected direct and indirect job outcomes to the end of 2008/09 will generate a further £4,906,706 in additional GVA.

¹⁹ Please refer to Table 4.6: Derived by adding number of net jobs created (117) and net number of people assisted into employment (20).

²⁰ Please refer to Table 4.8: As per footnote 19.

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- 5.37 The direct job outcome figures relate to actual reported jobs for 2002/03 to 2006/07, and estimates for the period to the end of March 2009 based on contractual targets. Past strong performance in the delivery of contracted outputs means that we can have a high level of confidence that the expected outputs will be achieved.
- 5.38 The indirect job outcomes are based on the responses to the survey, which indicated only a very small number of jobs created in some of the smallest businesses in the survey. It is therefore important to consider the ranges that may be applicable to these indirect job outcome figures. Based on the confidence intervals arising from the business survey, the indirect jobs created over the period from 2002/03 to 2006/07 could range from a minimum of 185 to a maximum of 223 jobs, which means that the GVA generated would range from £3,980,090 to £4,797,622.
- 5.39 For the expected indirect job outcomes, these could range from a minimum of 57 to a maximum of 69 jobs. This would therefore mean that the expected GVA created for the period from April 2007 to March 2009 would range from a minimum of £1,226,298 to £1,484,466.

Business Performance

- 5.40 Assessment of the impact of the improvements on business performance on GVA is less straightforward. The survey of businesses targeted those people who had been engaged in the skills development activities, rather than people within the businesses who were in a position to comment conclusively on financial aspects of business performance. This limits the potential to gather specific data on the component elements of GVA to support analysis. For example, 38% of survey respondents were unable or unwilling to state the annual turnover of their businesses, whilst 53% were unable or unwilling to comment on the levels of profit generated. On this basis, it would not have been possible to secure more detailed data on payroll and other costs to support direct GVA calculations. We are aware that Business Link advisors have found difficulties in securing this data elsewhere with businesses receiving intensive support.
- 5.41 In the absence of specific data on the component GVA elements, we have therefore used data on changes in net profit as a proxy for change in GVA in the businesses supported. This therefore means an assumption of constant payroll and depreciation costs. We know from the survey that only around 7% of the businesses in the survey have experienced job growth over the period since they received the support, and that these have been the smallest businesses, with only single jobs created through the support. We would therefore view the use of the profit figures available as a reasonable proxy.
- 5.42 The data from the business survey indicates that an additional £116,000 of profit had been generated since receiving the skills support, of which 14% was estimated to have been as a result of the support received. If this level of profit increase is extrapolated across all the businesses that received support in the period from 2002/03 to 2006/07, this would equate to additional GVA generated of £4,542,096. Applying the survey confidence intervals to this figure, the additional GVA generated in the period to 2006/07 is estimated to range between approximately £4.1 million and £4.9 million.

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5.43 In terms of the expected GVA from improvements in business performance over the period from 2007/08 to 2008/09, we estimate that the support provided will generate a further £1,403,136, with the minimum being approximately £1.2 million and the maximum approximately £1.5 million.

Accrued and Expected GVA

5.44 Table 5.6 therefore shows the total accrued and expected GVA as a result of the support provided by the projects in the sample frame.

Table 5.6: GVA Generated			
	Minimum	Maximum	Estimate
Direct GVA Accrued	£2,667,413	£3,227,423	£2,947,418
Indirect GVA Accrued	£8,090,687	£9,775,217	£8,930,952
TOTAL GVA Accrued	£10,758,100	£13,002,640	£11,878,370
Expected Direct GVA	£3,232,048	£3,910,599	£3,571,324
Expected Indirect GVA	£2,496,136	£3,020,900	£2,738,518
TOTAL Expected GVA	£5,728,184	£6,931,499	£6,309,842
Source: PMS Data, Business Survey Responses and ONS Data			

5.45 Therefore, the jobs and skills outcomes created as a result of SEEDA's investment in the sample frame projects are estimated to have generated almost £11.9 million in additional GVA as a result of activities undertaken in the five years to March 2007. By March 2009, it is estimated that a further £6.3 million of GVA will have been generated.

Value for Money

5.46 In order to assess the value for money of the support provided, it is necessary to compare these GVA estimates to the value of SEEDA's investment. Across the sample frame projects as a whole, SEEDA's total investment was £14.36 million. However, this included a total of £2.64 million of capital spend which was committed in March 2007, but which did not begin to generate any outputs until September 2007 at the earliest. It is therefore necessary to remove this capital expenditure from the value for money calculations. This therefore leaves the total spend to be considered of £11,723,659.

