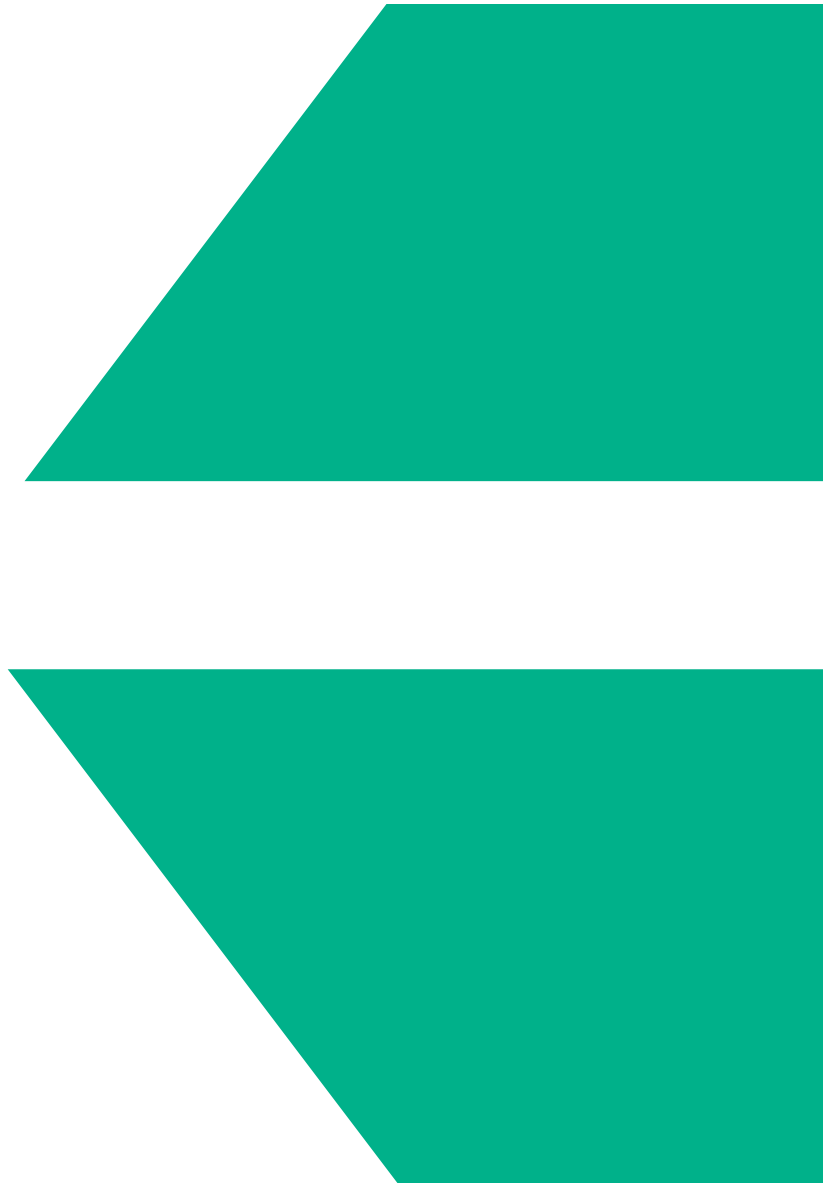




UK COMMISSION FOR
EMPLOYMENT AND SKILLS

Impact evaluation of the Employer Investment Fund and Growth and Innovation Fund: baseline qualitative findings

Briefing Paper
March 2015



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Glossary

Apprenticeship brokerage: The brokerage of apprenticeship places; simplifying the process by which employers find appropriate individuals to fill those places.

Adaptive Innovation: Adapting an existing product by introducing new ways of working (adapted from Cook et al., 2012).

ATAs: Apprenticeship Training Agency

Beneficiary: Employers deriving a direct benefit from public sector intervention.

Context Innovation: Applying practice from other areas to a new sector or geography (adapted from Cook et al., 2012).

Delivery Partners (DPs): Organisations in receipt of EIF and/or GIF funding and responsible for the delivery of UKCES investments.

EIF: Employer Investment Fund.

Employer demand: the nature of the skills and employment challenge and / or opportunity experienced by employers, the consequences of that and how it is experienced; essentially, it is the roots of employer motivation to invest / or not.

Employment brokerage: The brokerage of unemployed individuals into specific vacancies. These typically take the form of on-line portals.

GIF: Growth and Innovation Fund

Group Training Associations (GTAs): Delivery of training via groups of employers, such as collective procurement through networks or Group Training Associations.

Impacts: longer-term broader consequences of EIF/GIF project, whether intended or unintended, on measures such as business profits or sales

Innovation: the development of products and services which are distinctive from existing offerings through one or more dimensions of novelty

Networks: Services involving networks of employers and (in some cases) training providers through which the training needs of employers can be articulated and tailored solutions obtained.

Outputs: The immediate deliverables of public intervention (e.g. number of businesses engaged or number of new training courses developed, number of members of employer networks).

Outcomes: Effects realised as a consequence of outputs delivered (e.g. number of workers trained, increases in training expenditure).

Service users: Employers that have used the services funded by EIF and/or GIF.

Skills diagnostics: Support provided to employers to help them understand any skills shortages or skills gaps present within their workforce.

SSC: Sector Skills Council.

Stakeholders: For this research this category includes learning providers from private sector, FE/HEIs, local authorities, employer associations, trade unions, professional bodies, schools and other contractors.

Training brokerage: Services provided to employers and training providers to help employers locate providers of appropriate workforce development or training services.

Transformative innovation: A fundamentally different product or delivery model (adapted from Cook et al., 2012).

Executive Summary

Introduction

The UK Commission for Employment and Skills (UKCES) investment programmes were developed in response to growing evidence that UK skills policy had not always met the needs of employers, and that levels of investment in skills development was insufficient to drive business and economic growth. The investment programmes were developed to stimulate a step change in employer leadership and investment in economically valuable skills through co-investment between employers and Government. Ultimately, the goal was to boost economic growth and productivity in the UK through increased investment in skills.

The Employer Investment Fund and then Growth and Innovation Fund sought to achieve sustained change in how employers engage with, and invest, in skills in order to raise skills levels, improve access to and deployment of skills, and raise business performance. The investment was limited to skills and employment infrastructure, with limited or no participation funding available; both programmes were time-limited investments, and designed to pump-prime solutions by supporting start-up costs. The core differences between the two funds are detailed below:

- The Employer Investment Fund emerged through a process of moving away from a core funding model for Sector Skills Councils (SSCs), encouraging them to move to an investment and outcomes focused approach. It was open to SSCs only and UK wide, and had three commissioning phases.
- The Growth and Innovation Fund was restricted solely to England and was open to wider employer organisations (e.g. Chambers of Commerce and Local Enterprise Partnerships), with a stronger emphasis on innovation and the sustainability of the infrastructure developed. It had four commissioning rounds and later rounds had a development phase prior to full application.

Evaluation

Ipsos MORI and IES were commissioned, in January 2014, to carry out a three year evaluation of the impact of the two investment programmes. The strands of the impact evaluation comprise:

- Up to three waves of an employer beneficiary survey matched with comparison surveys of non-participant employers;
- Up to three waves of qualitative case studies;
- An impact assessment based on the beneficiary and comparison surveys;
- A complementary stocktake of investment performance conducted through a review of management information and project level evaluation reports.

This report presents findings from the first wave of qualitative case studies which were undertaken by IES. The case studies were purposively selected to ensure that different sizes of project investment and different types of projects funded through EIF and GIF were in the sample.

The nine case studies comprised a total of 87 semi-structured interviews conducted between July 2014 and November 2014 with employer beneficiaries, Delivery Partner (DP) staff and stakeholders involved in project delivery. This was also supplemented with a review of individual project data including management information, project application forms and evaluations. Additionally, eight depth interviews were conducted with national stakeholders including UKCES staff and Commissioners along with representatives from the Skills Funding Agency and Welsh Government.

These findings are from the initial stage of the evaluation therefore the conclusions are not definitive. Additionally, it should be noted that the purpose of both EIF and GIF was to test and trial innovative approaches to skills solutions. Therefore, projects were at different stages of development and proximity to market and need to be assessed against appropriate success measures and expectations.

Research findings

Role of Delivery Partners

A key feature of the design of the EIF/GIF programmes was the role of the Delivery Partners (DPs); these intermediary organisations were responsible for seeking a rich understanding of market needs and developing products and services to meet those needs. Importantly, the DPs were able to position themselves as an independent / impartial party doing this and seek to use this role to best effect. In particular DPs facilitated the development of infrastructure to overcome barriers to investment in skills by SMEs, by providing them with skills diagnostics, and apprenticeship and employment brokerage services. Reviewing and evaluating project delivery was a key activity undertaken by all DPs, as part of their contractual requirement.

A particular area of effective development by DPs has been the establishment of new partnerships and networks with a range of organisations that enabled more efficient ways of working between employers, skills providers and other intermediaries.

A range of success factors contributed to DP effectiveness in delivering the projects which mainly focussed on careful planning and management of project at the outset. These included taking time at the pre-application stage to identify the products and services that were most likely to appeal to their target employers.

Undertaking research activities and analysing management information to understand employer demand was one way in which DPs ensured that they had a good insight into the skills and employment challenges experienced by target employers. This was found to increase the likelihood that employers would engage with the solutions offered through the funds.

Projects which had clearly defined, targeted specifications which focussed on single rather than multiple activities proved to be most effective in enabling DPs to engage with their target employers and also in sustaining employer involvement over the duration of the project. DPs which adopted a broad scope, in the anticipation that employers would shape and influence the services offered, found this to be more challenging than they anticipated since employers perceived a lack of clarity in the approach.

Maintaining the momentum in employer engagement throughout the project, in particular the period between application and project launch, was also critical. Activities that proved effective in enabling this included workshops with larger employers which in turn encouraged and supported smaller employers to become involved. Findings suggest that employer engagement required an intense level of input to ensure maintain employer involvement and interest throughout. Transactional and service-based projects were most likely to gain employer momentum earlier in the investment period: contributory factors included proximity to market, tangible / specific offer and recognition of the type of lever on offer.

In terms of managing projects and associated partnership arrangements, those DPs that adopted simple governance and management structures that aligned with existing management structures were found to be more effective. These arrangements also allowed difficulties to be picked up early and addressed more quickly. Such systems minimised duplication of effort and administration for employers and helped to keep them engaged. Decisive leadership was also required from DPs to manage the alignment and performance of external partners to achieve project objectives.

It is reassuring that DPs reported that most of the risks to project delivery had been anticipated and that no significant new risks had emerged. At application stage project delays were identified as a risk by DPs but most ran within their anticipated time scale. The main unanticipated issue related to misalignment of project timeframes with key points in academic or business cycles, such as recruitment windows for graduates apprenticeships.

Case study DPs responded flexibly to changes in external circumstances at local, regional and national levels, as well as in response to employer feedback. Adjustments were made where activities were identified as not working as anticipated. Common problems included lower than expected take up by employers and the requirement to refine products and services to better meet employer needs.

Employer engagement

All case study DPs had involved employers in the development of projects to varying degrees. Active engagement of a core of employers in the early stages of the programme was critical in confirming initial employer appetite and, in shaping and verifying the scope of the product / solution was appropriate. As projects were delivered, reaching out to test this with a larger group of employers helped to ensure the quality of the product/service being offered was of the right standard and provide the flexibility to refine it to address emerging or nuanced employer requirements.

Employer motivations for engaging with case study DP's individual projects included the need to fill skills shortages for apprenticeships and employment brokerage projects, and through this helping to attract and develop the future workforce. However it is encouraging that there is some emerging evidence that a few case study employers were seeking to achieve wider indirect benefits, such as improving sectoral or supply chain performance, as well as benefits for their own business.

Engaging with smaller employers was a challenge for many case study DPs, however one effective technique applied by some DPs, was for large employers to encourage participation amongst their SME supply chains and networks. This involved larger employers getting SMEs to attend workshops and roadshows about the investment programme.

Discussions revealed that, where they were engaged, key reasons for SME involvement were that they anticipated that the project would reduce their administrative burden in delivering skills activities and offer high quality and convenient employment and apprenticeship brokerage services. Others highlighted the importance of timing, in that they were asked to participate at a time when they were already considering making skills investments.

Overall, the convenience of the offer, especially onsite delivery of skills diagnostics services, also acted as a positive way to engage employers. Low/no cost incentives, such as funded work placements, and free training were also cited as important triggers to programme involvement. Cost savings also provided a motivation for larger firms to work together on training projects, even where they were direct competitors.

Strong employer representation and leadership from within existing governance structures at DP level was also effective in engaging employers as customers. The independence and neutrality of the DP in brokering and providing services was also found to have gained the trust of employers. This level of trust was, in turn, mentioned as a positive way to gain employer engagement.

Outcomes and impacts

A key objective for the evaluation is to assess the overall outcomes and impact of the investment programme. In this first wave of evaluation DPs and employers found it challenging to identify hard impacts on business outcomes. Further evidence on impacts will be picked up in subsequent evaluation waves; this is the purpose of the quantitative comparison between beneficiary employers and a matched group of non-participant employers.

However initial qualitative evidence suggests that services providing apprenticeship and higher skilled employment brokerage were perceived to have had most impact on employer business performance and HR outcomes. This was particularly reported by employers in manufacturing and science sectors. There is also some evidence of case study projects being more effective when combined with others, most notably combining skills diagnostics with apprenticeship brokerage, particularly for small firms without prior experience of engaging apprentices

Case study employers securing new employees/apprentices reported that their skills shortages had been 'solved' when their new recruit proved to be satisfactory. Some, however, advised that this was a cumulative, long-term process with those recruiting apprentices reporting that it may be a four year process to identify positive impact, while others said that it was too soon to say when the full benefits would come into effect.

Where case study employers had used training brokerage and skills diagnostic activities, they anticipated that impacts would take a long time to materialise. Articulating the impact of skills diagnostics was particularly problematic for smaller employers as they were often unaware of the potential benefits from the start. Larger firms identified purchasing training as an impact from skills diagnostics, but said that they were not in a position to report on business impacts.

Many of the impacts reported by employers were soft rather than hard, with many less able to report distinct business and HR impacts. Nevertheless changes to HR practices for some SMEs, such as alterations to employee business involvement techniques, pay systems and management style linked to apprentice recruitment, appear to be instilling good practice into these case study firms.

Overall, there was no clear link between the type of innovation (as defined through research team analysis of application forms and subsequent verification of project content with DPs) in the products and services offered through the funds and the outcomes that projects achieved. In the eyes of employers, perceived service quality and process innovation was an important dimension to their engagement and satisfaction, and in practice this sometimes overlapped with perceptions of product/service innovation.

Most projects were found to offer 'adaptive' or 'context specific' forms of innovation which involve adapting existing offers or implementing them in a new context such as a sector or location. This is in contrast to more radical 'transformative' approaches which are inherently rare and difficult to achieve through skills policies.¹ However, there were some projects which aimed to engage employers in untested products and services and as experimental pilot projects. The outcomes and impacts from these projects will be explored in future waves of the evaluation.

Case studies also identified wider impacts from projects which included new relationships between employers to collaborate on training, new links between employers and learning providers, and improved relationships between employers and employee representatives.

At this stage in the evaluation it is difficult to say whether the programmes have led to reduced reliance of DPs on public funding, through leveraging employer investment. This will be explored further in future waves of the evaluation.

Sustainability

Sustainability can be realised through ongoing methods of financial support ongoing delivery and/or embedded changes in employer behaviour; and the former may also be a route to the latter. Previous evaluation of EIF/GIF noted the importance of early planning and the reality that there is a transition between investment and becoming financially self-sustaining. The likelihood of sustainability has been found to be increased where the market failure in sectoral skills is more severe, where levels of skills investment (and employer attitudes towards investment) is already more advanced, where employers had been consulted and products had been tested prior to application, and for apprenticeship and employment brokerage projects.

Additionally, ensuring that pricing and costing of products were tested to assess employers' willingness and ability to pay increased the likelihood of project sustainability. The quality of the product/service on offer in terms of relevance and flexibility to employer needs was also a factor in contributing to creating and then sustaining ongoing employer demand.

Conclusions

The investment programme has sought to deliver a fundamental change in how employers invest in skills in the UK by implementing principles of co-investment and encouraging employers to take more direct responsibility over training provision. Early evidence from the case studies has indicated that there have been some successful outcomes in progressing to this change in skills infrastructure.

¹ Definitions adapted from Cook et al (2012).

How has project design, development and management affected outcomes?

Progress to instilling employer ownership and co-investment was most evident where case study projects had been designed and developed to address unmet demand for intermediate to higher level skills, mainly encountered in the manufacturing and science sectors.

Following from this, case study projects that were the quickest to achieve scale and outcomes were those focussed on apprenticeship and employment brokerage, often targeting SMEs. These projects were addressing multiple barriers to training often acutely felt by small firms by offering clear information to employers about the relative quality and benefits of training.

