



UK COMMISSION FOR
EMPLOYMENT AND SKILLS

An Initial Formative Evaluation of Best Market Solutions

Executive Summary 59
September 2012

An Initial Formative Evaluation of Best Market Solutions

**Cook, J., Pringle, S., Pates, R. and Redman, R.
SQW Ltd**

September 2012



Executive Summary

Introduction

This study, undertaken by SQW Ltd (SQW) for the UK Commission for Employment and Skills (UK Commission), has evaluated the design and development processes that were used to conceive projects under the Best Market Solutions (BMS) strand of the Growth and Innovation Fund (GIF). The overarching aim of the evaluation was to learn lessons from the way in which project ideas were conceived, and subsequently developed. The specific objectives of the study were to gain insights into:

- how ideas were conceived and, in particular, where innovation came from;
- the barriers to, and enablers of, the development and set-up of projects;
- the nature and extent of employer and other partner engagement in developing proposed solutions;
- the strength of the underpinning logic chains and routes to impact of the proposed projects; and
- any early outcomes and successes, recognising the current early stages of all of the projects.

This evaluation has focussed on the design and development processes of GIF projects in the first Round. It is too early to assess the longer-term sustainability of projects or their outputs and outcomes, and these will need to be tackled in subsequent evaluation work on GIF.

The study has adopted a case study approach, with six of the Round 1 GIF projects examined in detail. The findings in the study's main report, summarised below, focus on these six case studies, though these are extended to the wider set of 12 projects invested in through Round 1 of GIF.

There are three core principles to BMS/GIF, aligning with the overall objectives of the GIF programme. These are relevant to the evaluation, and are as follows.

- Initiatives are to be employer-led. This means that they should be supported and led by a group of employers, whether this group was from a particular sector, geographical area or supply chain.

- There is to be an element of innovation and new thinking in solutions. This could include transferring practice from other contexts, utilising new types of delivery process, or even radical new thinking that has not been seen before in the skills domain.
- Initiatives are to be self-sustaining in the medium-to-long-term, i.e. funded through employer contributions in some way such as a commercial model for service provision.

Where have projects come from?

GIF is providing an important contribution to enabling the new projects to come to fruition. Most projects have origins that pre-date GIF. As might be expected, for all of the case studies, the *issues* that the projects are seeking to address were identified before GIF was launched. GIF has provided impetus to bringing forward applications for projects that may not have got off the ground otherwise, and for one case study, the opportunity presented by GIF prompted discussions of project options in the sector. This is because GIF provides the necessary pump-priming support and supportive environment required to establish new mechanisms and new delivery models, the funding for which could not purely come from sectors themselves. As a result, the relatively modest amounts of public investment are being matched by private sector contributions in order to get novel projects off the ground. The amounts of projected employer investment to support the delivery of projects is around what might be expected, with cash and in-kind contributions representing circa 50 per cent of the project value. In some cases employer contributions are more significant.

Most of the projects under GIF are bringing new ways of working to their respective sectors, albeit ones that are borrowed from other sectors and/or other countries. One project seems to offer a completely new model for the UK, challenging the legal framework around skills infrastructure.

Employers recognise that projects are substantively different, and they are incorporating new approaches in particular sectors for the first time. However, innovation processes are not common across projects, and not straightforward to characterise. There are various contributory factors to this innovation process, with the following being the most notable from the case studies:

- the important role of employers and their disciplines in bringing new ideas to the table to benefit the sector, and the act itself of bringing employers together to collaborate, share and debate issues and ideas;
- learning from other initiatives elsewhere; and

- the use of GIF as a pump-priming mechanism for novel ideas that may not have secured funding otherwise.

Whilst employers have been cited by most case studies as being key contributors to innovation, in one case it was noted that employers acted as a pragmatic rein on innovation, as they were keen to ensure the proposed solution had practical appeal to the sector. This is a potential barrier to innovation, though one that is perhaps needed to ensure solutions have real world practicality.