5.47 On this basis, we estimate the cost benefit ratio to be 1.01:1. For the expected expenditure over the period from 2007/08 to 2008/09, we estimate the cost benefit ratio to be 3.28:1. This reflects the achievement of outcomes that have been generated by earlier expenditure in projects that have continued beyond the end of the relevant spend period, and, in particular, the value generated by job outcomes from projects which started late in the 2006/07 financial year. Over the period from 2002/03 to 2008/09, we estimate that the cost benefit ratio is 1.11:1, including the £2.64 million of capital expenditure.

5.48 Our estimates therefore indicate a neutral or small positive return on the investment over the relevant spend period. However, in our view, this is likely to significantly under-state the true value of the impacts generated. This reflects that:

- our calculations are based on reported outputs against contractual targets. We are aware that these do not capture the full range of outputs generated by the activity undertaken;
- much of SEEDA's support has been intended to be catalytic in nature. It has stimulated other activities to take place and influenced the direct delivery of skills support. It has not been possible to follow through the full range of these stimulated activities in this evaluation;

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- our surveys have necessarily focused on later beneficiaries. However, there are often long lags between skills development activities and impacts on individual and business performance and rewards. It is likely, therefore, that additional impacts could be generated through these activities;
- the significant investment in the establishment of university centres is contributing to the development of completely new provision in areas that have not previously been served by HE provision and stimulating take-up by people who would not previously have had such opportunities. This is seen as not only benefiting the individual participants, but also helping to change learning cultures and potentially stimulate interest in HE opportunities across generations.

5.49 In considering the total value generated by SEEDA's investment, it is therefore necessary to consider the wider strategic impacts of the activities supported, many of which cannot easily be valued in financial terms.

5.50 Table 5.7 shows how the unit costs of the net outputs generated by the programme vary by activity type. For these calculations, we have again excluded the significant capital spend projects which are generating later outputs.

5.51 The unit costs vary considerably depending on the activity type and number of outputs generated. The lowest unit costs naturally occur in the lower expenditure categories for output types with high volumes of outputs. For example, the unit costs for provision of Level 3 or higher qualification vary from £673 to £15,229. Conversely, the highest unit costs occur in the highest expenditure categories with the lowest number of outputs. For example, the unit cost for adults receiving high level skills was £229,339 for educational infrastructure projects, reflecting that these activities involved significant expenditure that is not directly linked to the delivery of learning outcomes.

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Table 5.7: Unit Costs by Activity Type Sample Frame Projects								
	Output Type							
	Jobs Created	People into Employment	People in Skills development	Adults Basic Skills training	Adults L2 or equivalent	Adults receiving High Level Skills	Individuals receiving ICT Training	Businesses Assisted
Matching people into jobs			£1,127	£920	£1,333			
Skills – Provision of Basic Skills			£45,456	£758				£102,277
Skills – Provision of L2/equivalent			£8,063					£7,330
Skills – Provision of L3+	£17,373		£673	£10,672		£1,659	£4,689	£15,229
Skills – Provision of Vocational Training/General Education		£69,861	£3,060					£5,515
Skills – Sector & Enterprise Skills including supporting leadership and management	£92,301	£257,125	£1,351	£12,765		£11,214		£1,330
Development of Educational Infrastructure			£1,893		£194,056	£229,339		£280,030
Source: Calculations based on SEEDA PMS/Agresso Data * Capital project expenditure has been excluded								

5.52 The catalytic nature of a significant range of the projects within the sample frame for this evaluation will also mean that some of the unit costs generated appear high, as funding is not directly focused on the delivery of measurable outputs, but rather is supporting the development of structures and frameworks to enable later provision.

5.53 We have considered drawing comparisons with the value for money indicators generated for skills programmes elsewhere. However, given the considerable variation in activities supported by SEEDA and the issues in capturing the full range of outputs generated, we do not believe that meaningful comparisons will be possible.

Strategic Impact and Added Value

5.54 A common theme throughout our consultations with SEEDA staff and external delivery partners and stakeholders has been the strategic role of the skills and employability activities that the Agency has funded. During one SEEDA consultation, the overall philosophy of the directorate was summed up as “to try to influence and shift policy, undertake pilot work and then attempt to mainstream activity”.