Less positive progress was made where case study projects had sought to implement a multi-dimensional offer. These projects were more problematic for their DPs to manage, and the interventions were more difficult to package as an easily recognisable and understood 'product' for employers. Additionally, the evidence at this stage also showed that case study projects seeking to change deeper-rooted behaviours took much longer to gain traction where a clear problem and solution were not immediately evident and where there is limited initial employer demand.

The need for co-ordinated and planned approaches from project inception through to delivery has been found to be a critical factor to success in ensuring that case study projects were seeking to address unmet demand and engaging with employers through a range of activities to raise awareness and understanding of identified skills needs.

There has been good evidence from some of the case studies that employer leadership and contributions have been intrinsic to project outcomes through design, testing and refinement of products and services. This has involved DPs discussing initial ideas for projects with employers and then following this with market testing. Involving employers in these early stages has been critical to the success of the projects.

Developing innovative skills infrastructure solutions has been a key objective of the programmes, and there has been some evidence of innovation being applied to meet employer needs. However, the impact of type of innovation on longer-term changes in employer investment in skills is less clear at this stage.

The impact on case study employers' business outcomes appeared to be stronger for apprenticeship brokerage and higher skilled employment brokerage services, and more mixed for skills diagnostics and networks. However, most employers taking part in the case study research felt it was too early to report on impacts such as effectiveness of training and ability of employees to do their jobs.

Overall, case study employers found it easier to identify soft rather than hard outcomes at this stage. Evidence of impact on employer collaboration and wider outcomes, and outcomes for larger employers through levers such as training brokerage are more difficult to determine at this stage and will require tracking in future waves of research.

What would have happened in the absence of investment funding?

There is early evidence to show that there has been some additionality achieved for case study employers. For some, especially smaller firms, they simply would not have taken part in interventions requiring engagement with the skills system. In other instances, case study employers that have engaged with apprenticeship brokerage, higher-skilled employment brokerage or skills diagnostics, reported that they may have made progress towards a similar outcome, albeit at a slower pace. Evidence of additionality for training brokerage, networks and employment brokerage projects was more mixed and depended on how successfully the interventions were tailored to their context and employer needs.

To what extent has sustainability of investments been achieved?

A variety of approaches used singly or in combination has led to case study projects becoming sustainability. Sustainability was largely achieved by securing on-going funding from a range of sources including a mixture of public and private funding. There is a strong correlation between the projects which have been sustainable and those projects which demonstrated more effective design and management throughout.

In terms of the most common reasons why case study projects were not sustainable, it was found that many had not stimulated sufficient employer appetite to engage in the solutions and attain initial targets. This had a knock on effect of achieving insufficient employer backing to establish a demand led approach.

1 Introduction

This is the first year interim research report on the findings from a series of seven qualitative case studies. The report forms part of a multi-year evaluation assessing the impact of the two investment programmes: The Employer Investment Fund (EIF) and the Growth and Innovation Fund (GIF). The strands of the overall evaluation consist of:

- Up to three waves of an employer beneficiary survey, matched with comparison surveys of non-participant employers;
- Up to three waves of qualitative case studies;
- A stocktake of investment performance conducted through a review of management information and project level evaluation reports;
- An impact evaluation using beneficiary and comparison survey data.

The purpose of this report is to provide some initial evidence on process and outcomes of investment to inform interim policy development activity for the UK Commission for Employment and Skills (UKCES).

1.1 The background and purpose of EIF and GIF

Background to the investment programmes

The UK Commission for Employment and Skills (UKCES) investment programmes were developed in response to growing evidence that UK skills policy had not always met the needs of employers, and that levels of investment in skills development was insufficient to drive business and economic growth. Evidence suggested that whilst, there are world class, high performing businesses across the UK, other symptoms related to the supply and demand for skills were holding back investment in skills. The Collective Measures programme of research (see Cox et al., 2009; Stanfield et al., 2009) identified a number of common barriers or market failures to achieving optimal investment in training, these included:

- market failures which inhibit employer investment in skills contributing to mismatches between skills supply and skills sought by employers;
- some duplication of investment in the public and private markets for learning provision;
- skills products which have in the past been driven by supply rather than demand.

The research also included an examination of the levers that might help to increase investment in skills and the different contexts in which levers for investment could be effective (Collective Measures). This amplified the belief in the (untapped) potential for employers, especially employer networks, to take a greater role in the development of skills solutions. The research recommended the introduction of a fund where employer networks could bid for finance to co-invest in skills projects relevant to real demand and employer need.

The investment programmes were developed to stimulate a step change in employer leadership and investment in economically valuable skills through co-investment between employers and the UK Commission. Ultimately, the goal was to boost economic growth and productivity in the UK through increased investment in skills. EIF and GIF sought to achieve sustained change in how employers engage with, and invest, in skills in order to raise skills levels, improve access to and deployment of skills, and raise business performance.

The funding was limited to skills and employment infrastructure, with no participation funding available (i.e. direct funding for the training of specific employees or individuals). Both programmes were time-limited investments, and designed to pump-prime the building of infrastructure that would develop solutions to address needs in a specific area/sector. The programme invited applicants to submit proposals; and it was non-prescriptive / gave no preference to the nature of problems or solutions it sought to invest in. The programmes sought and assessed project bids that were to be demand-led, innovative, with significant co-investment from employers. The overarching aim of the programmes was to provide employers the opportunity to take the lead in articulating their needs and steering the development of the solutions they needed in and bring about sustainable change in their industry/sector.

- **The Employer Investment Fund was created to stimulate employer investment in skills and to improve the use of these skills in the workplace in the most effective way.**

EIF was a time limited transition fund created to shift reliance of SSCs away from core public funding. It encourage them towards a competitive commercially focused outcomes approach. As a result of this the future sustainability of SSCs would increasingly rest on their ability to serve and secure investment from employers who valued their support. The investment programme was UK wide, open to SSCs only and was implemented in three phases.

- **The Growth and Innovation Fund was created to support bottom-up business leadership to leverage greater business investment in skills, enterprise, jobs and growth.**

GIF was restricted solely to England but was open to any employer-led body (e.g. Chambers of Commerce and Local Enterprise Partnerships), with a stronger emphasis on innovation and sustainability of the infrastructure developed. GIF had four investment rounds. Later rounds included a development phase with investment and / or guidance to shape the project parameters prior to full application.

As of June 2014 (excluding both EIF round 1 and GIF development projects), UKCES had contracted £95 million in pump prime funding to 111 successful investment proposals, leveraging a further £100 million in matched contributions from employers (in kind or cash). Ipsos MORI's initial review of the EIF and GIF programmes (as part of a 2013 feasibility study for a programme level beneficiary survey²) showed a diverse set of activities had received investment funding, using a variety of delivery mechanisms.

The EIF and GIF investment funds have been part of the UK Commission's journey towards greater and progressive employer ownership of skills. Whilst this report focusses entirely on the EIF and GIF portfolio, it is worth providing background on two further funds that have followed EIF and GIF. First, the market-led Employer Ownership Pilot (EOP) builds on the learning of EIF and GIF, and includes an infrastructure component (similar to EIF and GIF) alongside participation funding. It is a competitive fund open to employers to invest in their current and future workforce in England. Rounds 1 and 2 of EOP funding awards have been made and, like EIF and GIF, combine UK Commission resources with a requirement for significant employer commitment of investment (in terms of cash resources and in-kind contributions). Projects, which include a number of industrial partnerships³, are mainly led by employers, though may often be backed or supported by intermediaries such as SSCs, who may be the lead contract holders in in the partnership.

² Ipsos MORI (2013), UKCES Investments Beneficiary Survey: Feasibility Study

³ Industrial Partnerships are employer-led partnerships that have been established through EOP funding. Whilst they vary in their size and structures, they have a common broad purpose to set out what is required to ensure that the skills system works for their sectors/sub-sectors and provide leadership and influence to help make it happen.

Types of activities funded through EIF and GIF

There was no prescription or preference in regard to type of activity/lever and investment decisions. The emphasis was on the solution being rooted in an understanding of the challenge and being tailored to address the barriers and/or opportunities it presented. Under EIF and GIF, a diverse set of activities received investment funding, using a variety of delivery mechanisms. The projects may have different audiences, be long-term or short-term in anticipated impact and work through a sectoral and/or geographical focus. The types of levers engaged within a project or package of complementary projects are summarised below:

Skills diagnostics: Delivery Partners (DPs) developed projects involving direct and indirect engagement with employers in order to identify and define their skills and training needs and thereby encourage them to implement training solutions. These activities were often combined with training brokerage and were delivered face-to-face and on-line.

Apprenticeship brokerage and employment: these assisted employers in recruiting and sometimes managing apprentices. These mechanisms were highly diverse in nature, including establishing a new organisation to act as a brokerage vehicle (e.g. Apprentice Training Agency).

Employment brokerage: these included services similar to apprenticeship brokerage activities and also included on-line mechanisms acting as a marketplace to connect employers with potential workers. These schemes were designed to correct information asymmetries in the training system and in particular, to help signpost SMEs to suitable sources of labour and often reducing recruitment costs.

Training brokerage: included on-line, face-to-face or telephone services to help signpost firms to training provision. These schemes were designed to correct information asymmetries in the training system and in particular, to help signpost firms to sources of training that they would otherwise not know of or use.

New qualifications/training accreditation: some projects served both to accredit training courses (such as voluntary licenses to practice) and to develop new qualifications (such as apprenticeship frameworks). In some cases these were then awarded accreditation by a professional body or accrediting body.

Accreditation of training providers: specific training providers were sometimes awarded accreditation (such as a license to deliver a particular training course or being labelled as a Centre of Excellence). These interventions were often geared towards addressing market signalling issues and reducing uncertainties relating to the quality of training.

Group Training Associations (GTAs): these are intended to overcome inertia or lack of information and knowledge about learning needs and provision, reduce barriers to co-operation among organisations in the same sector, enhance economies of scale, and improve purchasing power with providers.

Networks: these may be diverse in their objectives and purpose and may share some of the functions of GTAs but operate within a less formal structure. They involve organisations coming together for activities such as identifying learning needs, acquiring access to provision and pooling delivery of training. They provide a vehicle for collective procurement of training to help address adverse economies of scale.

Careers advice: these projects provided information, advice and guidance to individuals pursuing a career within a particular sector (such as the creation of on-line careers pathways), often accompanied by a number of sector specific objectives (such as encouraging graduates or those with technical skills to enter specific occupations suffering skills shortages).

Pre-employment support: some vehicles offered more intensive programmes of pre-employment support, designed to help out-of-work individuals enter careers in specific industries where demand for labour was comparatively high.

1.2 Evaluation design

This report forms part of a multi-year evaluation assessing the impact of the two investment programmes. The strands of the overall evaluation consist of:

- Up to three waves of an employer beneficiary survey, matched with comparison surveys of non-participant employers;
- Up to three waves of qualitative case studies;
- A stocktake of investment performance conducted through a review of management information and project level evaluation reports;
- An impact evaluation using beneficiary and comparison survey data.

The purpose of the overall impact evaluation is:

- To learn lessons about the delivery of the two investment funds, in order to enable improvements to the process for UKCES and the investees in building sustainable skills solutions;
- To provide an assessment of the impact of the funded projects on skills investment and business activity, assessing impact by sector and by region for England and the UK.

Case studies

To complement the quantitative survey, the case studies have focussed particularly on interventions targeted at changing employer attitudes and behaviours regarding skills investment within the broad portfolio of DP projects. Two types of mechanism were excluded; careers advice and pre-employment support projects as they did not offer the possibility of subsequent employment with employers offering work placements as part of the projects. The activities selected for detailed research were:

- Skills diagnostics
- Training brokerage
- Apprenticeship employment and brokerage
- Employment brokerage including any involving pre-employment training
- GTAs and networks
- Accreditation of training/training providers and new qualifications.

Projects were chosen within case studies to focus on those that sought to deliver direct benefits to employers. Therefore projects aimed primarily at delivering research and labour market intelligence, or information, advice and guidance to individuals in the labour market were excluded from consideration. Beneficiary survey data was then examined to make a selection of projects with an adequate sample of employer leads from which to recruit employers for case study research, balanced against the need for a spread of types of interventions. In some cases, particular interest in learning from a project outweighed considerations about volume of beneficiaries and alternative leads were sought through DPs. This process narrowed down the list of potential projects to the target of a maximum of four per case study.

Appendix A provides more detail on the methods used to conduct the research, a series of profiles of DPs and individual projects. Table 1.1 provides characteristics of all the projects within the case study selection.

Table 1.1 Number of projects within the case study sample by selection criteria

Investment Programme	Case study selection criteria			
	EIF	GIF		
	18	12		
Primary type of lever (NB. Each project may use more than one lever)	Apprenticeships and apprenticeship brokerage	Employment brokerage	Skills diagnostics	Networks
	7	8	5	6
	Training brokerage	Professional standards/ new qualifications/ training accreditation	Group Training Associations (GTAs)	
	7	5	2	
History of collaborative action on skills in sector	Higher	Medium	Lower	Variable (cross-sectoral projects)
	9	7	12	2
Type of project innovation	Adaptive (taking existing idea and refining it)	Contextual (taking existing idea and applying it in new sector, industry or setting)	Transformative – wholly new idea	
	11	18	1	
Type of Delivery Partner	SSC	Non-SSC		
	27	3		
Type of industry	Manufacturing	Services	Mixed/cross-sectoral	
	10	12	8	
Scale of funding	Large	Medium	Small	
	15	12	3	

Each case study consisted of interviews with DP staff, up to five employers per project, and up to three stakeholders or delivery agents involved in shaping projects or project delivery. This resulted in eighty-seven interviews with national stakeholders, DP staff, employer beneficiaries, learning providers and stakeholders across the nine case studies. A more detailed breakdown of the spread of interviews is given in Appendix A.

For some projects, it was difficult to identify employers who had engaged with or benefited from the project interventions. This has resulted in some evidence gaps in the data which have been taken into account in undertaking the analysis.

In practice, a number of the projects were focussed on delivery of services to SMEs, of which several focussed on apprenticeship and brokerage projects. This presented opportunities to explore the rationale for SME engagement with skills initiatives but made it more challenging to assess the impact of projects which were less tangible and further away from market readiness. In addition, the substantial proportion of SMEs interviewed across all project types found it more difficult to identify impact of projects on business performance indicators because SMEs are less likely to measure them. The profile of initial projects selected revealed several which were not sustained or where employer engagement was low. Early fieldwork also illustrated that projects aimed at filling skills gaps and increasing investment in the skills of existing workers were less fully developed and in several cases staff turnover at DPs meant that detailed information on project development, governance and management was not available. A substantial share of projects were concentrated in industries and sectors with a limited history of collaborative action on skills, making it less likely that changes in employer behaviour would be widespread across the project portfolio in the initial wave of research.

Overall this means that it is challenging to make comparisons on some elements of project delivery across the case studies and that the substantial proportion of SMEs covered in the research may skew the findings so the impacts and outcomes for larger firms are not fully recognised. The broader impact of projects on employer attitudes and behavioural changes in skills investment will be explored more fully in Wave 2 of the evaluation which will adopt an amended approach to employer sampling.