In addition, the regulatory framework around skills funding was identified as a barrier to innovation. Overall, the evaluation concludes that some genuinely new ideas are being developed as a result of GIF, in particular projects that seek to apply existing and proven activities in new sectoral or occupational contexts. Radical innovation is likely to be rare under GIF. The evidence suggests that, through GIF, the UK Commission can act as an agent that stimulates innovation and supports risky solutions within acceptable limits. It must be noted that, whilst the UK Commission is open to new ideas, there is a limit as to how far GIF can push the boundaries of existing policy frameworks.

Employer engagement

The set of projects under Round 1 of GIF is heterogeneous in origin and nature. Reflecting this, the nature and scale of employer engagement in the design and development of project concepts and proposals has varied, and this has affected the extent of employer contribution to projects.

In three of the six case studies, projects have been developed in a bottom-up way with employers leading or at least being a driving force behind shaping projects, by providing ideas, discussing options, and agreeing on solutions. This bottom-up development seems to be having benefits in the initial stages of implementation, with the sector more clearly bought-in to the projects.

In the other three case studies, employer engagement has been narrower. Certainly in one case, this seems to justifiably reflect the *continuous* nature of the innovation, developing an existing initiative in a new direction. In another case, however, the narrower engagement may be a factor in the difficulties now being encountered in gaining support from Small and Medium-sized Enterprises (SMEs), though it is too early to be conclusive on this.

All lead organisations are seeking to sustain and increase employer engagement now that projects are in implementation. There is an acknowledgement that SMEs are likely to be a key focus of this engagement going forward, in particular where they are key target groups for project interventions.

A number of characteristics are apparent in relation to where employer engagement has worked well, including at least one (though not necessarily all) of the following being in place:

- a history of engagement by the lead organisation, and established mechanisms for so doing;
- a track record in collaboration amongst the relevant group of employers, in particular where employers take themselves out of the competitive context of their sectors to think about where they can work together for mutual benefit, so-called 'collaborate to compete' behaviours; and
- employer motivations to do something to benefit the sector.

These characteristics suggest an early lesson is to build on existing or previous forums to as great an extent as possible, so as to optimise employer engagement. There are other lessons for investment organisations, such as:

- using sector specialists to build up trust and respect from employers;
- encouraging the use of forums to stimulate thinking on behalf of sectors or geographical groups of employers by focussing on common issues; and
- the need to plan carefully the requirements of employers so that they are not over-burdened, through using a mixture of web, telephone and face-to-face consultation, choosing to visit employers on their own premises, and timely follow-up on employer interest.

The evaluation's assessment is that GIF is stimulating employer engagement in the development of solutions, and in some cases projects are being developed in a bottom-up fashion. These are building on good practice in employer engagement, though not necessarily resulting in new engagement approaches. It is important to note that, typically, only a small core group of employers will be engaged deeply as part of project design and development (e.g. through a task and finish or steering group), with a wider set of perspectives drawn in through shallower engagement processes (e.g. through events and consultation). Based on the evaluation's evidence, this may be the ideal model for developing employer-led solutions in line with GIF principles. However, that is not to say that other employer engagement models are wrong, and the UK Commission should not be looking for a single 'right' employer engagement process.

Strength of the underlying logic of projects

The rationales for projects are, on the whole, well-specified with appropriate evidence in place. These rationales, in the study's view, flow well into objectives, the intended delivery processes and the desired outputs and outcomes. Therefore, the underlying logic of projects is generally well-made.

There are some common issues within the rationales, notably the barriers faced by SMEs in securing access to appropriate training when the unit cost is high or the knowledge of benefits is not in place. Therefore, a key route to impact is in pooling training demand amongst SMEs, or providing a credible and well-regarded training supply solution that will encourage take-up by SMEs. A different route to impact for another of the case study projects focuses on both employers and employees, by creating an infrastructure to encourage professionalization of the workforce.