5.55 The philosophy adopted for supporting skills and employability activities represents a strategic approach to intervention, and reflects the relatively limited skills budgets available to SEEDA when compared to the mainstream funders of delivery. The strategic approach to supporting skills and employability has influenced the scale, nature and timing of the direct outputs and outcomes generated, but also places a heavy reliance on successful engagement of other organisations to fund and take forward actions on the back of SEEDA’s pump priming and piloting.

5.56 Here we provide the evidence of the Strategic Added Value (SAV) generated by the skills and employability projects within the scope of this evaluation. A number of examples from the sample projects are presented throughout this section. Tables setting out specific examples of each category of SAV are included in Appendix E.

Strategic Leadership and Catalyst

5.57 The IEF indicates that the Strategic Leadership and Catalyst SAV could be reflected in an RDA articulating the region's skills needs and influencing actions in response to these needs.

5.58 Stakeholders have highlighted a number of key aspects of SEEDA acting as a strategic leader and catalyst through its skills and employability actions, including:

- supporting the development of a range of pilot initiatives in the region that have now gone on to mainstream implementation;
- supporting the development of learning and skills infrastructures that provide a basis through which to address key regional skills needs;
- shaping new approaches to address skills needs where mainstream approaches have not been effective.

5.59 SEEDA's strategic leadership and catalytic role has been demonstrated in a number of specific sample projects across a range of categories of activity.

5.60 In each of these cases, the initial catalytic action is critical, but there will be inevitable lags from the expenditure to the delivery of outputs and outcomes. For example, through the Stimulating Physics and Engineering project, SEEDA provided a capital grant of £650,000 in February 2007 to fund the development of a planetarium. The planetarium opened in March 2008, and by the end of July 2008, a total of 7,022 school children and accompanying adults, plus 34,225 members of the public, had attended planetarium shows.

5.61 The Action for Business Colleges is a project that demonstrates significant Strategic Added Value that stems from initial catalytic activity.

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Action for Business (A4B) Colleges

- **Strategic leadership/Catalyst – The A4B Standard has been used outside the region, predominantly in the North West. The Standard has also informed the national TQS model which is currently being used by all colleges.**
- **Setting the skills agenda – a demand-led approach is fast becoming a pre-requisite for providers and the programme has helped A4B colleges become employer focused which has required a cultural change.**
- **Leverage additional resources/investment – the programme has not leveraged significant funding, however, A4B colleges have generated an additional £3.5m income compared to other colleges in the region. It is difficult to determine the net additionality of this income.**
- **Part of a wider co-ordinated programme of activities – A4B has a neat fit with external FE policy drivers and other activities delivered via the LSC and its key stakeholders.**
- **Bringing together organisations involved in skills development – the panel process was an opportunity for partners to develop ownership for the programme and its outcomes.**

5.62 The support for the development of the IT Management for Business Degree led to the creation of a new qualification designed to respond to the needs of employers. Following SEEDA investment over the period from 2004–05 to 2006–07 of £438,500, the first eight students graduated in July 2008. Following SEEDA's support for development of the programme, further funding was provided by DIUS to roll out the programme and it has been reported that there will be in excess of 300 graduates from ITMB programmes in 2010.

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5.63 It is important that the catalytic effects of SEEDA's activities are captured and effectively communicated. For example, the Action for Business Colleges standard was taken on in other regions and informed the implementation of the Training Quality Standard that has now been rolled out nationally. However, one of the strategic stakeholders consulted expressed the view that the "funding for 'Action for Business' ends up looking wasted because it has been 'shunted out of the way' by national policy". It is important that SEEDA is able to communicate effectively how its catalytic activities have contributed to wider developments. The SEEDA website currently makes reference simply to the Action for Business standard having been superseded by the Training Quality Standard.

5.64 Where catalytic activities lead on to much wider implementation at the inter-regional or national levels, it is important that the benefits generated to the South East reflect the levels of support committed by SEEDA in establishing new programmes.

5.65 The ability to identify key skills issues and support strategic actions to address them has been reported as a particular strength of SEEDA by stakeholders and delivery partners. For example, one delivery partner commented "SEEDA is far better at picking up on key skills issues that others (RDAs) don't".

Strategic Influence

5.66 In demonstrating Strategic Influence, RDAs have a role in setting the skills agenda and therefore generating stakeholder interest and cooperation.