1.3 Programme logic chain

The potential rationale for how the investment funds could be used and understood is set out in the programme logic chain (Hale et al., 2013), see Figure 1.1. The logic chain shows the potential range of inputs, interventions, outputs, outcomes and impacts and the causal mechanisms through which the activities should achieve their results illustrated. The report draws on qualitative and quantitative data from the beneficiary survey and Management Information (MI) data collected by DPs and supplied to UKCES to explore:

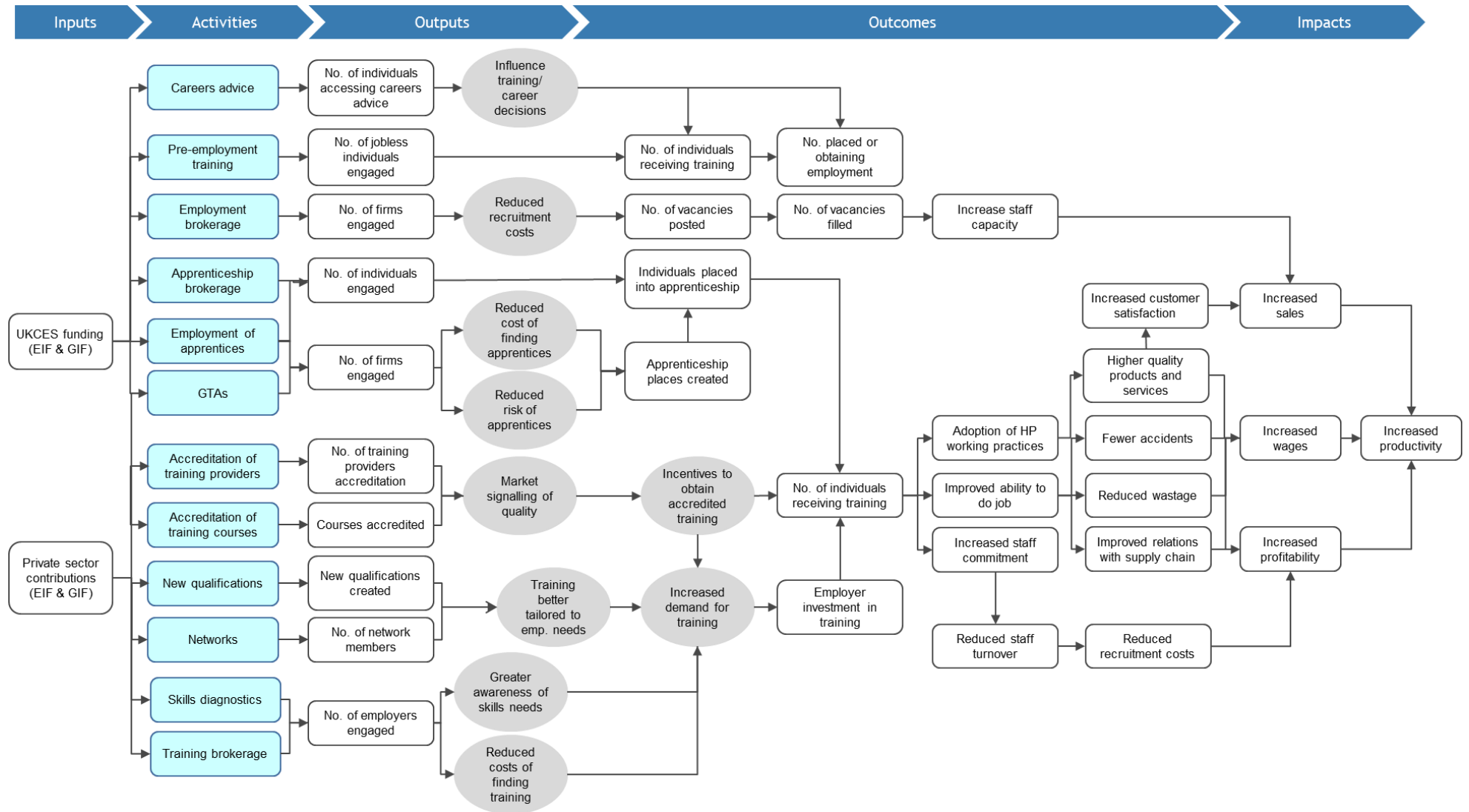
- How DPs and employers adopted or adapted the possible objectives illustrated in the logic chain.
- The extent to which initial qualitative data suggests that investments are following the pathways suggested and influencing the possible business performance outcomes.
- The extent to which beneficiaries anticipate and expect the interventions to affect the possible outcomes.
- It also considers whether the logic chain includes suitable measures, whether any others should be added and whether any changes may be difficult to measure in practice, resulting in evidence gaps.

1.4 Scope and structure of this report

The report is based on nine case studies and is therefore not necessarily representative of the wide spread of projects within the EIF/GIF portfolio. As discussed, the case studies were partly chosen to ensure opportunities to learn from projects which performed less well in addition to those regarded as successful by DPs, employers and through evidence from MI data. This has led to an intentionally mixed portfolio of case studies and tends to produce an equivocal rather than definitive judgement about investment performance.

This report provides an initial qualitative overview of the evidence gathered from stakeholders, DPs and employers on how projects were designed, developed and delivered, the difference they have made to employers and emerging conditions for success. It cannot yet provide definitive evidence about the impact of the programmes because the case studies are not necessarily representative of the whole EIF/GIF investment portfolio and the research was conducted at a point when the full impact of projects is not yet known.

Figure 1.1. Programme level logic chain



Unless otherwise stated, the term ‘success’ refers to a mixture of factors including:

- Feedback from employers on the products/services delivered and their reported outcomes for their businesses.
- The prospects for longer-term impacts of the projects through sustainability of project activities or changes they have brought about to employer attitudes and behaviours concerning investment in skills.
- The scale of delivery against targets reported through MI provided by DPs to UKCES.

As well as the qualitative evidence, the report also draws on data from the following elements of the overall evaluation design:

- The first baseline employer beneficiary survey.
- A complementary stocktake of investment performance conducted through a review of management information and project level evaluation reports.
- Desk research drawing on the EIF/GIF applications and project level evaluations.
- Management information data collected by DPs and supplied to UKCES⁴.

Chapter 2 reviews the role of DPs, outlining the aims, objectives and rationales for projects, how projects were developed, the kinds of market failures they were trying to solve, how the DPs used logic chains to inform project development and evaluation, DP rationale for project involvement, how projects were managed and evaluated by DPs, the lessons learned from project development and links between each of these issues and consequent project performance and outcomes.

Chapter 3 explores the employer engagement strategies by DPs, the contributions (whether cash or in-kind) made by employers and the added value this brought. It discusses the drivers for employer engagement and participation and, their perceptions of the innovation and overall quality of the offer.

Chapter 4 explores project outcomes covering the relationships between project innovation and performance, outcomes reported by employers including changes to attitudes and indirect benefits, and factors explaining project performance. It goes on to outline conditions for success at different points in their journey.

Chapter 5 explores the potential for continuity of project outcomes and impacts be it through embedding behaviour change and / or ongoing delivery or engagement with products and services. The chapter explains DP approaches to achieving this, current status of projects, and factors contributing to any variation.

⁴ For reasons of confidentiality, the Management Information data is not included within this report but has been drawn on by the team in undertaking the research and analysis of findings.

Chapter 6 summarises the learning to date about the progress towards the aims of the programmes. It explores how the characteristics of investments have impacted on business outcomes and assesses what would have happened in the absence of EIF/GIF. It goes on to consider to what extent the programmes has helped to make a difference to the outcome measures in the programme logic chain. And, then considers the sustainability of outcomes and what difference the projects made under what circumstances and reflects on the role that innovation, employer leadership and the role of DPs plays.

For a number of projects developing training and skills infrastructure, the outputs of the projects are yet to be used by employers, so impacts on employer behaviour may take at least another two years to be seen. This means that on the basis of the evidence available, the report is cautious in judging programme impact.

2 Delivery partner roles

2.1 Introduction

A key feature of the design of the EIF/GIF programmes was the role of intermediary organisations responsible for managing and delivering the investments. For the EIF programme, intermediary bodies were defined as Sector Skills Councils (SSCs) and the project had a potentially UK wide scope. The GIF programme was open to any employer-led legal entity or employer representative body in England and therefore a broader range of intermediaries organisations were eligible to apply and subsequently received funding.

Intermediary organisations were well placed to gather employer ideas about potential market needs. They then developed products and services that sought to meet the breadth and depth of employer demand and importantly to position themselves as an independent / impartial party doing this. The EIF programme represented a substantial change in approach for SSCs which were eligible to apply as part of a shift to contestable funding. The GIF programme opened up access to co-investment in innovative skills infrastructure solutions for consortia representing employers.

This chapter considers why Delivery Partners (DPs) chose to participate in EIF/GIF projects, the aims, objectives and rationales for projects, how well DPs understood employer demand and links with project outputs and outcomes. It considers the extent to which DPs used logic chains in developing and evaluating projects and implications for outcomes, project management and governance approaches, how project risks were anticipated and addressed, and reasons for and type of adaptations and innovations made during project delivery.

In a number of DPs, staff responsible for writing bids and delivering projects were no longer in post, so information about project development/delivery is sometimes limited to data in project application forms and employer interviews. This makes it more difficult to draw conclusions about relationships between DP roles in project design/management and project outcomes.

2.2 DP motivations for EIF/GIF involvement

The programmes provided open invitations to eligible organisations to bid for funds. The application forms required that bidders demonstrated demand / need for intervention to address a skills challenge and clear aims for the projects. In addition, applicants were asked to evidence why investment was needed, and to justify added value in terms of outcomes such as bringing products/services to market more quickly, offer the opportunity to test products/services, raise quality, overcome barriers faced by employers to investment in training and incentivise employers to collaborate widely for collective benefits or to overcome risks of individual investments.

Application forms submitted outlined the rationale for requesting EIF/GIF funding which need to be considered in the context of wider DP objectives and starting points outlined in Section 3.3. For the DPs, these could be categorised as a way of **funding a product already in development**, to **address a particular market failure** such as issues with labour stocks and flows in their sector or as part of an **on-going programme of strategic work** for the organisation.

For three DPs, the opportunity presented by EIF/GIF enabled them to **bring products or services to market which they were already developing** or to support products already on the market. For example, one DP had been considering Apprenticeship Training Agencies from their experience of engaging SMEs in apprenticeships, so the decision to apply for GIF funding came as an organic development from existing plans. For another DP, an employment brokerage project was an existing product that required additional funding to expand and move towards sustainability and EIF presented an opportunity to do this.

Addressing market failures was also a key reason for making applications to EIF/GIF and was closely aligned to the strategic objectives of four DPs, all of which were SSCs. Two DPs wanted to **attract new entrants to their sectors and upskill existing workers**, while another was seeking to fill skills shortages and one was seeking to widen the types of people working in the sector. Two were also intent on addressing broader patterns of weakness in skills investment in their sectors by encouraging employers to invest in training.

For some SSC DPs, EIF/GIF formed a key method of supporting the organisation's transition to a future without core funding and limited public funding in general via new ways of working and sustaining their operations.

2.3 Aims, objectives and rationale for projects

DPs began their projects from different starting points in terms of the depth and richness of understanding of the problem by the specific part of the market, learning from other relevant solutions in or beyond that sector/region and/or the proximity to market of the solution itself. In addition, there was variability stemming from the nature of the challenge depending on whether it was a long-term problem or more recently identified challenges and opportunities. The relationships between projects varied including hub and spoke projects which implemented a central intervention through which other activities were then linked; complementary levers packaged together in one project; or completely discrete solutions. Where combined, the degree of dependency between the levers, and/or projects, was variable. Other key contextual variations included the existing level of collaboration between employers, and their appetite for skills investment and proximity of the product/service to market.

Two key features of project development by DPs were clearly associated with more positive outcomes and success, in relation to employer engagement. The first was having a **clear rationale of a problem facing employers** that the project was trying to tackle, thus ensuring the project was demand-led. The second was having a **narrow set of initial objectives** and a **single product/service** rather than multiple ones. These projects were more successful because they provided a clear concise rationale that met employers' needs so they were more likely to engage.

The **clearest rationales, aims and objectives for projects** were evident where these attempted to deal with **issues of unmet employer demand for skills** and were able to identify specific skills shortages. Particular types of lever used by projects which held these characteristics were **apprenticeship brokerage** and **employment brokerage**. Projects offering apprenticeship brokerage among the case study sample were commonly targeted at small firms. They sought to solve multiple barriers to investment covering imperfect information about relative quality and benefits of training, access to suitable provision, transaction costs in organising training, lack of economies of scale and releasing staff to train. Employment brokerage projects seeking to source and deliver higher skilled recruits for scientific or technical roles were often targeting similar barriers.

Specificity of the solution was a key success factor because it was easier for DPs to explain a single, tangible product or service in marketing the service to employers. Projects which packaged different solutions together in a single project found it more difficult to appeal to employers. However synergies were identified from projects which operated separately but offered complementary solutions. For example, these included skills diagnostics which then directed SMEs towards apprenticeship or employment brokerage services. This suggests that developing a **clear and tight focus at the beginning of project development is helpful.**

Projects designed with less clear goals and narrative about the purpose and benefits of the activity/product or service and the problems it was tackling were **more difficult to promote and received lower take-up among employers.** This reflects some projects which were tackling more complex issues and was part of the aim of having a balanced portfolio of projects. Looking across the range of employer and DP evidence, this challenge was **particularly associated with some levers such as networks, standards and qualifications, HR toolkits and consultancy services** aimed at employers. For example, project strands intended to engage employers in High Performance Working or map career development pathways were less able to articulate a rationale which appealed to employers. Findings suggest that this was largely because the benefits accrued to the individual, the products were being developed for industries with less history of appetite for these kinds of services and there was limited employer ambition to improve people management practices in a broad sense because it did not present an immediate problem to employers.

For example one DP developed an on-line career pathway and set of HR consultancy services to help employers provide training to upskill workers and enable them to progress between roles. However there was no demand in the industry for either these kinds of internal career ladders, accreditation of worker competence or higher skill levels. In the case of some networks, a broad initial scope was intentional because employers were intended to influence the types of services and activities after networks were launched. In practice, this sometimes resulted in perceived lack of clarity by employers and challenges in achieving sustained employer engagement.

Projects which combined multiple activities within one project to tackle combined sectoral challenges were typically less clear in their articulation of the objectives, nature of demand and why the solution was appropriate. One example was found of a successful solution which linked professional standards to skills diagnostics and training brokerage with a tightly defined target market. Those projects focussed on more general improvement of sectoral performance or which did not appeal to employers generally experienced less positive outcomes. Only some strands of the projects, if any at all, were positively received by employers. These types of interventions were also difficult to package easily as a 'product'. They required a much greater commitment to change from employers, a more holistic approach to design and implementation and more intensive external support.

Conversely 'light touch' engagement through information, advice and guidance may not engage employers sufficiently to make substantive changes. Getting the balance right between a product/service that would appeal to employers' immediate needs and offer opportunity for further stretch or engagement appeared to be an important factor in product choice and design. However, Section 5.6 highlights that separate projects operating complementary solutions created potential synergies and benefits, so using multiple levers may offer benefits as long as these are not delivered in a single project.

2.4 Understanding employer demand

Overall, the portfolio of projects within the programme showed understanding of market failures and rationale for why intervention was needed, but application forms and discussion with DPs were more variable in terms of demonstrating why the precise intervention was chosen and what alternatives were considered. Employer feedback and MI data shows that DPs which conducted bespoke employer research specifically for EIF/GIF applications found it **contributed positively to the delivery of the products and services and to the outcomes achieved** to date. The research increased the likelihood of the solution being fit for purpose and identified issues to tackle in order to optimise employer engagement.

Only a few DPs (three) had undertaken bespoke research with employers prior to making their applications. These DPs found this helped to identify particular barriers and challenges that might deter engagement among their target segment of employers. They then used the information to design the product/service offered. The research produced **relatively rich pictures of the different challenges** that SME employers faced in using services such as apprentice brokerage. The difficulties they typically encountered included lack of understanding of apprenticeship frameworks, uncertainty about recruitment processes, concerns about commitment to employment, administration costs and training quality. DPs then used their understanding of these barriers to inform the development of **skills diagnostic services** which were developed in parallel with apprenticeship brokerage.

The research clearly identified **lack of management education** about the training market as a source of market failure. This was combined with to support businesses seeking growth. DPs addressed both issues directly in the solution offered. In addition, some of the DPs had drawn on research into **different versions of their preferred solution** to help select the model adopted.

In contrast, **most DPs relied on Sector Skills Assessment reports** produced by SSCs to understand the rationale for action, sometimes supplemented by their own employer surveys and data from other national sources. This was helpful background data which demonstrated broad sectoral problems but was not necessarily intended for the purpose of identifying particular solutions. Therefore **bespoke research added value to applications in demonstrating a richer understanding of where demand was more acute, and the drivers of engagement and business priorities.**

The evolving nature of the EIF/GIF programme may have influenced the quality of applications by changing the content of application forms during later rounds. GIF application forms tried to focus bid writers on providing information about the problem and barriers which the project was trying to address. However, other factors appear to be more important in influencing project outcomes in terms of sustainability and wider behavioural change and these are discussed throughout the report and summarised in Chapter 5.

2.5 Application development and submission process

The project ideas were generally developed by individual DPs, drawing from the feedback they received from employers. Some of the strongest ideas were those where there was **a strong relationship between those developing the proposal and those delivering the project. These projects often had more positive outcomes** in terms of perceived quality of project delivery by employers, achievement of beneficiary targets and overall sustainability.

Following submission of funding applications, for most DPs there was a considerable gap between hearing that the application to EIF/GIF had been successful and signing of contracts. This meant that momentum with employers was sometimes lost and the project profile needed raising with employers to allocate time to it. Some DPs were proactive and had planned EIF/GIF applications in relation to their broader portfolio of activities. **These organisations used the interim period to gain a greater understanding of their employers' needs and therefore strengthened their offer.** Others had already stimulated large firms to participate in workshops and persuade smaller businesses to attend as part of 'warm up' activity prior to funding being awarded. These factors contributed to the success of these projects in developing substantive active employer interests and engagement and is evidenced by business impacts reported in the beneficiary survey and feedback provided by employers in Chapter 5.

This suggests that DPs need to be mindful of working within project application and decision-making time frames and build in ways of sustaining employer interest. However it may also suggest that funders should ensure a shorter decision-making cycle within competitions, in order to better align project time frames with employer needs.

2.6 DP approaches to project governance

There was a wide range of governance models used by the DPs, ranging from steering groups created for the purpose, to incorporation of projects within existing DP governance structures. Most projects were managed by DP staff, and **strong DP ownership** of the project and **efficient management processes** appeared to help projects run smoothly.