Whilst objectives logically flow well from rationales, there is room for improvement in making these more SMART¹, and further thinking on outputs/outcomes that allow objectives to be assessed fully, ex post, is needed. Such thinking has started to come forward naturally as lead organisations have developed their evaluation plans. This is likely to continue as organisations deliver their evaluation activities, and become increasingly competent in project development and evaluation thinking.

In terms of policy levers, projects tend to focus on either employer networks or standards. Though for two projects, both policy levers are being used. These are supported by a range of activities to improve information flows (e.g. on quality, signposting, brokerage and sector attractiveness) and/or voluntary levies.

¹ I.e. Specific, Measurable, Achievable, Relevant and Time-bound

Early outcomes and overall contribution to GIF principles

Given that most projects had only just started at the time of the research, it is yet too early to undertake an assessment of outcomes. However, the evaluation assessed the extent to which Round 1 of GIF has aligned with the three key principles identified above, namely that initiatives ought to be: employer-led; innovative; and self-sustaining in the medium and long-term. The assessment of the evaluators is that the first Round of GIF has largely aligned with the first two of these principles.

- There is some good evidence of how employer engagement has brought forward new ideas and has been used to test project design options. In addition, the UK Commission is now working with some new investment organisations, and so GIF has contributed to bringing new groups of employers into this policy area. It must be noted that there is variety in the extent to which initiatives have genuinely been driven from the bottom-up, though this is in part reflects the nature of project origins,
- Solutions are bringing forward new ideas, notably models from other contexts, i.e. *context-specific innovation*. In addition, projects are incorporating *adaptive innovation*: they are using new delivery and/or engagement processes, by drawing on good practice. That there are very few examples of *transformative innovation* (i.e. radically new ideas) is unsurprising, and we would not expect this to increase significantly in future rounds of GIF. This is because such innovation is rare in any case, in particular in a public policy arena where there are regulations and legal frameworks. Indeed, the disciplines around GIF are potentially important in ensuring that innovative solutions are developed within acceptable boundaries of these frameworks.

Within this innovation context, the evaluation has shown that, through GIF, the UK Commission is acting as an agent that stimulates innovative solutions that may not have got off the ground otherwise. The study has also shown that the UK Commission is open to discussing more novel ideas with its stakeholder base, such as investment organisations, government departments and funding agencies.

It is too early to comment on the extent to which sustainable business models are being developed, and so a conclusion on alignment with the third principle cannot be made at this stage. However, the evaluation has noted that there is a relatively short period of time before self-sufficiency is required. Given initial feedback, it would not be surprising if further public funding, or some other form of sponsorship, was required at the end of the GIF investment period as a transition to when delivery costs could be fully covered by revenues.

Improving the GIF processes

Given that this was the first round of GIF, successful organisations were generally supportive of the overall process, and found the UK Commission to be open when there were queries. For example, discussions with the UK Commission in relation to applications, and transparency in the post-approval process were commented on as being good by some of the lead organisations. In addition, some lead organisations found the clear identification of milestones in contracting helpful, as well as the evaluation planning process, which had encouraged organisations to think ahead and check the underlying logic of their project.

These are good foundations to build on. Nevertheless, there were some points raised on the process. A common concern was the length of time between project approval and contracting, which had delayed start dates, and had an impact on resourcing plans and employer engagement. There was a lack of clarity amongst case study lead organisations over what was required from the application form. The evaluators have identified some areas of questioning where these could be tighter and more focussed on what is needed, in particular around the issues of Additionality and Value for Money assessments.

Overall though, where the organisations were experienced in tender processes and had undertaken more preparatory research, the application process was relatively straightforward. However, the process was more demanding for organisations with less experience and less capacity. A key point to consider here is whether any capability development, advice or mentoring could be provided to investment organisations with less experience. The two-stage process that has been introduced from Round 2 of GIF could align well with this, with the development phase including guidance and signposting to good practice (including through the recently-established Good Practice Network).