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5.67 As part of its strategic role, stakeholders have highlighted SEEDA's focus on the skills agenda helping to increase the focus of other agencies on addressing the key skills needs of the region (although it is recognised that more still needs to be done in this area). For example, the support for the development of Action for Business was said by one stakeholder to have led to increasing provider/employer engagement, which helped to improve the readiness of providers to deliver Train to Gain as it was rolled out.

5.68 The Technology Skills Manager project is a good example.

Technology Skills Managers

- **Strategic leadership/catalyst – both Farnborough Aviation Consortium (FAC) and the South East Centre for the Built Environment (SECBE) are recognised as the key membership organisations for their respective sectors in the South East. They have effective networks with key stakeholders and provide an effective 'route to market'.**
- **Setting the skills agenda – outcomes from both projects include an articulation of the technological skills issues facing both sectors. For FAC, this takes the form of skills reports. The first defines the skills issues and the second suggest possible solutions. SECBE has used input from sub-sector leaders to develop the Regional Skills Action Plan (RSAP).**
- **Part of a wider co-ordinated programme of activities – although focusing on a discrete activity, it is clear that both FAC and SECBE are involved in a wide range of activity with their partners and stakeholders.**

5.69 Other examples from the sample projects include:

- the project manager of the Oxfordshire Skills Escalator being invited to contribute to a national Skills for Life working party;
- the development of sub-regional Tourism Skills Strategies as a result of the South East Tourism Skills Network.

Leverage

- 5.70 Leverage aspects of SAV relate to both the attraction of funding and other resources to respond to skills and employability issues.
- 5.71 In our consultations, stakeholders and delivery partners have made reference to evidence of leverage resulting from SEEDA's investment in skills and employability activities. However, it has been difficult to gain a comprehensive picture of the full value of financial leverage resulting from programme activities. In particular, this reflects that the catalytic effect of many of the projects supported have led to subsequent investment by other organisations, but these have not been captured as part of formal monitoring processes because they have fallen outside of contract periods.
- 5.72 The examples from the sample projects show that, in some instances, SEEDA's investment has played an important role in unlocking significant additional investment. For example, the development of the University Centre Folkestone forms part of the Creative Foundation's support for actions to regenerate Folkestone. SEEDA is contributing 29% of the total costs of £9.1 million for the establishment of the centre. The availability of £460,000 of funding from SEEDA in March 2006 was crucial in enabling a contract for the refit of the premises to be signed, thereby unlocking subsequent project activities. SEEDA was the only agency with funds available at this particular point in time, without which the whole programme would have been placed at risk.
- 5.73 SEEDA's funding of the development of the regional skills brokerage approach has been instrumental in leveraging the establishment of the integrated business and skills brokerage structure that is now delivering the regional Train to Gain contract. The range of SAV that this project demonstrates is presented below.

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Regional Skills Brokerage

- **Strategic leader/catalyst** – SEEDA was instrumental in getting the key stakeholders around the table, including the local LSCs, Business Links and wider partners. The combination of Business Links, the local LSCs and the regional training provider infrastructure, all playing to their strengths has led to a sum total greater than the aggregation of the individual parts.
- **Setting the skills agenda** – although it could be argued that Train-to-Gain has been an over-riding factor in setting the skills agenda in all regions, not all regions have Business Links acting as the brokers of the service. The RSPA wanted to expand the Train to Gain offer to deliver a more holistic service that included business support and higher skills development including especially in relation to leadership and management skills. This programme has supported this aim.
- **Leverage additional resources/investment** – apart from a small amount of leverage in Phase 1, the development of the service put the stakeholders in a very strong position to bid for, and win, the three-year £15m Train-to-Gain contract.

Synergy

5.74 Strategic Added Value will be generated where roles and actions are effectively coordinated to deliver joint approaches that are optimal in addressing skills needs.

5.75 Strategic stakeholders have commented that the ability to capitalise on synergies between key agencies in the region is improving, with less evidence of SEEDA's support overlapping with those of other key regional agencies. A key recent development has been the establishment of the Skills Accord between SEEDA, the LSC and Jobcentre Plus. This Accord reflects the importance of the three organisations working together effectively, whilst recognising the need for each organisation to meet its own contractual commitments. This includes the possibility of co-location of staff responsible for employment, skills and other services, or the establishment of virtual teams, to enable integration and coordination of actions as appropriate.

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5.76 The synergistic aspect of SEEDA's role is demonstrated by sample projects that have led to joint work by key agencies within the region to support the development of skills and employability actions.