Governance structures across the projects varied, but most DPs adopted a fairly comparable structure across all or most projects. Some projects had extremely varied management and governance arrangements, which DPs reported reflected the diverse nature and requirements of the activities. However, overall, fairly **uniform, simple, structured governance and project management systems** were linked to positive outcomes in terms of quality of project delivery reported by employers, achievement of beneficiary targets and positive prospects for employer behavioural change and project sustainability. They provided consistency across projects, opportunities for synergy between them, and helped to avoid duplication of effort. They also served as vital mechanisms for any difficulties to be picked up and swiftly addressed which was particularly important for making sure that projects delivered as intended and stayed on track throughout their life spans.

DPs managing several, multi-stranded projects were more likely to encounter difficulties in internal and external communication about project purpose, progress and allocation of tasks and responsibilities between project managers and other DP staff. This points to the advantages of choosing to focus on delivering a small number of activities well and the benefits of having a narrow rather than broad focus in developing project ideas discussed in Section 3.3.

Differing **levels of formality in project management and project governance processes** between DPs were evident. The **quality of DP leadership** to resolve any tensions between project partners appears to have more influence on project outcomes than the type of project governance or degree of formality involved. The evidence suggests there is no single best approach, with a 'horses for courses' approach tailored to each project being most appropriate. Informality was reported to have contributed to the success of some projects in terms of gaining employer engagement and positive feedback, and to have enhanced trust and collaboration between industry competitors. DP approaches to project management

There was great variety in terms of the role of DPs and stakeholders in delivering the EIF/GIF projects. Stakeholders included training providers, trade associations, Chambers of Commerce, large employers and professional bodies. One employer reported that in over 20 years of working in the industry that they:

'Cannot recall a similar... [project with] competitors sitting down in the same room and coming up with something for the common good.' (Major employer)

Some of the DPs used a similar basic model of delivering across all of their projects, with for example, the DP assigning a project manager to each project, who then worked with other partners as appropriate. Others had a wide range of models, which depended on each project being delivered. Some DPs delivered projects in partnerships with other public and private sector organisations, using formal and informal contracting and governance arrangements. In trying to assess links between project management and positive employer feedback, and sustainability of investment by lever, sector or project aims, there were two clear and consistent findings.

Projects benefiting from consistent staffing often received better employer feedback due to personal relationships built with DP staff over time and no interruptions or breakdowns of communication. This was evident from employer interviews, project evaluations and DP interviews.

In contrast, where staff continuity could not be maintained, this sometimes affected quality of links created with partners and employers and created internal communication challenges. Consistency in staffing can be challenging to achieve for those DPs moving to project-based funding. It reflects a change in the nature of the funding landscape and new ways of working to which SSC DPs have been adjusting. Clear handovers and good communication during staffing changes require attention, which has been a learning process for DPs.

Projects with multiple delivery agents were more challenging to deliver. These projects often showed better outcomes but this finding requires caution in interpreting. First, risks in delivery of projects are clearly mitigated if DPs were not relying on external partners input. Projects delivered with partners are likely to be more risky, complicated and potentially innovative, so this does not mean that partnerships should not be attempted. Second, such projects were often resource-intensive for the Delivery Partner which had to bear all the costs and risks associated with delivery.

Delivery Partners using a combination of Delivery Partner staff and other stakeholders to deliver their project tended to experience more variable outputs and outcomes. These depended on effective alignment of partner organisations with project objectives.

Working with new agents should not be regarded as a weakness in approach however, since it also presented opportunities for DPs to engage with a wider range of delivery agents from which future relationships may develop. These might include Local Enterprise Partnerships (LEPs), trade bodies and employer associations, local colleges, training providers, third sector organisations and government agencies. Maintaining active DP leadership appeared important to ensure that external organisations delivering elements of a project promoted it effectively.

Project performance was affected substantially in some cases by the performance of stakeholders such as learning providers and local trade bodies, especially where these partnerships were new. Challenges included: perceived competition between the solution proposed by the project and existing products of stakeholders; difficulty in aligning national and regional priorities of stakeholders with employer interests; difficulty in aligning interests of FE colleges and employers; and lack of alignment between stakeholder objectives and project objectives. DPs overcame these challenges by working more selectively with those delivery agents that were co-operative and, in some cases, by ending relationships that were not mutually fruitful.

Some DPs encountered difficulties in working with national delivery agents to offer services at a regional or local level. This was due to added complexity of trying to deliver multiple products and services, the particular characteristics of the partners and the DPs' capabilities in managing the relationships. Other DPs were starting to explore possibilities for sustaining projects through working with new partners at local levels such as LEPs. Evidence of outcomes from this approach in terms of project sustainability and impact was not available at this stage of the evaluation but can be explored in future waves.

2.7 Anticipating and managing project risks

Skills infrastructure interventions which are untried in new contexts typically carry some risks and opportunities to learn and innovate during the lifetime of the project. This section explores how risks were managed. In practice DPs anticipated most risks at the application stage of projects and the main challenges stemmed from under-estimating known risks rather than encountering new ones.

Interviews with DP staff and analysis of the EIF/GIF application forms showed that projects had many potential risks in common which were identified at the outset. Table 2.1 below provides an outline of risks identified by DPs, classified by type of risk, and actions taken to mitigate risks. There was limited difference between the types of risks identified by projects experiencing positive and less positive initial outcomes and no consistent relationships between type of lever and type of risks.

Table 2.1 Project risks and mitigation strategies identified by DPs and application forms

Risk	Characteristic	Mitigations
Lack of employer engagement	Lack of buy-in and collaboration (stakeholders) Smaller companies not wishing to commit Employers not wanting to participate Fears over working with competitors Cannot engage widely with employers Not enough individuals taking part Individuals not making use of resources	Research; market testing, return on investment study, presenting a strong business case, marketing and communication , using own contacts and networks
Lack of financial sustainability via employers or other sources	Employers and stakeholders do not want to fund the product/service Do not get enough income to sustain SMEs cannot pay Cannot access other funding	Market research, assuring quality of apprentices.
Adverse external factors and timings	Delays in completion of apprenticeships Product testing during lifetime of project Competing products flood the market Government policy priorities change Reduced employer recruitment activity among target group for employment brokering projects	Monitoring and early identification of risks and changes in policy, reliance on employer ownership and governance structures, maximise quality of the brand
Lack of fit between solution and employer need	Solutions not based on current employer needs Not designed to meet sector specific needs Do not get contract needed to deliver Employers do not agree on operational model Employers cannot do what is required to develop product/service	Consulting with employers, market research and information on returns on investment, adaptation to meet employer needs
Quality, scale and outcomes	Vision and targets too ambitious Benefits not realised Quality of developments and service not achieved (IT) Communication and marketing inadequate to secure early adoption Not getting the right/number of staff	Base solutions on information from credible consultants and experts.

DPs which were effective in mitigating risks generally achieved this across different categories of risk and types of project. Their capability to mitigate risks reflects broader effectiveness of project management processes discussed earlier in this chapter and conditions for success discussed in Chapter 4.

In practice **few risks emerged which DPs had not anticipated at the point of making their funding application**. The absence of risks which DPs had not anticipated in developing projects is encouraging for both those running future investment funds and investees running projects. This is because it shows that most risks were relatively straightforward for DPs to identify.

One key indicator of risks materialising and consequent need for change and adaptation was project delays. Looking across the whole delivery period, many projects ran to time, although this was not necessarily an indicator of project success in addressing overall aims. The risks materialising as reasons for project delays commonly included the following factors, with no particular variation by type of lever, sector or Delivery Partner:

- Scale of project ambition and targets. These did not threaten project delivery but did have an impact on timely completion. DPs were often relatively ambitious in the targets they hoped to achieve.
- Underestimating start-up time required to recruit staff and get projects up and running.
- Ability to manage development of new technology platforms. Some products were slower to reach market than anticipated due to problems with development of IT or need to devote additional costs. Having access to expertise in defining requirements for IT projects and in negotiation of purchases of major IT investments may have been helpful for addressing these issues.
- More time than originally anticipated required to build contacts with stakeholders and employers. Some projects missed key recruitment windows, for example, for apprentices. This was addressed through project extensions. Building relationships is a particular challenge when working with new partners.
- Difficulties in engaging employers, particularly SMEs, and managing these challenges with project DPs. DPs commonly under-estimated the scale/depth of the challenge in these activities and resources required to address them.
- Difficulties with agents delivering and/or engaging others, as the DP had less control over how and when decisions were made and action was taken. DPs commonly under-estimated the scale/depth of the challenge in these activities.
- Lack of alignment in time-critical activities for apprenticeship and graduate recruitment projects, which did not match timing of young people's decision-making processes about future study and employment with the academic year. Apprenticeship and employment brokerage projects ran into timing issues due to misalignment with university timetables, causing weak initial links with HEIs, and then data protection issues in accessing students. This meant that graduate and apprenticeship candidates of the right calibre had already secured work. DPs commonly did not anticipate this risk at project planning stage.

- Lack of financial sustainability – early product testing, income generation planning and testing of pricing or other strategy was required to optimise prospects for financial sustainability. Plans for scaling, monitoring, and measuring timing of progress towards sustainability were relatively uncommon and DPs often underestimated this risk to achieving longer-term impact. However, emphasis on sustainability at programme level was intensified mid-way through EIF Phase 2 so projects running up to this point may have given less attention to this dimension of project design and management. Transition to financial sustainability for a number of projects is a medium to long-term process.

Of these risks the first five were most important to address because they were most likely to have an impact on project outcomes and to present opportunities for strengthening project delivery and risk management.

In practice, DPs understandably found **adverse external factors more difficult to mitigate** because they had less control over them. Some project delivery adaptation was necessitated by changes in the industry landscape, which were difficult to predict. For one project, changes in public funding lowered employers' interest in skills needs for the sub-sector. In response, the project's focus was shifted to directly benefit training providers rather than employers, so that training providers were ready to provide services should employer demand increase in the future.

2.8 Delivery innovation and lessons learned during projects

During the course of projects, DPs commonly had to make adjustments to projects as they identified what worked or did not work. Common issues to deal with were: **lower take-up by employers**, and **changes made to products/services following employer feedback**. DPs which responded effectively to these issues were again more likely to be effective in the other elements of project design and management.

The most common **response to lower take-up** than anticipated was **intensified employer engagement activity** which required innovation through trying out different engagement techniques. DPs sought new ways of doing this, allowed more time, and/or increased resources for marketing. For example, one DP adapted its SME engagement strategy to align it more closely with SME concerns, and piggybacked on existing events aimed at broader industry issues rather than skills themes, while another provided more opportunities for employer input at the project governance level.

Changes to projects as a result of employer feedback on how services could be improved, in order to make them as effective as possible, and to more closely align them with employer demand were made by two DPs. One introduced new ways of communicating with employers and changed staff responsibilities while another improved an IT interface, strengthened links between networks of employers to help build sustainability and developed a greater regional presence to attract SMEs.

One case showed an example of opportunistic innovation to solve an emerging industry challenge. One DP was approached by a Government department to see if an employer-union forum could be re-established to help address some industrial relations issues. The DP brought in an independent mediator to tackle initial tensions and the forum developed an occupational qualification to address concerns about health and safety issues in the industry.

2.9 DP use of logic chains and approaches to evaluation

Logic chains were not required by all rounds of the EIF/GIF programmes and for many DPs this was the first time they had used such tools. Bidders varied in: how systematically they used logic chains to think through the rationale for project needs; the type of market failures that projects were seeking to overcome; the causal channels for achieving results; and the type of plausible outcomes and impact that might be measurable. Those **projects which used logic chains systematically from project design to evaluation tended to be more successful in engaging employers and in employer feedback on quality of project delivery**. They demonstrated a clear and unified sense of purpose which underpinned the projects. This finding could have several explanations. Development of a sound logic chain might have helped achieve positive outcomes, it could be associated with more effective planning and delivery on the part of the DP or a sound logic chain could be a good predictive indicator of the level of demand/need for a particular project.

DPs using logic chains typically adopted a linear approach examining activities, outputs, outcomes and impact with two issues for consideration. First, there was often a **lack of consistency** between logic models in **distinguishing between outputs, outcomes and impact** which will make comparing between the eventual results across case studies challenging and some re-classification of indicators may be necessary in subsequent waves of research. Second, **logic chains generally did not outline the causal mechanisms** by which they expected the projects to achieve their approach.

2.10 DP approaches to project-level evaluations

All DPs undertook evaluations of projects as a contractual requirement of the later phase of investment funds. Interim evaluations commonly provided feedback on early teething problems, reflections on project set-up and management and evidence from initial engagement with employers. Sometimes these were deliberately conducted by an in-house team or the project delivery team themselves.

Where **logic chains** were helpfully used in commissioning evaluations, they **provided clarity and focus around research questions to be addressed** and may have helped inform the choice of research design and methods for the evaluators.

There is no clear relationship between depth/quality of interim or final evaluations and project performance. This may be because a number of evaluations were conducted by external organisations rather than DP staff. The quality of the evaluation is therefore only likely to reflect the quality of the evaluation commissioning process used by the DP and how the evaluation was managed. This is not necessarily consistent with DP operational delivery of the projects because different teams and skillsets may have been involved.

2.11 Conclusions

This chapter has shown a substantial role for DPs to play as intermediary organisations in developing skills infrastructure solutions. They served an important role as a co-ordinating function through harnessing employer ideas to develop products and services that met market needs and employer demand and in managing the projects subsequently developed. A key role was creating infrastructure to overcome barriers to investment in skills for SMEs, especially through skills diagnostics, apprenticeship and employment brokerage services. The programmes have also provided opportunities for some DPs to engage with new partners and future research is necessary to assess whether this results in shifts in thinking or further collaboration between them.

Success at engaging firms as beneficiaries, combined with quality of employer feedback was **strongly linked to DP capability**. The most fundamental element of this was in selecting and developing projects to appeal to employers and was therefore genuinely demand-led. This is one of the most important success criteria for the whole programme evaluation, but it has implications for sustainability of impact through wider behavioural change among some types of firms.

Projects which most easily gained employer momentum were often transactional and service-based and this approach was essential to engage SMEs. These firms will not necessarily engage in broader change in attitudes to skills or investment behaviour once their immediate needs are met. However immediate relevance to meeting their needs may also be a precondition of engagement with EIF/GIF programme activities for these types of employer. Context is also important here, as firms in some sectors face more obvious and acute skills shortages than others. Projects funded by EIF/GIF to address problems in sectors facing lack of employer demand or lack of ambition and an absence of acute skills shortages have found it much more difficult to stimulate employer appetite.

The evaluation showed a number of success factors at play and potential for lessons learned for delivery partners as follows:

- Being highly selective about products and services in the pre-application phase to identify those most likely to appeal to employers. This generated employer appetite and engagement which was extremely important in influencing success in terms of achieving beneficiary engagement and scale of uptake.
- Undertaking a tightly specified, single strand project was more likely to gain positive employer feedback and make progress towards any form of broadly defined sustainability than undertaking a large, multi-stranded project.
- DPs undertaking relatively challenging projects with groups that were difficult to reach, such as SMEs, benefited substantially from undertaking bespoke research to identify barriers to engagement. They then used this to shape the features and design of the product/service.
- Maintaining employer engagement between submitting the application and launching the project was important to avoid project delays and was best achieved by DPs which positioned projects within their broader portfolio of activities with employers.
- Adopting a simple governance and project management structure to fit the needs of the project and which was integrated with the DP's overall structure was helpful in ensuring project delivery.
- Adapting and responding to changes in external circumstances and feedback from employers was important to ensure that projects achieved their short-term targets and securing beneficiary engagement. Being flexible and adaptable during project design and delivery and in engaging employers was a key feature of effective DP management.

Findings so far also suggest a number of lessons for fund designers and managers as follows:

- A shorter programme application process, more closely aligned to the pace of business, may be helpful in reducing risks for DPs of employer momentum disappearing in the early phases of applying and awarding funding.
- Requiring DPs to report roles and identity of beneficiaries clearly through robust Customer Relationship Management (CRM) systems, combined with a focus on impact and outcomes rather than outputs might improve evidence quality on project impact.
- A longer timeframe for evaluation in relation to any skills infrastructure projects may be helpful, given that important impacts such as changes to employer behaviour may take time to materialise.

Finally, the evaluation to date has also uncovered potential evidence gaps which may need addressing to complete the logic chain model⁵:

- The impact of the fund on sectoral skills gaps and performance measures is not captured through existing evaluation data produced by the DPs. This may require analysis via sources such as sectoral analyses of the Employer Skills Survey (ESS), the beneficiary survey of this evaluation and bespoke DP employer surveys over the next 3-5 years. For DPs which are not SSCs, consideration may need to be given to alternative methods, potentially using spatial datasets such as the Annual Population Survey (APS) or disaggregated versions of the ESS at LEP level.
- The sample of projects covered within the selected case studies focuses more heavily on employment and apprenticeship brokerage projects aiming to increase staffing capacity rather than projects aiming to increase investment in training and capability of existing staff. This means that there may be limited data on the impact of EIF/GIF programmes on adoption of skills utilisation, impact on staff receiving training and qualifications and introduction of High Performance Working practices. This may be captured through the beneficiary survey.

