



Sector-based work academies: A quantitative impact assessment

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Background and aims

The sector-based work academy programme was introduced in August 2011 in England and January 2012 in Scotland. The programme is designed to help unemployed benefit claimants gain the relevant skills and work experience required to work in a specific sector, give claimants the guarantee of a job interview in a specific vacancy, and also allow employers to fill existing vacancies with suitable applicants.

A sector-based work academy usually consists of three elements:

- Sector-specific pre-employment training (PET) of up to 30 hours a week;
- A work experience placement (WEP) with an employer; and
- A guaranteed job interview (GJI) linked to a genuine vacancy.

This research explores the impact of programme participation for two cohorts of participants who were tracked for up to two years. In particular, it evaluates sector-based work academies funded through Get Britain Working and the Youth Contract, to investigate whether sector-based work academies are an effective programme at getting young claimants into employment. Therefore the analysis focuses on the impact on participants aged 19–24 who were claiming Jobseeker's Allowance (JSA) at the point when they started a placement.

The positive results are consistent with a February 2014 quantitative survey¹ exploring the experiences of claimants who took part in Youth Contract employment programmes.

Methodology

This analysis is based on two cohorts of 19–24 year-old JSA claimants who started a sector-based work academy in 2011/12 and 2012/13. These cohorts were as follows (dates refer to when each individual started their sector-based work academy):

- August 2011 – April 2012 (5,263 participants in scope);
- August 2012 – April 2013 (14,689 participants in scope).

Individuals in each of the two cohorts were tracked for one year before their start date and between 18 months and two years following this to monitor time spent in the following outcome states:

1. Claiming benefit and **not** in employment;
2. Claiming benefit **and** in employment²;
3. In employment and **not** claiming benefit;
4. **Neither** claiming benefit nor in employment.

¹ Coleman, N., McGinial, S. and Hingley, S. (2014). *Customers' experiences of the Youth Contract*, DWP Research Report No. 865, DWP.

² JSA claimants are able to work for up to 16 hours per week without affecting their entitlement to benefit.

A matched comparison group of non-participants with similar characteristics was constructed for each cohort using a 'propensity score matching' approach.

A difference-in-difference technique was then applied to produce a quantitative estimate of the impact of the intervention on the subsequent likelihood of being in each outcome state of interest. The approach is well established and is considered a plausible means of estimating the impact of interventions of this type.

The cost-benefit analysis follows the Department for Work and Pensions (DWP) Social Cost-Benefit Analysis Framework methodology³, in line with the approach used in similar published analyses of the Future Jobs Fund⁴.

Key findings

The study provides evidence that participation in sector-based work academies reduces the time 19–24 year-old JSA claimants subsequently spend on benefit and increases the time they spend in employment.

The findings show that in the 18 months following a sector-based work academy start, participants spend, on average, 50 days longer in employment and 29 days less on benefit compared to similar non-participants.

The impacts on employment compared to impacts on benefit receipt shows sector-based work academies have the more positive effect of moving participants off benefit and into work, as opposed to moving off benefit and into non-work destinations which may be less sustainable.

The results also suggest that the positive impact of participation extends beyond the observed 18-month tracking period.

The results from the cost-benefit analysis suggest that each sector-based work academy placement has a net benefit to the Exchequer of £100, and an estimated benefit to each participant of £1,950⁵.

Individuals who participated in all three elements of the sector-based work academy (pre-employment training, work experience placement and guaranteed job interview) experienced a greater positive impact on outcomes than the participant cohort as a whole.

These results are based on the 2012/13 participant cohort. The 2012/13 dates represent a period when roll-out of sector-based work academies was sufficiently advanced to allow for a larger sample size. Furthermore, given the policy change in March 2012 making the work experience placement voluntary, the 2012/13 cohort represents the more recent sector-based work academy design.

Results

Claiming benefit and not in employment:

The results show participants spent less time claiming benefit and not working in the period after starting a sector-based work academy compared to similar non-participants. The 2012/13 cohort spent on average 29 days less on benefit and not in employment in the 18 months after starting a sector-based work academy, and the 2011/12 cohort spent on average 44 days less on benefit and not in employment in the 2 years after starting a sector-based work academy.

³ Fujiwara, D. (2010). *The Department for Work and Pensions Social Cost-Benefit Analysis Framework*. DWP.

⁴ Marlow, S., Hillmore, A. and Ainsworth, P. (2012). *Impacts and Costs and Benefits of the Future Jobs Fund*. DWP.

⁵ These results are based on the 2012/13 cohort.

In employment and not claiming benefit:

If participants were found to spend less time claiming benefit and not working in the period after starting a sector-based work academy, it would be expected that the results will also show participants spent longer working and not claiming benefit.

For both cohorts, participants were found to spend longer in employment and not receiving benefit after starting a sector-based work academy. The 2012/13 cohort spent on average 51 days more in employment and not claiming benefit in the 18 months after starting a sector-based work academy and the 2011/12 cohort spent 71 days longer in employment and not receiving benefit in the two years after starting a sector-based work academy.

The result that participants spent less time claiming benefit and not working, alongside the result that participants spent more time in employment and not claiming benefit provides corroborating evidence that participation in sector-based work academies had a positive impact on the benefit and employment outcomes of claimants.

Claiming benefit and in employment:

Sector-based work academies had no apparent impact on the likelihood of being both in receipt of benefit and in employment. Participants did not spend any longer claiming benefit and working.

Neither claiming benefit nor in employment:

When compared with the comparison group, sector-based work academy participants were less likely to be neither claiming benefit nor in employment from the start of their placement. Taken in conjunction with the findings for the other three outcomes, this implies that participating in a sector-based work academy increases the likelihood of leaving benefits to enter work.

The results suggest that the positive impact of sector-based work academies extends beyond the tracking period. For both the increased employment likelihood and reduced benefit likelihood, the impact showed signs of only gradually diminishing towards the 18-month point.

Subgroup analysis

This study also looked at a number of subgroups in order to build an understanding of which groups sector-based work academies are most effective for:

- Participants aged 19–21 years;
- Participants aged 22–24 years;
- Participants who had been claiming JSA for under three months prior to a sector-based work academy start;
- Participants who had been claiming JSA for three months or more prior to a sector-based work academy start;
- Male participants;
- Female participants.

All subgroups experienced a positive impact in increasing time spent in employment and reducing time spent on benefit. However, the results suggest that sector-based work academies are most helpful at moving 22–24 year-olds and participants who had been claiming JSA for over three months prior to starting a sector-based work academy off benefit and into work.

Relative to non-participants, results suggest that in the 18 months following a start, participants who engaged in all three elements of the scheme (pre-employment training, work experience placement and guaranteed job interview) spent on average 66 days longer in employment and 38 days less on benefit.

Cost-benefit analysis

The cost-benefit analysis considered the costs and benefits of the sector-based work academies programme from the following perspectives:

- Sector-based work academy participants;
- Participants' employers;
- The Exchequer (i.e. the government budget perspective); and
- Society.

Under the baseline assumptions from the DWP Social Cost-Benefit Analysis Framework, the sector-based work academies programme is estimated to result in:

- A net benefit to participants of approximately £1,950 per participant;
- A neutral impact on employers;
- A net benefit to the Exchequer of approximately £100 per participant; and
- A net benefit to society of approximately £2,000 per participant⁶.

⁶ These savings are based on impact estimates from the 2012/13 cohort.

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The full report of these research findings is published by the Department for Work and Pensions (ISBN 978 1 911003 24 3. Research Report 918. March 2016).

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