5.77 The key example of synergy from SEEDA's skills and employability actions is in relation to the joint work between SEEDA, the LSC and Business Links in establishing the Regional Skills Brokerage systems. By developing an integrated system, this has prevented duplication of activity between the skills and business brokerage support, enabling more cost effective delivery of the Train to Gain contract than would otherwise have been the case. This integrated approach has not been adopted in all other regions. Cross-regional comparisons would be beneficial in understanding the relative efficiencies generated by the integrated model and the lessons for future developments of this nature.

5.78 The establishment of the Global Regions Network has facilitated links between the region's HEIs. This has led to the development of the Research Excellence Directory to showcase the opportunities for businesses to tap into the strength of the region's research with the potential for business applications. The creation of the Directory enables more efficient searching by businesses, but required an external impetus for the region's institutions to work together in this way.

Engagement

5.79 RDAs have a critical role to play in bringing together stakeholders who are working in skills development. A key part of this role is ensuring that the right organisations and individuals are involved in shaping and delivering activities, with effective coordination and clarity of roles to minimise duplication and address key needs.

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5.80 Engagement is one of the areas where strategic stakeholders and external delivery partners have highlighted the importance of SEEDA's role in drawing together key organisations with a role to play in skills and employability. The ability to draw together the appropriate range of organisations to support and carry forward actions is critical given SEEDA's relatively limited resources to undertake activity directly and the lack of formal authority to direct actions. As one strategic stakeholder commented:

"SEEDA has a relatively small budget and, therefore, ought to concentrate on strategic direction and their role as facilitators, rather than delivery of projects. They have undertaken useful pilot activity. On the whole their role is not in delivery."

5.81 The view has been expressed within SEEDA that the Regional Skills for Productivity Alliance has brought together the key stakeholders in the region, providing a forum through which the range of potential actions can be considered and decisions can be taken on what should be taken forward. The Alliance now has ownership of the delivery of the skills and employment objectives in the RES, helping to ensure effective coordination of activities.

5.82 External stakeholders have expressed the view that the RSPA provides a good networking opportunity for the key skills organisations. There are also good relationships between the key organisations, which is not always evident in other regions. As a forum to enable stakeholders with differing agendas to identify opportunities, the RSPA enables effective engagement, which is valued. Without this forum, stakeholders have expressed the view that activity would be more disjointed. However, concern has been raised regarding the size of the RSPA, and therefore its ability to carry through actions.

5.83 As a body with a strategic role in relation to skills and employability, SEEDA is in a unique position to work with organisations across local and sectoral boundaries, reflected in one strategic stakeholder commenting *"No other agency could have provided the strategic leadership to pull the various organisations together. That is the added value of SEEDA."*

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5.84 The evidence from the sample projects indicates that SEEDA funded activities have brought together representatives of a range of different organisations in responding to skills and employability issues, but also providing benefits through additional actions resulting from joint working. The Tourism Skills Network South East project is a good example, where the network provides a focal point for a range of skills issues in relation to a specific sector.

Tourism Skills Network South East – Strategic Added Value

- **Strategic leadership/Catalyst – examples include being seconded onto the 2012 skills group, working in partnership with Southampton City Council to deliver ESOL training via a successful ESF bid and producing customer service webinars in partnership with Business Link Kent.**
- **Contribution to broader policy development and/or intelligence – examples include attending the consultation meeting with DCMS, SEEDA and People 1st to discuss the National Skills Strategy and preparing an editorial article on 2012 and customer care for the Customer Management magazine.**
- **Cross-regional partnership – examples include meeting with SW Tourism/ Skills Network SW and running Hosting the World national customer service conference.**

5.85 A key aspect of the added value through engagement of different organisations relates to the development of pilot activities. For example, the development of the IT Management for Business degree brought together key IT employers with HEIs to develop the new qualification, whilst the e-skills Diploma and IAG project has engaged schools, colleges and employers at an early stage in the diplomas developments, which it is expected will improve the potential success of the implementation of the diploma from September 2008.