⁵ The logic chain model developed for this evaluation is shown in Chapter 1. It provides a set of indicators illustrating how projects may achieve a range of different impacts through a set of inputs, activities, outputs, outcomes and impacts and provides areas of focus for data collection activity.

3 Employer contributions, and collaboration

3.1 Introduction

At the heart of the EIF/GIF programmes was the intention that projects should be demanded as part of the broader policy goals of stimulating employer investment in skills and, greater leadership and responsibility for tackling skills challenges. Different types of project required different types of engagement depending on project design and objectives. For example, projects that offered a one-off service to a large number of employers may have a different approach from those intending to build engagement more slowly or work with employers repeatedly. Employer involvement and its role was seen to vary across the different stages of design, development, and delivery, testing and refining a solution. For some projects involvement of employers in itself was in itself the end goal of the solution, as in a network for example.

This chapter provides an overview of the role played by employers in contributing to the choice, design and delivery of the projects, how DPs sought to engage employers as partners and users and employers' self-reported motivations for taking part in EIF/GIF projects. It then assesses how far the products/services offered were regarded as innovative and how employers understood this, and explores how employers assessed the quality of the offer when participating. It goes on to consider the overall quality and level of contributions from employers to the projects and the role they play in developing project outcomes. It needs to be noted that for some projects there was substantial staff turnover within DPs, therefore detailed information on the project development process and the precise role of employers was not available, and that management information collected on employer co-investment contributions may lack some detail.

3.2 Employer roles in project development and management

All DPs had involved employers in the development of the projects, although how far they actively shaped the bids and tested the products and services, and the timing of the contribution they made varied.

Most DPs used their existing governance structures and networks, typically regional council and advisory boards, to involve employers at the development stage. For some, initial development work grew from previous activities with employers, supplemented by consultation with local employer-led groups. Others set up specific governing boards including employers at the development stage. As long as structures were in place to support projects, there was no difference between projects using existing formats and those that set up new ones. Active employer involvement served to confirm initial employer appetite, verify product content was appropriate and improve quality of product/service delivery. Employers were typically seeking to achieve wider indirect benefits such as improving sectoral or supply chain performance rather than individual benefits for their organisations.

Employers usually became involved due to previous history of working with the DP or through experience of working with individual staff members. In some cases, consulting employers which already had close relationships with DPs was essential when some sectors were dominated by large firms at the top of supply chains (e.g. energy, creative, utilities). Without this input, projects would have had limited prospects for influencing product take-up by a wider group of employers.

'Whenever there was an opportunity to look at employer-led bids for funding for skills, we would go to our employer councils and talk about business opportunities... Employers involved in those councils had very strong ownership of the [product], and they saw its future as being an industry standard that could be used.' (DP staff member)

An important element of employer consultation and contribution that added to project outcomes was **seeking employer feedback on barriers to engagement as users**. Conducting market research with SMEs about skills needs and barriers to establish the scale of the issues at hand subsequently influenced tailoring of products and services as discussed in Section 2.4. Some projects showed potential for long-term continuation through a combination of employers paying for services and through drawing on other sources of public funding e.g. for apprenticeships, in part due to the early work conducted with prospective employer customers. Even for those projects seeking sustainability through wider attitudinal or behavioural change, confirming initial appetite for the product or service was essential to achieve initial engagement with an intervention.

Most **projects made less use of employers in the operational management** of activities with no adverse consequences. In some cases, DPs deliberately chose to involve employers in a consultative fashion as part of a decision to 'hide the wiring' of project management, anticipating correctly that employers had less interest in this.

Employers not involved in product design were asked if DPs had sought feedback on product/service quality. The extent to which there was a mechanism for collecting or providing feedback varied across projects depending on how close projects were to market and the purpose and context of the activities. No employers interviewed as part of the case studies reported being asked specifically for feedback. Some employers from across a range of different project types and DPs said they would have welcomed a more explicit opportunity to provide views on products/service being developed. That said, they reported that they would not, have wanted greater involvement in the initial project design phases or in project management.

Some users of apprenticeship and employment brokerage services volunteered constructive feedback, especially if they identified problems in the service being provided and most reported that DPs had been responsive in taking appropriate action as a result. Some employers expressed a degree of frustration about lack of opportunities for feedback and would have liked the chance to comment on level of market demand for ideas being tested. These employers were more likely to have been exposed to products and services which experienced limited engagement and a more muted impact. There is some ambiguity here, however, as DPs often used surveys of employers to scope out employer priorities for skills needs, products and services. Some employers reported having responded to these without realising that they were being consulted about particular projects. Clarity and feedback to employers from product consultation processes might raise employer awareness of how the processes worked and how information gained by DPs was used.

Employer collaboration during and post project completion within the case study sample was more likely to arise from training brokerage projects, which often involved larger firms who had been involved in developing the services or solely as users. These firms planned to come together to share the costs of organising further training activity and to design training content. There were a further two examples of collaboration taking place among SMEs and between SMEs and larger firms through workplace visits for mutual learning, sharing premises to host training and gaining access to information on training provision. The beneficiary survey noted that employers collaborating tend to report more impact from the programme so this will require more exploration in subsequent waves of qualitative research.

Overall, the evidence suggests that a **'two tier' approach to employer engagement in project development can be effective** in securing beneficiary participation. This took the form of close collaboration with a smaller group of selected partners for project design, followed by consultation with a bigger group of prospective customers in the product development phase to check that the proposed product/service met the needs of the target market. Projects did not necessarily reach or need to reach beyond major employers to gain engagement where these were key influencers within sectors and industries and persuaded a bigger group of firms to participate. Projects targeting SMEs managed to gain substantial volumes participating without their significant involvement in project management because consulting SMEs about potential barriers to engagement was sufficient.

3.3 Employer engagement – strategies, impact and motivations

Delivery Partner approaches

DPs used a range of methods to attract and engage employers as project users, often simultaneously. Choices depended on their histories, resources and the nature of the projects. The **first five methods** in the list below were generally **more successful** than using postal/electronic methods and cold calling. This is unsurprising and consistent with wider policy understanding of methods of engaging businesses in government programmes. Methods included:

- Using large employers to attract smaller employers in their supply chains and networks
- Engaging employers with the help of unions and trade associations
- Using existing networks and stakeholder contacts
- Events, fairs and roadshows
- Face-to-face visits to employers to engage them more fully with the products and services on offer
- Using mail shots, newsletters and email briefings to alert employers of the projects and services
- Cold calling and direct approaches to targeted employers.

Once initial contact was established, face-to-face visits were important for working with SMEs. Many DPs already had good links with large employers, but had always found accessing SMEs challenging. A key technique **to attract smaller employers** in their supply chains and networks was to **use large employers to encourage participation**, typically through large employers encouraging SMEs to attend workshops and roadshows about the projects. Channelling the persuasive market power of large employers to promote engagement through their supply chains was useful in encouraging participation of smaller contractors.

Working through existing networks, intermediaries and stakeholder contacts to publicise their organisation and their projects via events and mail shots was also an effective strategy. Some DPs generally sought to find an introduction to employers they had not worked with before through an existing intermediary such as a trade association, another employer or a local training provider and another made use of a board member's contacts to explore a project's feasibility. Some DPs used sector-specific networks and others enlisted the help of stakeholders including chambers of commerce, unions, training providers and local authorities to engage new employers as users. This early engagement helped to secure some of the wider employer customer engagement later achieved.

Many of the DPs used **events, fairs and road shows** in their user engagement strategies, with varying success. The main learning point reported by DPs was that for SMEs in particular, events needed to be highly relevant to business performance and survival to be of interest. Initially, one DP tried to engage SMEs using skills and training events, but take up was low because for SMEs, improving business performance took a higher priority than events focussed on training and skills development and employers did not always perceive the connection between the two. Piggybacking information about EIF/GIF products/services onto other events with a high-profile speaker was more successful.

Face-to-face visits with SME employers as prospective customers were found helpful in skills brokerage and apprenticeship brokerage services. The quality of the face-to-face intervention was critical – where staff had an in-depth understanding of the sector, the training provision, resources and wider sources of business support available, employers were more likely to engage and take up the product/service.

'What we're finding is that from that initial lukewarm engagement, that then leads to a number [of skills brokers] being invited to [meet] face-to-face. When we do the face-to-face, we're getting closer to 100 per cent of those face-to-faces resulting in a training plan, and it's the training plan that gives the employer the wherewithal to then go on and invest.' (DP employee)

Lastly, some DPs attempted **direct approaches and cold calling target customers**, although for a number this was a secondary or back-up method. In general, this was reported by DPs to be resource intensive and not as successful as most of the other methods in engaging employers.

Employer motivations for EIF/GIF participation

Among employers, a **variety of employer motivations for engagement as service users** were found. There were limited differences between motivations of those involved in set-up and those who were customers (see Section 4.4). In some cases employers were quite narrowly focussed on the rational appeal of solutions to skills problems, especially for programmes tackling skills shortages in manufacturing industries. In others, the way the offer was presented was instrumental in gaining user engagement, especially for small employers. Below we compare and contrast the findings from qualitative research with those from the beneficiary survey.

The beneficiary survey found a range of employer motivations for participation in projects for those involved in the set-up and as consumers which illustrated in Table 3.1.

Table 3.1: Reasons for choosing to use activity (%)

Rationale	Base (n)	Employment Brokerage	Apprenticeship Brokerage	Skills Diagnostics	Training Brokerage	GTAs	Net-works	Total
	Base (n)	(403)	(634)	(528)	(228)	(50)	(414)	
Improve the ability of employees to do their job	961	-	-	80	73	80	63	73
Acquire the skills needed to grow your business	1,980	62	79	81	61	84	65	72
Increase your understanding of the skills or training needs of employees	961	-	-	62	60	54	59	61
Prepare employees for changes that will happen in your industrial sector over the next few years	1,980	46	45	58	58	52	59	52
Reduce the difficulty of finding relevant training provision	961	-	-	53	47	42	43	47
Reduce the difficulty of attracting applicants with the skills you need	1,452	41	52	-	42	42	38	44
Reduce staff turnover	1,407	34	-	39	30	22	34	36
None of these	1,980	18	9	7	12	8	11	-

Source: Tu, T. et al. (2015) EIF and GIF Impact Evaluation: Baseline Beneficiary Survey, UKCES, Wath-upon-Deerne.

This data shows employer engagement as product/service users was driven by acquiring the skills needed to grow the business and improving the ability of employees to do their jobs, if the latter objective is relevant to the type of intervention. Key variations by type of lever are consistent with project objectives, with beneficiaries of apprenticeship brokerage in particular focussed on reducing the difficulty of attracting applicants. There is more variation in employer motivations for engaging as users of GTAs and networks, potentially reflecting greater variations in objectives for of these levers.

Some of these findings are explained by trends found in employer reasons for participation in the EIF/GIF projects selected as case studies. These motivations are outlined below. In general the **case studies are consistent with the major motivations of survey beneficiaries using employment and apprenticeship brokerage projects** but also throw light on the 'hooks' which may persuade employers to participate in a variety of different types of projects. Some difference is to be expected due to the different data collection methods, since employers interviewed for case studies are responding to open questions, while those responding to the survey mostly selected responses from a list of options presented.

Motivations for product user engagement reported by case study employers reflect the range of market failures identified in Chapter 1 which projects were seeking to overcome. The first two motivations relate to market failures which inhibit employer investment in skills and were contributing to mismatches between skills supply and skills sought by employers.

- Need to fill skills shortages for apprenticeship and employment brokerage projects, sometimes connected to business growth ambitions and a shortage of technical, scientific and skilled roles. This was the most dominant reason for engagement across the case studies and aligns most closely with the policy objectives for EIF/GIF. The case study research endorsed findings from the beneficiary survey that Semta employers were particularly likely to have chosen an activity in order to acquire the skills needed to grow their business, that employers using these types of interventions are most likely to report this motivation and, that small firms are more likely to engage as customers for this reason.
- Helping attract and develop the future workforce and corporate social responsibility via employment brokerage or projects to improve sector image and attract new recruits. Case study findings are consistent with findings from the beneficiary survey that larger firms were more likely to be involved both in the set-up and delivery of employment brokerage because they have greater resources to participate in this kind of project, and that acquiring the skills needed to grow the business was less of a priority for larger businesses involved in employment brokerage projects, and stronger for EU Skills and Semta employers.

Other employer motivations reflect engagement with skills products which were trying to overcome past challenges where training provision was driven by supply rather than demand. These strongly reflect efforts to tailor products and services to employers' needs and reflect the ambitions of the programme to address market failures:

- **Reduced administration burden** offered by employment and apprenticeship brokerage services. This was important for small firms as a basic principle of user engagement as some would not have participated without. It also offered considerable appeal to large employers seeking to reduce costs of recruitment.
- **Quality and convenience of service** provided for employment and apprenticeship brokerage projects, including local and sectoral knowledge. This was important for employers trying to find specialist technical skills who did not want to waste their time on selection processes for unsuitable candidates.
- **Being asked at the right time matters**; for example, when the employer was already considering taking on an apprentice but was unsure of steps to take. This appeared to be important for SMEs who were nervous about engaging with skills initiatives, regardless of whether they are new or previous users of government support and/or apprenticeships.
- **Convenience of location** – skills diagnostic services which were offered onsite requiring no travel time or costs. Again this appears to be important for SMEs where the tangible offer or outcome of the diagnostic service cannot be promoted in advance. The small case study sample of employers were rather more passive and had fewer initial defined expectations for the service. The role of the broker in persuading them to participate was also noted.
- **Low/no costs or incentives and free training**, especially for small employers using networks, these used skills diagnostics services, employer receiving payment for offering a work placement, and cheaper costs of employing apprentice via an Apprenticeship Training Agency (ATA) than directly.
- **Having a voice** e.g. via creation of a policy lobbying network or having larger customers hear views through a network. This appeared to be important in sectors that are heavily regulated and where smaller or second tier suppliers reported feeling dominated by larger firms.
- **Economies of scale** in training delivery, reducing costs for training brokerage projects. Cost savings provided the motivation for larger firms including competitors to co-operate.

- **Reputational gains** with key customers for SMEs taking part in projects relating to adoption of training standards. This was appealing in sectors where securing trust and repeat contracts from large customers is important for smaller firms.
- **Opportunity to gain access to other sources of funding** either through gaining knowledge of funding sources via network participation or information on funding sources via skills diagnostic services, especially for SMEs.
- **Opportunities to network.** This was appealing for firms in sectors such as creative industries where networking is important for winning business, promoting products and finding new partners and collaborators.

Reasons for employer engagement as users in some projects were more varied because they served multiple purposes, networks for example. This is consistent with the more diverse range of four motivations that employers reported as reasons for network participation in the beneficiary survey, including acquiring the skills needed to grow their business, improve the ability of employees to do their job, increase understanding of the skills or training needs of employees and preparing employees for changes that will happen in the sector over the next few years.

The beneficiary survey found that employers who got involved in setting up employment brokerage and apprenticeship brokerage were more likely to be seeking to prepare employees for future industry changes. This is partly reflected in employer motivations found in the case studies. Some employers involved in setting up apprenticeship services were keen to streamline operations and remain competitive against other firms. In addition however, a number of employers using the services shared these motivations to gain skills in new technologies, understand and apply lean manufacturing principles and gain understanding of innovation processes through visiting other firms.

3.4 Employer perceptions of quality of the offer

Employers who were able to make comparisons focussed on two elements as innovative and important for apprenticeship brokerage and employment brokerage services as follows:

- Success of the service in producing a suitable recruit. This was typically found where employers had used apprenticeship providers before and not been able to find a recruit with the required skills and personal qualities. This was often associated with problems in apprentice quality which employers used to judge the quality of the service. Some employers reported they would have valued on-going support from the DP once the apprentices were in place to help improve the quality of the offer, especially those from micro-businesses.

- Simplicity of the process and amount of associated administration undertaken by the DP and providers, combined with reliable service. For example, employers found an efficient and tailored recruitment service for skilled staff or apprentices particularly helpful and contrasted it favourably with commercial recruitment agencies. It helped to secure repeat business for some employment brokerage projects. Reliability in terms of meeting subsequent requests for staff was used to judge the quality of the service. In contrast, where employment brokerage services were perceived by employers to offer no difference in the quality of recruits or level of service compared to existing public or private recruitment agencies, employers were less likely to use the services.