A key lesson has been around the evaluation planning process. The UK Commission deliberately adopted a relatively hands-off approach to evaluation planning at the project level to encourage organisations to take the initiative, to develop their own capabilities and to allow innovation to flourish. Whilst doing so has helped to an extent, more specific advice could have been given on evaluation plans, for instance on requirements and how they relate to government guidance. In the experience of the evaluators, evaluation can be given insufficient recognition in programme and policy development. The extent to which it is implemented varies across organisations as a result. As such, whilst standard templates and model tools may discourage innovation, they are sometimes useful disciplining devices to ensure that evaluation happens in the right way.

The UK Commission has recently established a Good Practice Network so that investment organisations from GIF (and other investment funds) can share ideas and experiences. The findings from this evaluation study highlight three particular communities of interest for sharing practice:

- organisations that are currently implementing projects under GIF, where there may be benefit in sharing experiences of the process of implementation, and also evaluation;
- future applicants to GIF, for which more support material could be provided or signposted to, in order to help improve the overall quality of applications; this could be through the provision of model answers or evidence on initiatives elsewhere that could prompt the consideration of a wider set of options; and
- sector bodies and employers more widely, which may be interested in lessons and innovative ideas that have worked under GIF, in particular where the initiatives may be transferable.

Implications for the evaluation of GIF going forward

Going forward, the UK Commission has an imperative to generate consistent and aggregate evidence on the GIF Programme overall, as well as learning on solutions that may have transferable potential. Lead organisations also require evidence to help to stimulate interest and generate demand from employers if solutions are to be self-sustaining for the long-term. Bringing these imperatives together suggests that the UK Commission could work more closely with investment organisations on evaluation.

Such an approach could be a half-way one, which continues to have a hands-off dimension, but offers more specific guidance on evaluation planning (e.g. through the disciplined use of set templates and model plans), and advice on evaluation implementation (e.g. through example research tools and questions). This option could also include identifying common² output and outcome indicators across sets of projects, and definitions that would promote consistent assessment, but this would need to be communicated in such a way as to avoid the risk of *leading* the development of specific solutions and enabling innovation. It would, however, allow for aggregation at the level of the programme overall.

² The term “common” (rather than “core”) is deliberate, because it seeks to allow for some form of aggregation without necessarily giving any undue weight to specific indicators.

An alternative would be for the UK Commission to take a more actively directing stance regarding the evaluation of GIF activities (and other investment funds). Some project-level monitoring and evaluation would still be required, and some of the actions identified above may still apply (such as identifying common output and outcome indicators). However, under this option the UK Commission would undertake a sample of project-level evaluations, working alongside relevant lead organisations. These would be of greater size and scope than currently planned for Round 1 GIF project-level evaluations, and seek to align more closely with best practice in evaluation.

The study recommends providing guidance that will promote consistent assessment first, such as through templates and common indicators. If necessary, this would still leave sufficient scope for the UK Commission to be more directive and assertive at some point in the future. It would be much more challenging to sequence the two options in reverse.

Executive Summaries present the key findings of the research produced by the UK Commission for Employment and Skills. More detailed analytical results are presented in Evidence Reports and all outputs are accessible on the UK Commission's website www.ukces.org.uk

Produced by SQW for the UK Commission for Employment and Skills.

UKCES
Renaissance House
Adwick Park
Wath-upon-Deerne
Rotherham
S63 5NB
T +44 (0)1709 774 800
F +44 (0)1709 774 801

UKCES
28-30 Grosvenor Gardens
London
SW1W 0TT
T +44 (0)20 7881 8900
F +44 (0)20 7881 8999

This document is available at www.ukces.org.uk under 'Publications'

ISBN 978-1-908418-25-8
© UKCES 1st Ed/09.12