- 5.86 There are examples of activities supported by SEEDA that have brought together previously competing organisations in collaborative approaches to respond to identified skills issues. For example, the Rural Business Advice and Training Network (RBAT) has drawn together training providers serving rural businesses that had previously only worked in competition. By building the network and establishing quality standards for member providers, the standards of provision and the levels of take-up have been improved.
- 5.87 It is important to recognise the SAV generated by the activities that SEEDA has supported and that considerable benefits have been generated from the way in which SEEDA has sought to act as an enabler and a catalyst for wider action on skills in the region. However, it is difficult to quantify the scale of the Strategic Added Value of the activities undertaken. It is critical that the activities supported generate both directly attributable outputs and outcomes and SAV if the value of SEEDA's investment is to be maximised. In the absence of hard outputs and quantifiable evidence of SAV, there is a risk that the unit costs of SEEDA's investment cannot be quantified accurately.

Addressing the key skills and employability issues in the region

- 5.88 The business survey sought feedback from businesses on changes in the supply of skills in the region since 2002/03. A quarter of respondents were unable to comment on the supply of skills. For those that were able to provide an answer, all but four survey participants indicated that the supply of people with the skills needed by their businesses was the same or better than was the case in 2002/03.

5.89 Eleven of the survey participants reported the supply of skills to be significantly better than in 2002/03, whilst 15 stated that the supply is now somewhat better than was the case previously. A total of 37 businesses reported that there was no change in the supply of skills to meet their needs over this period.

5.90 Where respondents were reporting improved skills supply, they were asked to comment on the extent to which their business was benefiting from improvements in the supply of skilled people. Three businesses were experiencing significant benefits as a result of improved skills supply, whilst 14 reported that they were benefiting to some extent. Five businesses had experienced no real difference as a result of the improvements in skills supply. There was no evidence from the survey that businesses were being disadvantaged as a result of changes to supply of skills in the region.

Progress Against Key Priorities

5.91 Here we reflect on the contribution of the projects within the scope of this evaluation to the delivery of the two Regional Economic Strategies and four Corporate Plans that are relevant to the period of activity.

Progress Against RES Priorities

5.92 Below we highlight the examples of where the sample projects provide clear evidence of the contribution to the delivery of RES Objectives. In terms of the 2002–2012 RES, examples of contributions are as follows:

- ensuring skills support for sector and cluster development – Technology Skills Managers has provided support for skills development in businesses within Aerospace and Environmental Technologies. South East Tourism Skills Network has provided skills support to tourism businesses;

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- enhancing the regional role of universities – the establishment of the Global Regions Network has facilitated links between the region’s universities and created the Research Excellence Directory, helping to enable businesses to identify appropriate opportunities to engage with the key universities;
- promoting workplace learning – in the area of Access to Learning, a key focus of three projects has been on establishing and facilitating workplace learning approaches specifically in order to deliver Literacy, Language and Numeracy learning. The Support for SEEDA’s Workplace Basic Skills Strategy project engaged the Workplace Basic Skills Network in supporting the development of capacity to deliver skills for life in the workplace. The Oxfordshire Skills Escalator has provided a mechanism to deliver learning to employees of the local health trust whilst Embedding Skills for Life in local authorities has developed a framework through which to address Skills for Life needs in major public sector employers;
- maximising employability and involvement for all – whilst only modest in scale, the West Wight Training project has enabled the delivery of job-related skills to individuals who have previously been unable to access suitable provision due to poor transport connections;
- implementing a comprehensive network of basic skills provision – the sample projects in the Access to Learning area are making an important contribution in the delivery of this objective.

5.93 In terms of the 2006–2016 RES, examples of contributions are as follows:

- clarify the skills offer to businesses across the region – the development of the Regional Skills Brokerage approach has been seen as a critical area of activity in this respect;

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- increase the percentage of the working age population with qualifications at level 2 or higher – as noted earlier, the activity supported has tended to focus on enabling the delivery of qualifications, rather than supporting direct delivery of activities leading to qualifications. Therefore, the delivery of hard qualifications outcomes may be modest, but there has been a significant contribution to the delivery of higher level qualifications through the support for educational infrastructure, especially in relation to the University Centre Folkestone, the two Stimulating Physics projects and the investment in the Kent Science Resource Centre;
- ensure that all young people and adults in the region have access to relevant diplomas – the e–skills Diploma and IAG pilot has focused on preparing young people and schools in the region for the introduction of the new e–skills Diploma;
- transformational action – Education–led Regeneration – there has been an increasing focus on using resources to support the development of University campuses. In the context of the projects within the scope of this evaluation, the £1.36 million committed to the construction of the University Centre Folkestone (with further support to continue from 2007/08 onwards) is a reflection of this and represents almost one tenth (9.5%) of the total relevant spend across the sample frame for the five year period.