Employers benefiting from **skills brokerage** services drew attention to one key element of process innovation in the service provision:

- Neutrality in skills brokerage services offered by the DP or independent third parties was characterised as innovative and compared favourably with services offered by local learning providers. Local colleges were perceived to be trying to sell their training services, and their recommendations were therefore treated more cautiously by businesses. Employers also valued skills brokers with detailed local knowledge who were prepared to refer them to a variety of appropriate services, linking this to neutrality and perceptions of service quality. It is not yet possible to assess the impact of skills diagnostics services on take-up of training provision and broader outcomes, as this will require exploring in further fieldwork with employers in subsequent waves of research.

For employers benefiting from **training brokerage** services, two key elements of process innovation in service provision were important:

- Successful employer collaboration to define training requirements where no such activity had taken place – this was important where subsectors were fragmented and geographically dispersed or where no history of collaboration between large firms had taken place and the DP was able to overcome issues of lack of trust between competitors.
- Tailoring of training by learning providers – some employers highlighted the novelty of having access to training which was better tailored to employer needs. This was achieved through the DP exerting pressure on training providers to deliver it in bite-sized chunks with tailored content. This innovation was typically discussed by employers in terms of service quality.

For employers benefiting from **network participation**, two key elements were important, which employers characterised as generating improved service quality:

- Tailoring of activities to meet employer interests – this was particularly important for SMEs which were less likely to sustain short-term engagement as customers in network activity unless the issues addressed were of immediate relevance to them, especially where the focus of networks was emergent rather than pre-defined.
- Servicing of networks by DPs – networks established with the intention that employers would become involved in running and administering them sometimes found it harder to sustain SME interest and were likely to run into difficulties with longer-term sustainability where the majority of employers targeted were SMEs. These types of firms required much greater levels of communication from DPs to sustain participation and it was clear that SME members generally did not have the time or resources to contribute to network management activities. Impact of network support on other forms of sustainability such as employer collaboration or attitudinal and behavioural change are not fully known because network projects were either still running, had been discontinued or were absorbed into other initiatives. This can be investigated in future waves of research.

Products and services do not necessarily have to be innovative to be perceived as valuable by employers and some which were demonstrably innovative experienced low take-up where they did not meet employers self-perceived needs. This was a particular issue for some of the HR toolkits, solutions and consultancy services. Market demand was therefore a prerequisite and degree of novelty was of secondary importance for project success. We should note that the purpose of the EIF/GIF programmes were to test and trial innovative approaches to skills solutions. This means that projects were at different stages of development and proximity to market so need to be judged against appropriate indicators, and that impact may develop over time.

3.5 Employer contributions – timeliness and impact

EIF and GIF were designed to include important principles of employer co-investment in skills infrastructure which are fundamental to Government skills policy. This was defined as **cash and in-kind project contributions**. Projections for these were required in applications and monitored through MI data submitted by DPs to UKCES.

Some DPs created new methods of tracking employer contributions in-kind specifically for these projects or during their delivery period in order to better capture employers' entire contributions. UKCES's data cleansing exercises sought to ensure that figures are as accurate as possible, but the following analysis should still be treated with caution. In practice, there were a number of difficulties in monitoring volume of contributions from employers. Cash payments may have been made directly to third parties rather than DPs, making it hard for DPs to monitor payments. More fundamentally, employers generally did not track the value of their in-kind contributions, making it difficult for DPs to collate these. Even for activities where costs were potentially more straightforward to estimate e.g. wage and management costs for an apprentice, employers did not usually monitor these costs and were unaware of funding received from other public sources that covered apprentice training costs.

The available data submitted by DPs distinguishes contributions by project but does not give information on the nature of in-kind contributions or the activities into which employers invested cash, although some information on this was available from DP interviews. Greater transparency here in any future skills investment funding programmes might be helpful in determining the volume and value of employer in-kind contributions. This would require some rethinking about data collection requirements, bearing in mind the need to minimise the administrative burden of project participation on employers.

There are further reasons to be cautious in interpreting the findings due to potential inconsistencies and contradictions emerging. First, some projects exceeded initial projections for employer in-kind contributions reflect difficulties in launching projects despite considerable employer input to shape the product or service, sometimes with no evidence of success in later take up. This means that high levels of employer contributions may not indicate positive outcomes. Second, some projects aimed at SMEs appeared less likely to attract cash contributions. This was not consistent across all projects and in some cases may reflect the maturity of the product/service being offered. Third and in contrast, some projects which appeared to underperform received very positive feedback from a smaller than projected number of employers. This needs to be taken into account to avoid the risk of judging projects solely on volumes of employer beneficiaries. It may be important to revisit this in future waves of research.

On the whole, DPs found it **easier to lever in-kind rather than cash contributions from employers**, with many projects generally performing better against the targets for the former than the latter. This may be due to the large number of SMEs in the case study project sample. According to DP interviews, the kinds of cash contributions made by employers included direct payment for products and services, including annual subscriptions and joining fees, paying apprentices' wages, and paying for training and skills development. In-kind contributions included staff time to attend meetings, typically for network activities or meetings to organise training brokerage, in addition to the considerable amounts of time invested by those employers who contributed to project governance, solution design and testing. Sometimes, staff time to attend training events was also counted as an in-kind contribution.

Interviews with DPs and employers noted that these contributions were essential to achieving immediate project targets of beneficiary numbers, and potentially subsequent project outcomes. Active contributions from employers in the form of providing input to project design and development, offering facilities and taking part in project activities were associated with greater impact in terms of achievement of beneficiary targets and likelihood of behavioural change. This may reflect differences in the nature of interventions with those requiring employers to sign up or pay a low fee for an on-line service being less likely to have a major impact on skills investment. As noted in the previous formative evaluation (UKCES, 2013), active contributions from employers play a more important role than more passive or transactional forms of engagement.

Overall, **different levels of in-kind and cash investment** across projects were **generally consistent with other indicators of project performance** such as employer feedback. The initial data indicates some particularly sharp distinctions between projects where employers demonstrated no appetite for the product/service and those where employer demand strongly exceeded initial projections.

3.6 Conclusions

This chapter has shown the **important role that employers played** in contributing to the EIF/GIF programme. Projects did not necessarily reach or need to reach beyond major employers to gain wider engagement where these were key influencers within sectors and industries and persuaded a wider group of firms to participate. Projects targeting SMEs managed to gain substantial volumes participating without their significant involvement in project management because consulting SMEs about potential barriers to engagement was sufficient. This reinforces the important potential role for intermediaries in developing skills infrastructure solutions discussed in Chapter 2. Employer contributions to projects in cash and in-kind were instrumental to achieving project outcomes in terms of meeting beneficiary targets difficulties in collating this information from employers means that this analysis must be treated with caution. We should also note that more detailed information is unlikely to be available during the rest of the evaluation.

An important aspect of the evaluation is to assess programme success in prompting the development of demand-led innovative skills solutions. This is discussed in more detail in Section 4.3 but it is useful to consider employer perceptions about type of product/service innovation and whether this affected their engagement as customers. Overall, **perceived service quality and process innovation** was an **important dimension to employers** and in practice this sometimes **overlapped with perceptions of product/service innovation**. The impact of these factors on sustainability in terms of changed attitudes and behaviours in relation to skills is less clear because employers who identified themselves as able to make these judgements were often doing so about transactional services rather than skills solutions which required longer-term engagement.

Employers provided a wide range of reasons for project engagement as customers and these are of particular interest in relation to SME engagement. The **clearest rationales for participation** which most **closely reflect programme objectives** came from employers participating in **employment brokerage and apprenticeship brokerage projects seeking to fill skills shortages**. For employers using other types of projects a diverse range of hooks around convenience, service quality and tailoring of the skills solution were important.

The evaluation showed a number of key factors at play which acted as conditions for success in enabling projects to be demand-led:

- Consultation role with a 'two tier' approach involving DPs discussing initial ideas for projects with a small group of employers, followed by market testing of the proposed products/services with a wider group. Involving employers adequately to determine level of interest and market appetite for the product or service proposed appears to be a particularly critical success criterion.
- The volume of employers involved in the first stage of project development appears to be less important than involving key players, especially in sectors where a small number of large firms are major influencers.
- Strong employer representation and leadership from large employers within existing governance structures at DP level was effective in successful projects defined through engaging employers as customers, gaining positive employer feedback and showing potential for sustainability through behavioural change or commercialisation of products/services.
- Independence and neutrality of the DP in brokering and providing services which then gained trust and engagement from employers.
- Perceived service quality which might be evident through process innovations focussed on tailoring, flexibility and adaptation of services to meet employer needs.

Key learning points for programme delivery emerging from this chapter are:

- Gaining SME interest in projects through the influence of larger employers or trusted intermediaries followed up with intensive face-to-face visits by people with expert sectoral / local knowledge and contact was essential to generating participation from this group, and is unsurprising in the context of wider research into business support for small firms.
- Using industry-focussed events to catch SME attention rather than skills-focussed was found to be an effective tactic.
- Promoting skills investment products and services on the basis of potential to save administration costs, tailoring and reliability of services and neutrality of the intermediary were also helpful.

Future skills investment programmes requiring co-investment may wish to consider whether greater transparency in data on employer contributions can be achieved to allow their impact on programme outcomes to be assessed, bearing in mind the need to minimise administrative burdens on employers. It is particularly important to understand the impact of different forms of in-kind contributions given the significance of this in developing and delivering projects.

The research has also revealed evidence gaps that will need exploring such as the impact of projects on employer collaboration. The research picked up tentative indications that employers involved especially in training brokerage projects were planning future activity in terms of shared training delivery. Elsewhere some smaller and larger employers had collaborated to host training provision and for wider informal learning about each other's management practices. This will need to be traced in future waves of fieldwork.

4 Project outcomes and impacts

4.1 Introduction

A key objective for the evaluation is to assess the overall outcomes and impacts of the programme and this chapter considers how project outcomes and impact may be assessed. Since this is the first wave of an evaluation where projects in many cases were putting in place skills infrastructure rather than immediate solutions, different projects were likely to generate impacts at different points in time.

The research seeks to explore whether projects were leading to any shift in employer attitudes and beliefs about the value of skills, ambitions to invest and use skills in the workplace, market failures, employers' roles, future intentions to collaborate and perceptions of employer responsibilities for developing workforce skills. However this proved to be too early a stage for impacts to be detected and could be explored in future waves of research.

This chapter initially considers the measurement challenges in assessing outcomes and impact experienced by DPs. It then discusses the degree of project innovation and links with impact measures. It then presents employer views on likely timing of impacts before presenting self-reported employer impacts on business and HR outcomes against the context of beneficiary survey findings. The following sections assess wider impacts of the EIF/GIF programme for stakeholders and DPs and any cumulative impact developed from synergies between different projects. Lastly the chapter outlines conditions for success relating to each stage of the project life cycle from developing the initial ideas to the process of delivery.

4.2 Challenges in measuring project outcomes and impacts

The most significant challenges faced by DPs in assessing project outcomes included:

- Difficulty in collecting data on outcomes from employers who did not monitor them or were reluctant to share commercially sensitive data.
- Lack of a comparator group not engaged in the intervention to determine what employers did in its absence or lack of measures at baseline pre-intervention with the target group. The survey of non-participant employers being conducted as part of the programme level evaluation should help to fill this gap.
- Data focussed on outputs, rather than impacts, caused by the length of time it might take impacts to emerge. Some DPs reported that the project-based focus of EIF/GIF led to a focus on delivering outputs and employers' immediate perceptions of project quality at the point of delivery, rather than sustained behavioural change.

- Difficulties in identifying users of on-line services and capturing differences between employers and individuals. Collecting data at point of registration for on-line tool and services to understand whether the person is acting in their capacity as an individual or as an employer would be helpful.
- Difficulties in distinguishing between project users and general consumers of DP services. Applying different categories of user within existing Customer Relationship Management (CRM) systems would help here.
- Low response rates to employer surveys, sometimes under 25 per cent, which DPs generally sought to overcome by seeking qualitative feedback on a supplementary or smaller scale. A range of research materials with information, advice and guidance on improving response rates in business research could be consulted.

The most notable measures which DPs found challenging to capture were impact of projects on business performance outcomes and quantified macro-level indicators of project impact.

For **impact of projects on business performance outcomes**, there was a **potential opportunity to 'join the dots'** as a number of DPs surveyed employers about project impact and could have explored these issues in more detail. Measures addressing how staff skills are used and High Performance Working practices⁶ may not be relevant for all projects, especially those focused on skills supply issues. Other projects within the portfolio may provide more detailed insight into the impact of investments focussed on skills utilisation, however these were not explored within the case study research.

For **quantified macro-level indicators of project impact**, e.g. GVA, sectoral productivity etc., some DPs found using these indicators challenging and possibly too ambitious, since the scale of the interventions may be too small to have an effect on these measures. Some DPs had undertaken considerable work to link project performance with sectoral level economic impacts, but these are relatively long-term, and their future work should provide results on these indicators. Other macro-level measures adopted such as increases in sectoral world ranking performance indices may be similarly challenging to measure. This is because the outcomes are not merely dependent on performance of a UK sector but also on relative change in sectoral performance in competitor nations. The understandable lack of baseline performance measures or targets for some indicators poses another challenge; even if indicators improve and change could be attributed to EIF/GIF projects. It is not clear how much change is needed to judge projects as successful in terms of their wider impact on sectoral performance.

⁶ These include the way people are managed at work through a mixture of job design, opportunities to develop skills and progress, communication and involvement, and rewards. For further information see, for example, DTI (2006) High performance work practices: linking strategy and skills to performance outcomes

The **most likely ways in which impact would be measurable** for a number of the case study projects, given their focus on tackling skills supply issues, is through **improvement of sectoral skills shortage indicators**, combined with measures of business growth. This will depend on the relative size/scale of the projects in each sector or sub-sector and whether such changes can be isolated from wider development such as change in labour market context or parallel/subsequent skills policy interventions.

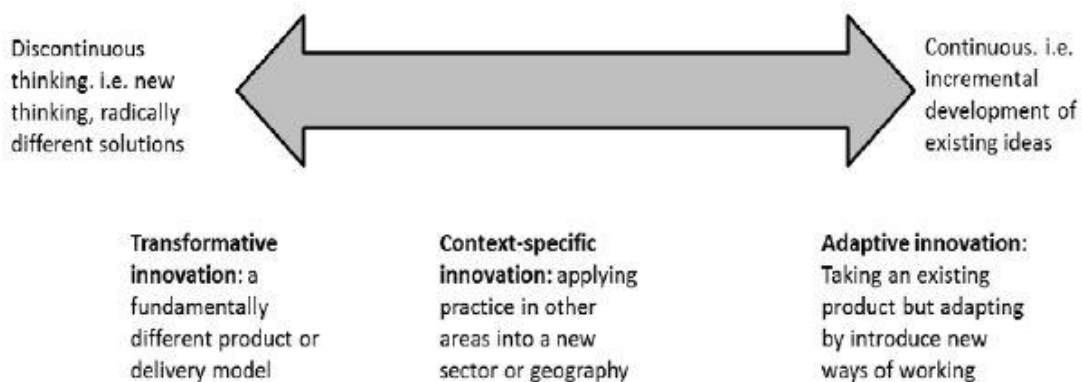
Business impacts on employers not yet identified in DP evaluation will be picked up through the qualitative employer interviews and the beneficiary survey findings. Measures of impact on sectoral performance relating to skills shortages could be tracked through UKCES' national surveys of employers and SSC employer surveys were conducted, together with the beneficiary survey findings.

4.3 Type of project innovation, levers and impact

One of the specific aims of EIF/GIF was to encourage the development of innovative, demand-led skills infrastructure solutions. Innovative solutions are intended to be of higher quality than existing market provision but the impact may take time to develop.

The type of project innovation can be assessed on a scale, using adaptive, context specific and transformative categories (Cook et al., 2012). Context-specific or adaptive innovation might include differences in approach, access points for employers, flexibility in the design and delivery creating a higher quality service which is fit for the problem being tackled.

Figure 4.1 Types of innovation



Source: Adapted from Cook et al. (2012)

Analysis showed limited association between the type of innovation (defined through research team analysis of application forms and subsequent verification of project content with DPs) and project performance suggesting that performance to date within case study projects does not depend on projects being highly innovative. Evidence provided by employers in Section 3.3 points to the importance of adaptive and context-specific innovation to adjust products and services to meet employer needs and preferences. It is notable that there were very few projects exemplifying transformative innovation. This type of project is relatively uncommon in the skills policy field and therefore this result might be expected. The advantage of context-specific and adaptive forms of innovation are that the solutions may be more easily recognised and quicker to develop and get to market. However, it may be more challenging to identify impacts for adaptive innovation because this may involve fine tuning an existing product and would depend on whether the audience used the previous version and recognised an improvement.

Analysis of MI data points to there being some **associations between particular DPs and high performance and type of lever/initiative and project outcomes**. It is difficult to disentangle this relationship because DPs which were generally more effective in project management and governance activities were running projects focussed on the same levers. More innovative projects with less positive initial outcomes commonly sought to engage employers in broader HR consultancy products and services and internal organisational development issues. As previously discussed, these products and services may take longer to engage employers. Some projects run by non-SSC DPs were more qualitatively innovative or ambitious in trying to engage groups of employers with limited history of participation as service users. This may reflect conscious intent but also may reflect the younger age of non-SSC DPs in contrast to SSCs which had a longer track record in working with employers.

Further analysis of MI data showed trends in initial performance of projects using different types of lever. This needs to be interpreted cautiously because it only provides a snapshot of emerging performance across a portfolio where projects were at different stages of delivery.

Some projects offering skills diagnostics such as planning tools and skills advice exceeded targets for employer beneficiaries. Note that this data may not yet capture the full impact of skills diagnostics on subsequent investment in skills and training as the firms benefiting are often very small, and beginning to engage in skills investment so it may take time for them to develop an investment culture.

Some **apprenticeship brokerage** projects exceeded targets of numbers of apprentices being provided by firms. Evidence from DPs and employers shows that this data reflects popularity of the services and an appetite for apprentices, with some repeat customers seeking several apprentices when recruiting each time. This is consistent with employer feedback that business benefits of recruiting apprentices were comparatively strongly endorsed by employers. The popularity of these levers with employers is likely to reflect the proximity to market of these investments, their visibility and ease of recognition by employers.

Some **apprenticeship brokerage** projects had not yet met their targets because project delivery had been delayed or the project was on-going. These delays reflect some of the initial difficulties in project set-up discussed in Chapter 2 and subsequent waves of research are likely to provide more information on the full impact of these projects.

Some employment brokerage projects having lower numbers of employers benefiting than engaged but exceeding targets of individuals benefiting, reflected a more limited take-up by employers than anticipated but showed popularity of the service and development of repeat business among a small number of keen employers. This reflects differences in scale of possible skills solutions across the portfolio, and the possibility that some skills solutions may provide a tailored and focussed service, offering higher quality. This is picked up in the employer feedback on some employment brokerage services discussed in Chapter 3.

Some employment brokerage projects were underperforming against numbers of individuals benefiting by gaining employment. This is likely to reflect the varying purposes of these projects with some simply intending to test out the viability of possible solutions, coupled with the wide range of recruitment sources available to some employers and distance of individual beneficiaries from the labour market in some of the projects. It reflects the variability in employer perceptions of the offer which is discussed in Chapter 3.

Networks were having mixed results and outputs due to substantial variety in their focus and employer expectations and reasons for engagement. These are the types of solution which are likely to take longer to generate an impact, especially where the network focus and activities develop in response to input from employers.

Projects offering standards/frameworks and general HR tools and support around individual career development and High Performance Working were underperforming on employer engagement and/or impact. This is consistent with beneficiary survey data showing low levels of employers reporting engagement, and different levels of impact on beneficiaries among particular DPs. It also reflects some of the difficulties in engaging employers in these products identified in Chapter 2.

Engagement of employers in some projects was higher than impact achieved, against targets and based on employer feedback. This may reflect types of interventions where employers sign up to products and services on-line but the level of subsequent action they take is uncertain and difficult to capture. For example where the individuals registering may be difficult to track and/or the intervention may be relatively 'light touch'. It may reflect lack of impact and difficulty in measuring that impact noted in Section 4.2 and 4.5.

4.4 Timing of project impacts – employer expectations

Employer estimations of the timing of anticipated impact varied by types of intervention and partly depended on motivations for engagement, and whether the employer was able to make causal links between skills interventions and broader business outcomes. Impacts were identified most easily for apprenticeship and employment brokerage projects. The estimated time period for impacts to develop ranged from three to 10 years depending on the type of intervention. The discussion below illustrates how this varied across the case study projects.

Employers more commonly reported **immediate impacts** from **apprenticeship and graduate brokerage**, consistent with the type of lever involved because these projects were delivering a supply of suitably skilled people to address skills shortages. This is consistent with the evidence from the beneficiary survey where the proportions of employers reporting a positive change that was 'completely' the result of their participation was highest for those taking part in apprenticeship brokerage. Employers interviewed in the case studies defined such problems as 'solved' when the new recruit arrived and was satisfactory. A few recognised that development of impact was a **cumulative and longer-term process** and would depend on how far individuals progressed within the organisation, with initial estimates that full impact of apprentices in their current roles might take four years. Others, especially those new to recruiting apprentices, simply said it was 'too early in the day' or too difficult to tell and were not able to estimate when full benefits would be visible.

Employers using training brokerage and skills diagnostics services identified a potential two-stage process of impact:

- First, where the projects led to access to learning provision;
- Second, where the learning provision had an impact on business needs.

There were some differences between types of employers for this lever. Some large employers identified purchasing of training as an impact from participating in the projects but were not yet in a position to be able to report on business impacts. In contrast, SMEs engaging with these services did not have a clear understanding of their skills needs or clear expectations of how they hoped to benefit. This was because SMEs usually were not aware of the possible outputs and outcomes of skills diagnostics services at the point of accessing them and had engaged with the services because they were free and delivered in-house. In addition, these firms were generally unable to predict timing of any benefits as they subsequently engaged with skills interventions in the hope that they might be generally useful, rather than as part of a timed plan.

Projects seeking to provide Information, Advice and Guidance (IAG) for people not yet in the workforce or to change curriculum content in the secondary education, HE and FE systems had estimated lead times of five to six years before impact. This was based on estimates of the time it would take for the first cohorts of people undertaking new courses to enter the workforce.

For some firms taking part in employment brokerage projects targeted at unemployed workers or new industry entrants, corporate social responsibility was the driver and they never expected to see any impact. This point also applies to some of the network projects where employers attended network events out of interest in networking but without expectation of a direct impact on their business. It remains to be seen whether any unanticipated impacts may develop over time.

Evaluation material and DP assessments estimated timescales for impact from 2016 onwards in terms of broader economic measures through improved GVA or reduced skills shortages. In some cases, impact estimates were longer-term with two DPs positioning the likely impact of EIF/GIF projects as part of a 10 year strategy for improving sectoral performance.

Overall, these findings suggest that a medium to long-term evaluation strategy for programme level evaluation is likely to be required. There may also be data gaps where employers have engaged in projects with no clear expectations for impacts or do not expect to see any impact at all. It may therefore be difficult to trace outcomes for these types of employers and projects in subsequent phases of fieldwork.

4.5 Business and HR impacts reported by employers

This chapter has shown so far that it may be easier to identify impacts of EIF/GIF funding for some types of employers and for some types of levers in the case studies. It is therefore helpful to set these qualitative findings in the context of findings from the beneficiary survey. Table 4.1 below shows the results of the baseline survey of beneficiaries for the self-reported impacts of different types of intervention.

Table 4.1 Self-reported business impacts from the beneficiary survey

All increased – completely/ partially as a result of participation	Employment Brokerage	Apprentice-ship Brokerage	Skills Diagnostics	Training Brokerage	GTAs	Net-works
Base (n)	(403)	(634)	(528)	(228)	(50)	(414)
Your organisation’s understanding of the skills or training needs of employees	-	-	39	31	26	37
Your organisation’s knowledge about how to access relevant training for your employees	-	-	42	33	32	37
The effectiveness of training received by your employees	-	-	34	18	20	24
The proportion of your employees receiving training	-	-	28	20	14	21
Ability of employees to do their job	-	-	42	33	28	33
The number of apprentices you have recruited	-	25	-	-	-	-
The ease with which you can attract applicants with the skills you need	9	7	-	10	10	12
(Base) *	(370)	(617)	(517)	(212)	(48)	(374)
The skills needed to grow your business	21	21	32	26	29	31
(Base)	(403)	(634)	(528)	(228)	(50)	(414)
All decreased – completely/ partially as a result of participation	%	%	%	%	%	%
Staff turnover	4	-	3	2	0	4

Source: Tu, T. et al. (2015) EIF and GIF Impact Evaluation: Baseline Beneficiary Survey, UKCES, Wath-upon-Deerne.

The beneficiary survey data shows that the most common impacts are on knowledge of how to access relevant training for employees, understanding the skills and training needs of employees and the ability of employees to do their job. These are entirely consistent with the objectives of the EIF/GIF programmes.

Comparing the beneficiary survey results shown above, with evidence from the qualitative case studies, the findings are broadly consistent but most **employers felt it was too early to report** on the harder impacts such as of **effectiveness of training and ability of employees to do their jobs**. For a number, these indicators were less applicable because their motivations were more focussed on solving skills supply problems rather than skills gap issues. Many of the **impacts reported by employers were soft rather than hard** and the discussion in this section largely draws on their satisfaction with project delivery and whether the service or product met their expectations.

Overall, **impact on businesses** within project case studies were **variable by type of lever**. The main trends were for positive employer feedback and some evidence of impact for apprenticeship brokerage services and higher skilled employment brokerage services. The impact of training brokerage services and networks may take longer to develop due to the nature of these products and services so future waves of research will aim to explore these in more detail.

High levels of satisfaction were common for **apprenticeship brokerage services** because the services were improving the **ease with which businesses could attract applicants with the skills needed** and reducing recruitment burdens. Satisfaction was particularly noticeable for schemes where SMEs perceived substantial benefits from support in recruiting and managing an apprentice and were unaware of or had misjudged the likely capability of the new workers.

Employers with positive experiences of apprentices commonly reported that **having an apprentice helped increase staff capacity and filled skill gaps** while others noted how their apprentice's 'enthusiasm freshens everything up... they're asking questions'. This reflects the immediate and tangible nature of the benefits that this type of lever can offer. They noted the new ideas their apprentices brought 'rubbed off' on staff commitment and a positive impact on developing corporate knowledge and for succession planning. These firms anticipated longer-term benefits from recruiting apprentices because people would reciprocate investment in their training by building their career with the same employers.

Among other **employment brokerage** services, **satisfaction and benefits were more mixed**, with employers seeking higher-skilled workers typically reporting higher satisfaction. One example is of a first-time graduate recruiter who explained that case studies produced by the new employee were being used for non-technical sales staff, improving their ability to do their job. Having these resources available brought 'a tangible and monetary benefit' to the business linked to sales staff retention, although the employer had not attempted to quantify it. Other examples come from employers of highly skilled staff which were impressed by their management and organisational skills, combined with a good work ethic and self-discipline. The employers noted no definitive impact on business outcomes as a result, possibly because their focus was on solving skills shortages so they did not assess further benefits.

Where impacts were more limited, this was commonly due to the solution not delivering to the quality or scale envisaged and, in some cases, employers not anticipating a direct organisational benefit. Some firms were anticipating using employment brokerage services to take on a stream of recruits and were disappointed to find only a few supplied, although DPs had advised employers that the services would depend on sufficient recruits being available. Others attributed problems to the quality of recruits, not necessarily linked to service quality on the part of the DP.

Some employers viewed their participation in brokerage services as an act of goodwill or corporate social responsibility to assist people in the labour market trying to find work and had no expectations of direct organisational benefits especially if they had no significant unmet recruitment needs.

There were **more mixed results for skills diagnostics and networks** depending on: the quality of service provided, the perceived relevance to employer need, and the intensity of employer engagement. Face-to-face contact appeared to generate greater impact than on-line services. Again impacts from these kinds of levers are unlikely to emerge in the first year of the evaluation, as they are more likely to take time to develop.

Satisfaction and impact of **skills diagnostics** products was mixed because this form of intervention is less likely to have a direct impact on immediate business outcomes. It will typically act as a signposting service to learning products and services through training brokerage. The **clearest benefits** appeared when **skills diagnostics were blended with an apprentice brokerage service** and where the intervention was presented face-to-face for SMEs who needed support to navigate the training market. The beneficiary survey also found that employers involved in more than one activity were more likely to report a range of impacts, involving skills diagnostics and training brokerage as well as skills diagnostics and apprenticeship brokerage. This is to be expected as involvement in a wider range of activities is likely to lead to a wider range of impacts.

The **benefits of networks** and the extent to which employer expectations were met often **depended on clarity and relevance of network purpose**. Some employers were able to identify direct benefits including access to tailored information about relevant training which was 'completely alien, still very new and good to have' and built confidence to find and take up further training opportunities. There were also examples of employers which were involved in network set-up having gained an understanding of skills needs and access to relevant training. This helps to substantiate the beneficiary survey finding that firms most involved in networks may be more likely to experience these benefits.

For others, identifying a shared problem via network participation appeared likely to act as a catalyst for subsequent action. This is evidence of softer impact and an indicator of future behavioural changes that EIF/GIF were seeking to encourage. Two employers attending network meetings to define sectoral skills needs reported that being exposed to other firms facing comparable challenges made them conclude that there was no 'special place' to access sought after recruits:

'it did make me think, okay, right...there's no magic bullet...we need to train the people, basically'. (SME employer)

Where networking was a default behaviour in a sector and central to the acquisition of new partners, suppliers and business development, firms were also prepared to engage without high expectations. This meant that while they could not report any project impact, they did not regret taking part:

'I don't think it actually ended up leading to anything, but... I think that's a chance. We met whatever, 10, similar like-minded companies and out of that I would normally expect to work with one of them. I think in this case we didn't. But I don't think that was a reflection on the quality of the people' (Micro-employer).

Employers experienced **reservations or unmet expectations** where they were **unclear about network relevance, status and purpose**. For other employers, perception of network relevance was critical to satisfaction and engagement; one firm stopped attending network meetings because they perceived the focus of the network activities to be irrelevant to their needs.

Fewer employers reported impacts relating to tools, standards, qualifications and frameworks, primarily due to projects with low or no initial employer engagement with the product/service or where impacts would not be seen for several years

For employers using **on-line tools as a self-diagnostic, impacts appear more muted**, largely because employers appear to be motivated by self-validation and were already sophisticated in their existing training practice. In a number of other cases, **employer take-up of on-line skills diagnostic tools was lower than anticipated** and for some of these no employers were located who were able to report distinct benefits.

Employer satisfaction with development of standards and qualifications was mixed where evidence was available. One example was of context innovation where a standard was transferred to a new sector and the product was slow to gain interest within the target employers because it was not applicable to firms in the target sector. This was because the standard was based on defined job roles and descriptions whereas the structure of roles and internal job grading systems in the target industry was much more diverse. Target firms were often very small and much more flexible in how they allocated job tasks. Where new qualifications were being developed for parts of the FE, HE and secondary education sectors, employers were enthusiastic about the possibilities they offered for delivering hybrid skillsets not currently available through existing courses. However they were not yet able to report impact.

HR impacts

Wider **HR impacts** were more commonly reported by **employers of higher skilled workers** in manufacturing and science industries **using apprenticeship and employment brokerage services**, standards and tools, sometimes heightened for smaller enterprises starting a growth process. This may reflect the types of firms using these services. Small firms seeking to expand were likely to be interested in using tools which would help them to professionalise their ways of working and to bring structure to their policies and processes for managing people.

Examples of the impacts reported by SMEs on people management as a result of EIF/GIF projects included:

- Introduction of cross-departmental group meetings to inspire staff collaboration and training employees on various machines and techniques to enhance efficiency and job satisfaction (SME – apprenticeship employer).
- Change to management style including greater patience with new learners (SME – apprentice employer).
- Restructuring of pay levels to reflect skills acquired through training, and trying to increase job variety for their employees (SME – apprentice employer).
- Planning for a different management structure in the future as a result of graduate recruitment (SME – graduate employer).
- Restructuring and rewriting job specifications used in recruitment and as long-term development tools for employees (SME – standards user).

Elsewhere, **medium-sized and larger firms** using apprenticeship and employment brokerage services reported no shifts in underlying attitudes to skills procurement, or increased appetite for apprentices in the industry. In contrast to smaller firms, these employers were familiar with apprenticeships, already had established HR practices and knew exactly what type of recruit they were looking for to fit their existing structures.

Employers engaged in network activity and training brokerage reported no impact on people management or wider business strategies. This may be unsurprising as the impacts of network activity may take time to develop and some training brokerage projects were also at a relatively early stage of activity. These will be explored in future waves of the research. Larger firms again had established HR practices, while micro-firms did not make use of any training plans, budgets or broader people management strategies.

4.6 Wider impact of projects

In addition to the direct tangible impact on business operations for employers, the EIF/GIF investment programmes were intended to bring about wider behavioural change in attitudes towards skills investment and subsequent behaviours. It is also worth exploring whether the programme stimulated any spin-off activities for stakeholders and DPs.

Interviews with employers, DP staff and stakeholders indeed showed that some projects had wider indirect benefits, some of which were unexpected. Overall, these impacts are not as fully evident in the case studies as they are in other evaluation strands: the beneficiary survey for example identifies collaborative working between employers as being relatively widespread. Future waves of the qualitative research will seek to explore these kinds of impacts in more detail. The wider impacts included the following outcomes which are discussed below:

- new relationships between employers, supporting training activity
- new potential customers and clients for stakeholders
- improved relationships between employer/employee representatives
- use of research evidence to justify further activity for funding applications
- spin-off funding activity
- SSCs working differently.