5.94 This reflects the contribution of projects to key objectives in the two strategies. It is important to recognise that this evaluation has focused on skills and employability expenditure on projects with a total value of £14.3 million, out of total skills and employability expenditure over the five year period of £61.5 million.

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5.95 In assessing the progress achieved by the skills and employability programme, it is also important to consider the extent to which market failures have been addressed. There is a clear link between the activities supported and market failures identified in the region. However, the size of SEEDA's budgets means that it will not be possible for them to address the failures identified. Rather, they can be seen to contribute, alongside a wide range of other resources, to addressing the key skills issues identified in the region.

Progress Against Corporate Plan Priorities

5.96 There is a direct correlation between the priorities identified in the four Corporate Plans and the sample projects that have been delivered within the evaluation time period. Examples, grouped across six common themes, are presented below:

- **skills to support key regional sectors/developing centres of excellence (skill or sector)** – a common feature of all the Corporate Plans has been a commitment to developing the priority sectors within the region. The Training Pools Pilot project focused on the Marine Sector and the Technology Skills Managers Project concentrated on the aerospace, marine and built environment sectors. There are good examples of how SEEDA is seeking to develop the priority sectors by identifying and addressing skills issues;
- **recognition of the role of science within the knowledge economy** – the Stimulating Physics and Engineering project and the Kent Science Regional Resource Centre projects are a direct response to this objective contained within the 2005 to 2008 Corporate Plan;

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- **encouraging employers to influence/deliver skills development** – as part of SEEDA’s desire to build a culture of lifelong learning, a number of projects have focused on stimulating employer engagement in training and skills development. Notable examples include the Regional Skills Brokerage which provides a holistic package of business and skills support and the Action for Business Colleges project which encouraged colleges, through self assessment, to become more employer facing;
- **enhancing the role of regional universities** – the unique role that higher education institutions play in regional economies was highlighted in the 2003 to 2006 Corporate Plan. The University Centre Folkestone project is a prime example of education-led regeneration that will have a higher level skills impact in the future and the Global Regions Network project provides a mechanism for senior academics to share best practice;
- **engaging hard to reach individuals/maximising employability** – there are a number of projects that aim to engage non-traditional learners in skills development as a mechanism to get them closer to the labour market. The West Wight Training project is a response to these aims by providing employability skills, work experience and training focused on the childcare sector. Similarly, the key objective of the Kent Skills Escalator project is to enable local people to develop skills, primarily in the retail sector, that will help them get jobs in and around Shepway;
- **implementing a comprehensive network of basic skills provision** – this was a specific objective within the 2003 to 2006 corporate plan. The Embedding Skills for Life in Local Authorities project and Supporting SEEDA’s Workplace Basic Skills Strategy programme are two ways in which the capacity to deliver basic skills training has been developed across the region.

6 CONCLUSIONS AND LESSONS LEARNT

Introduction

- 6.1 This evaluation has focused on £14.36 million of SEEDA's funding for Skills and Employability projects over the five years from 2002/03 to 2006/07. As such, its scope has covered just less than a quarter (23%) of the total programme spend on skills and employability over this period. It is therefore an evaluation of only part of the expenditure in this programme area, not an evaluation of the programme as a whole. Consequently, we can only comment on the outputs and impacts of those activities within the scope of our evaluation.
- 6.2 The ability to draw conclusions about the activity undertaken during the period from 2002/03 to 2004/05 has been limited by the unavailability of output data for this period. We have undertaken a backward extrapolation of the outputs generated for the earlier years, but the wide variation in activities and outputs generated mean that the results of this extrapolation must be treated with some caution.
- 6.3 Sourcing beneficiary details for the evaluation was problematic. This meant that the sample sizes for the beneficiary surveys were smaller than would have been ideal. Whilst this has enabled us to draw out general findings in relation to the support provided to individuals and businesses, the data set was not sufficiently large to undertake analysis at the level of the individual types of support and programme areas.

Inputs

- 6.4 The evaluation has covered total expenditure of £14.36 million spread across 113 projects or lines of expenditure in seven programme areas. The projects differed significantly in scale, with expenditure during the period covered by the evaluation ranging from just £4,015 to over £1.3 million.
- 6.5 The wide variation in the scale of inputs is reflected in a very diverse range of activities supported by the funding. This has ranged from direct funding of skills provision, to the establishment of skills support networks, the development and piloting of new skills programmes, to capital support for the establishment of new learning and skills infrastructure. The spend therefore represents a wide-ranging response to the skills needs of the region, at all levels from basic skills to degree level qualifications.
- 6.6 The spend covered by the evaluation is heavily backloaded, with 38% having taken place in 2006/07, whilst just 6.6% of total expenditure took place in 2002/03. The activities falling within the scope of this evaluation may not, therefore, reflect the profile of SEEDA's skills expenditure more generally over the period. The concentration of expenditure in 2006/07 in the projects covered by the evaluation is heavily influenced by investment in the University Centre Folkestone and the Stimulating Physics and Engineering project, which together account for expenditure of £2.18 million or 15% of the total relevant spend.

Outputs

- 6.7 The data available on gross outputs does not currently provide a comprehensive picture of the overall outputs generated by the programme over the period from 2002/03 to 2006/07. In particular, this relates to the lack of comprehensive output data for the early years. However, it is also important to recognise that the available output data does not necessarily record the full range of gross outputs, especially where these relate to capital investment rather than revenue spending.
- 6.8 The available information on gross outputs does not fully capture the entire range of strategic activities that have been supported through SEEDA's investment. In particular, significant resources have been committed to development activities, creating new delivery mechanisms and support approaches, rather than supporting the direct delivery of learning and the generation of qualifications and other learning outcomes. In many cases, the generation of these specific learning outputs and outcomes has relied on further inputs from other public sector bodies.
- 6.9 Based on the evaluation evidence, we estimate that the expenditure over the period from 2002/03 to 2006/07 generated the following net outputs:
- Jobs Created/Safeguarded – 117;
 - People assisted into employment – 20;
 - Businesses assisted to improve their performance – 3,067;
 - People assisted in skills development – 7,568;
 - Adults receiving basic skills training – 1,036;
 - Adults gaining a Level 2 qualification or equivalent – 86.

Outcomes

- 6.10 The surveys of individuals and businesses have found that the support received has led to identifiable impacts for the vast majority of individuals and a significant proportion of beneficiaries. In general, the outcomes they identified have tended to be softer or unquantified. Two fifths of individual beneficiaries have gained new or improved job-related skills that they have directly attributed to the support received, but these are not necessarily linked to the achievement of qualifications.
- 6.11 The businesses surveyed in the evaluation have identified a range of benefits gained from the support they have received. Although, in all cases where a change has been observed, less than one third of that change has been attributable to the support received. Whilst the support is making a significant contribution to changes in the business beneficiaries, it appears to be responsible for a minority of any changes generated when compared to other factors.
- 6.12 Based on the results of the surveys of individuals and businesses, we estimate that the investment of £11.7 million in the sample frame projects generated Gross Value Added of approximately £11.9 million. However, we regard this as a significant under-estimate of the true impact, due to the difficulties of capturing the full range of outputs generated and the way in which SEEDA's resources have been used to support and stimulate delivery, rather than to fund direct provision of skills development activities.

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6.13 Considerable emphasis has been placed on the strategic impacts that have been generated through SEEDA's investment in these skills and employability activities. Evidence has been generated of Strategic Added Value across all SAV categories, both in relation to the general role that SEEDA is playing, but also in relation to the activities funded, with specific examples generated across the full range of sample projects. However, it is difficult to quantify the SAV of the activities undertaken. In the absence of hard outputs and outcomes, there is a risk that the value for money of the activities funded may be perceived as relatively poor. We do not believe this to be the case, and are of the view that the strategic role that SEEDA is undertaking with its resources for skills and employability will generate significant on-going benefits. Capturing the scale and value of these longer term benefits will, however, be far from straightforward.

6.14 A clear link can be made between the activities that have been funded to support skills and employability and the achievement of the RES Objectives and Corporate Plan priorities. This relates to both Regional Economic Strategies covering the relevant period for the evaluation, with specific projects contributing to a number of the objectives.

Lessons Learnt

6.15 There is a need to ensure that the full range of outputs generated by SEEDA's investment is reflected in programme monitoring and management information. For example, where resources were committed to capital expenditure, this was not always captured in recording the physical outputs that will be directly generated, whilst learning and skills outputs may come much later.

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6.16 For future evaluation activities, there is a need to ensure that external delivery partners are prepared from the initiation of project activities to hold beneficiary data to support future monitoring and evaluation. Without a clear arrangement of this nature, further difficulties will be experienced in securing beneficiary information to enable evaluation activities to be taken forward.