Some projects **generated or enhanced relationships among employers with the potential for future collaboration**, commonly in projects focussed on training brokerage and skills diagnostic interventions as discussed in Chapter 3. In some cases this reflects systemic change in employer behaviour that may lead to on-going collaboration over time. However the findings are tentative so these relationships and any others that develop will need tracking over time. These findings are consistent with the beneficiary survey which shows that employers participating in training brokerage and networks were more likely to work with other employers than those taking part in apprenticeship brokerage. However, they also provide examples of where smaller employers are benefiting from collaboration, which was a less common finding in the beneficiary survey.

Links between employers and learning providers were built through **skills diagnostics** and **training brokerage** projects. One network project left a legacy of a perceived higher quality skills infrastructure, better links between employers and training providers, and more relevant training provision with greater practical rather than theoretical content. Another DP cited closer links having been established between SMEs and HEIs from a skills diagnostics service. Stakeholders involved in delivery gained access to new potential partners at regional and national levels, paving the way for potential future business opportunities and collaboration. Making initial contact with hard-to-reach employers was valued for nurturing future engagement with the skills agenda. Similarly staff at one DP reported that making initial connections through skills diagnostics work with SMEs resulted in directing some firms to wider business support and advice.⁷

Chapter 3 illustrated the example of **improved employer-union relationships** through the development of a training standard to address health and safety concerns about a particular occupation. The full impact of this is yet to be seen as it is in the initial phases of adoption, so it may be possible to track it in future waves of research.

A number of projects used the leverage they had developed through collaboration **to secure other funding via research activity**. Those which used funding to secure sustainability of EIF/GIF projects directly are discussed in Chapter 5. A number of DPs also expressed how useful the research activity funded through EIF/GIF had been in making and securing future funding through industrial partnerships. Some were also seeking commercial opportunities for their research.

Other **spin-off funding activity** was identified within one DP where employer groups established a collaborative funding initiative to address collective skills needs through direct subsidy for training courses. Another EIF/GIF project brought employers together to secure other funding streams from government departments.

One of the ambitions for the investment funds was to encourage SSCs to **work differently and help them overcome reliance on public funding**. EIF and GIF has changed the way that some SSCs work internally. Staff have worked through the challenges of project-based funding. This has included adjusting to an environment of payment by outputs which required them to flex their staffing to meet changing volumes of project work. Some SSCs were also starting to explore working more closely with organisations such as LEPs. Others identified that bringing together employers with no experience of collaboration had helped prove the potential value of collaboration on skills. This had then fed into industrial partnership projects.

⁷ For example on subjects including R&D, tax credits and technology through training providers, trade associations, Local Enterprise Partnerships (LEPs), recruitment agencies and other funding sources.

It is less clear, as yet, that the funds have effected a wholesale transformation in how SSCs approach the task of achieving greater employer co-investment. Among the case studies, those SSCs operating more successful projects, in terms of achieving beneficiary targets, positive employer feedback and prospective sustainability through behaviour change, already benefited from strong employer commitment. The portfolio of case studies contains an even balance of projects across the performance spectrum and SSCs whose projects were less successful came from a different starting position with lower levels of employer commitment. They faced a difficult dual remit of inspiring and encouraging employers to increase investment in skills in sectors with endemic reluctance and low perceived need to raise skills and training levels. Building private sector markets takes time and experimentation and is usually driven by a resolute focus on what customers will buy, so for some SSCs this remains a much greater challenge. Only over the next few years will the impact of EIF/GIF on this outcome become evident.

4.7 Cumulative project impact for DPs

There was some **evidence of synergies and complementarities across separate projects** and these often contributed to cumulative impact, where individual projects would have been less effective without others in the portfolio. This assessment only includes projects examined in detail within the case studies and not each DP's whole portfolio because projects dealing solely with IAG and research were not included in the research sample. Synergies were most likely to be beneficial where the DP developed a product or service through one project and then used infrastructure or activity of another project to deliver or widen its delivery channels.

- Skills diagnostics projects were sometimes closely designed and linked to apprenticeship delivery, typically in joint and parallel applications within a single funding round. DP research conducted on barriers to apprenticeships for small firms showed that initial discussions about small employers' business needs, and the potential role that an apprentice could play, were important in warming up employers new to apprenticeships and also in referring them to other sources of business support.
- Projects delivered without consciously intended synergies were common in diverse project portfolios and those which were less successful in terms of employer initial engagement. In particular projects delivered via different funding streams, such as employment brokerage packages, operated separately from each other and other case study projects. This tends to reflect the specificity of employment brokerage for particular target groups of employers and individuals. There is potential for transferability of brokerage approach only if it fits the geographical area, type of employer, partners and type of individual targeted.

- Within one DP, a network became a hub through which other products and services were offered and tested with employers including HR apps and toolkits. This was an emergent development in response to employer interest in, and engagement with, promoting the sector to particular groups through networks.
- Lastly there is limited evidence from the case studies that strengthening the connections between projects could have enhanced their cumulative impact. Within one network project there was employer evidence that potentially interested customers for another service received no marketing activity to engage them. This also reflected the use of separate project teams for each project, in contrast to a matrix structure adopted by some of the other DPs. The DP acknowledged that it was seeking to focus its attention on optimising how projects worked together as part of its on-going sustainability planning.

4.8 Reasons for project performance variations

Only a small proportion of projects had a substantial focus on behavioural change as the initial primary mechanism for sustainability (see Figure 5.1 in Chapter 5) so there is more limited evidence on the conditions for success for this outcome. Behaviour change is likely to be a longer-term goal and will require exploring in future waves of research.

Table 4.2 outlines the various conditions for success which come into play at different phases of project development and delivery. Those most important due to their effects on multiple phases of projects are:

- clear identification of employer need
- product testing prior to roll out
- strong DP leadership and performance monitoring
- adaptation and flexibility in project delivery to meet employer needs.

Table 4.2 Conditions for success across different project stages

Success factors	Element of project design and delivery influenced					
	Defining the problem/ understanding demand	Shaping the solution	Ensuring quality	Achieving volumes/ targets	Sustainability of investment	Sustainability of attitude/ behaviour change
Clear identification of employer need	X			X	X	X
Narrow rather than broad project scope				X	X	
Anticipating and addressing barriers to engagement			X	X		
Product testing prior to roll-out		X		X	X	X
On-going marketing and communications			X	X		
Face-to-face contact to engage SMEs, expert sectoral/local knowledge, use of non-skills engagement events				X		
Mobilising support of key players/large employers	X	X		X		
Tailoring information and responsiveness in delivery			X		X	
Capability in managing new technology			X	X		
Strong DP leadership and performance monitoring	X		X	X	X	
Simple governance structures and processes suited to project needs			X	X	X	
Adaptation and flexibility in project delivery to meet employer needs			X	X	X	X
Continuity in staffing and good communication			X	X		
Alignment of partners				X		
Fit with education timetables				X		
Developing sectoral trust	X					X
Supportive business landscape				X	X	X
Regulatory frameworks to encourage employer investment				X	X	X

- This section looks across the project development and delivery process to provide an overview of conditions for success from beginning to end of project delivery.

A) Defining the problem and solution

- Definition of a distinct employer need or problem to solve with an immediate and tangible solution. This was typically seen in evidence of intractable labour supply shortages commonly recognised across a sector, often with higher level skill needs that employers find difficult to address individually.
- A narrow rather than broad scope. Interventions focussed on a single, distinct deliverable such as an apprenticeship service, a graduate brokerage service or a tool for a particular employer group appear more likely to gain recognition, brand awareness and to engage employers than umbrella products and services which tried to serve multiple purposes. Interventions which tried to bring together multiple product functions, often in a digital solution, found it harder to gain immediate traction, especially if trying to cater to the needs of multiple audiences. Trying to do a small number of things well would also enable DP to concentrate limited amounts of resources to stimulate employer awareness and demand.
- Mobilising the support of key players/large employers to help define the market need was instrumental in sourcing initial ideas and defining key challenges to tackle.
- Anticipating, identifying and addressing barriers to employer engagement. Research by DPs showed a raft of problems that SMEs might face in taking on an apprentice or accessing information on training provision. This knowledge informed approaches to development of skills diagnostic services and apprenticeship brokerage mechanisms and services.

B) Shaping the solution

- Product testing prior to seeking funding and piloting prior to roll out – an iterative approach prior to making funding applications. Ideas whittled down to those gaining most employer support tended to produce the solutions most likely to engage employers. Projects conceived as piloting a series of experimental products or services in the hope that some of them would generate employer interest were less successful in this respect. Considerable commitment to on-going testing and refinement to get the product right and meet customer needs was found to have paid off in terms of employer feedback.

C) Achieving volumes/targets

- Spotting and addressing problems in delivery early on, rigorous performance monitoring of partners and suppliers and strong DP leadership, had helped to turn around projects which were at risk of poor delivery.
- Face-to-face contact to engage SMEs with no previous history of engagement with government-funded training products. This was found to be important to explain products and services and address any concerns. For example, about the administration of apprenticeships and to help SMEs use toolkits and self-diagnostic products.
- Expert sectoral/local knowledge to gain SME participation, since demand for tailoring and convenience of access in training solutions is particularly important among this group.
- Using industry-focussed events to catch SME attention rather than skills-focussed workshops, as SMEs may be less likely to attend events which are marketed as being about skills.
- Promoting skills investment products and services on the basis of the hooks which are valued by employers. These might include potential to save administration costs, tailoring and reliability of services and neutrality of the intermediary.
- Mobilising the support of large employers in a supply chain to engage smaller firms was instrumental in getting initial engagement through workshops and roundtables led by major firms. Where initiatives aimed at smaller employers did not take root, stakeholders sometimes identified lack of large employer engagement as a contributory factor.
- Alignment of partners – some partners had different priorities and/or identified conflict or duplication in the potential product/service being developed and required managing to ensure project delivery. Effective DP action to engage and manage partners was critical.
- Alignment of project start dates with academic and educational calendars – projects which sought to recruit school and university leavers and to engage HEIs in the summer period often found that many target recruits were employed and HEIs were working towards the next yearly cycle.

D) Ensuring quality

- Tailoring of skills diagnostics services to ensure employer relevance, and responsiveness of project delivery to employer needs across all types of lever. Local area knowledge was pivotal in engaging SMEs. This was important for securing sustainability of services and repeat custom.
- Continuity in staffing and good communication to ensure effective handovers. The new mode of project-based funding under EIF/GIF in which some DPs hired staff on short-term contracts or through secondments was initially challenging to sustain employer momentum and lack of staff continuity sometimes affected employer perceptions of service quality.
- On-going communications and marketing after initial engagement to ensure understanding of project offer, greater investment in marketing to attract hard to reach groups, keeping employers aware of outcomes for individual beneficiaries to close feedback loops.
- Ability to manage development of new technology platforms. Some products were slower to reach market than anticipated due to problems with development of IT. Having access to expertise in defining requirements for IT projects and in negotiation of purchases of major IT investments may be helpful.
- Simple governance structures and processes suited to project needs. These helped to ensure solutions were fit for purpose and provided checks and balances in decision-making. It was especially useful to capture the views of key players/major employers through existing governance structures where possible.

E) Sustainability of investment

In addition to the specific factors outlined below, definition of a distinct employer need or problem to solve with an immediate or tangible solution, combined with strong DP project management were important influences affecting project success using this criterion.

- Adaptation and on-going innovation in project delivery – e.g. use of most popular service to deliver others, moving to a payment by results pricing model, altering the timing of payments by employers and introduction of a referral fee for training providers to generate income, altering products/services to meet employer needs.
- Supportive policy and business landscape – government policies outside the skills arena to stimulate sectoral growth were instrumental in creating a context in which employers became more willing to invest. Conversely changes in policy priorities sometimes led to lack of confidence among employers to invest. This illustrates a need for underlying and common demand from employers for the product/service.

- Regulation affecting product markets, health and safety and training – tight regulatory frameworks stimulating development of quality standards in high risk industries led to a focus on skills and training of personnel. This created a supportive environment in which training standards linked to quality were of interest to employers. Leveraging the messages from regulatory frameworks whether statutory or voluntary may be helpful to encourage employers to engage in skills investment.

F) Sustainability of behaviour/attitude change

- Strong existing employer representation made it easier for projects to get started but also helped sustain engagement beyond the end of project funding. Some DPs worked hard to manage employer concerns about trust, for example through splitting employers into smaller working groups to build relationships. This was effective in getting employers to share commercial information about business and skills needs and was more likely to lead to on-going employer collaboration and shifts in attitudes through inspiring collective action.

4.9 Conclusions

The evidence presented in this chapter suggests that apprenticeship and higher skilled employment brokerage services are most likely to have an impact on employer business performance and HR outcomes. This might be expected because as transactional services they are most likely to have an immediate impact, compared to other types of intervention but these findings are preliminary due to the time likely to be required for full impacts to develop across all interventions. In the beneficiary survey, those engaged in skills diagnostics were most likely to report an impact on business outcomes, which is probably because skills diagnostics service are commonly used in combination with apprenticeship brokerage and training brokerage. Skills diagnostics are likely to be helpful in signposting employers to apprenticeships and training products most suited to their needs.

MI data showed a range of outputs and outcomes at this stage, confirming relatively high levels of engagement and employers benefiting from apprenticeship and employment brokerage projects. For other interventions including networks, tools and standards, employer reports from the case studies were more mixed and depended on perceived clarity and relevance to their needs. These types of projects may take longer to develop their focus and show impact along. Similarly interventions such as new qualifications may take several years to feed through education and training system before employers perceive a benefit.

Employers were less able to report distinct business and HR impacts from EIF/GIF participation than in the beneficiary survey. Some found it too early to tell, while others assessed impact in terms of solving skills supply problems rather than using business measures. Some changes to HR practices were identified in the qualitative research. These primarily involved SMEs making changes to employee involvement techniques, pay systems and management style as they recruited apprentices. Larger firms were more likely to report having made no changes, as they already had defined policies or processes. SMEs often found it more difficult to report impacts were often because they are typically less likely to measure business performance.

There are some associations between DP, type of innovation, type of lever and project outcomes because DPs which were effective at managing projects were often using the same levers. Those DPs operating apprenticeship brokerage and skills diagnostics projects managed these effectively and gained positive early feedback from employers.

Types of innovation in the type of products and services developed were mostly adaptive or contextual rather than transformational. It would be unusual to find more radical solutions in the skills policy context and evidence from the employer interviews showed they valued contextual and adaptive elements of innovation which led to projects being tailored to meet their needs. More innovative projects tended to try to engage employers in products and services where demand was not yet proven and consequently were less likely to be successful.

Wider impacts of projects included new relationships between employers to collaborate on training, new links between employers and learning providers, improved relationships between employers and employee representatives, and spin-off funding activity for DPs. Some synergies were identified between projects resulting in cumulative impact, most clearly where skills diagnostics were linked to apprenticeship and employment brokerage services. These also reflect clarity of project design and development discussed in Section 2.3, in contrast to projects trialling multiple untested products and services.

It is less clear whether the EIF/GIF programme has led to widespread changes in the way DPs work and reduced reliance on public funding. This is due to the composition of the case study sample where DPs which had relatively successful outcomes already benefited from strong employer commitment and the outcomes for those with furthest to travel in leveraging employer co-investment may take time to develop.

This chapter has identified a range of **conditions for success** which come into play at different stages of project design and delivery. These include: clear identification of employer need, product testing prior to roll out, strong DP leadership and performance monitoring, adaptation and flexibility in project delivery to meet employer needs.

This chapter has revealed the following evidence gaps:

- Shortage of data on business performance and HR metrics which is to be expected as this is the first year of a three wave evaluation. These may be available in future waves of research where impacts have developed but will depend on the inclination and capability of firms to monitor them.
- Broader impacts on a wide scale through employer collaboration and softer outcomes around ways of working, attitudes to skills investment and behavioural change, especially in larger firms. These are likely to take longer to develop and can be explored further in future waves of research.
- The impact of EIF/GIF on DP ways of working is not yet fully understood because of the different starting points of DPs in engaging in these ways of working which mean that the impacts for those with furthest to travel are not yet visible. This could be explored in future waves of research.

5 Sustainability of project outcomes

5.1 Introduction

Sustainability is an important principle of EIF/GIF programmes of particular interest to national stakeholders. It is therefore important to assess continuity of impacts in their broadest sense beyond the lifespan of initial project funding. Sustainability for the programme has been defined as potentially being achieved via two key routes: a transactional model of continuing 'sales' of a product or service; or wider behaviour change among employers (UKCES, Sustainability Toolkit 2014). The latter can include shifting attitudes and cultures towards ones of skills investment which may involve purchasing other skills solutions outside those funded by EIF/GIF or making internal investments. In some cases, engagement with an EIF/GIF product or service may involve a single encounter or transaction which then brings about change through other means. UKCES raised the profile of sustainability with investees from September 2013 onwards. For at least 20 EIF Phase 1 and 2, and GIF Round 1 and 2 projects this emphasis came around the middle of their funding period or later. This means that some DPs may have started planning for sustainability from the middle of project life spans.

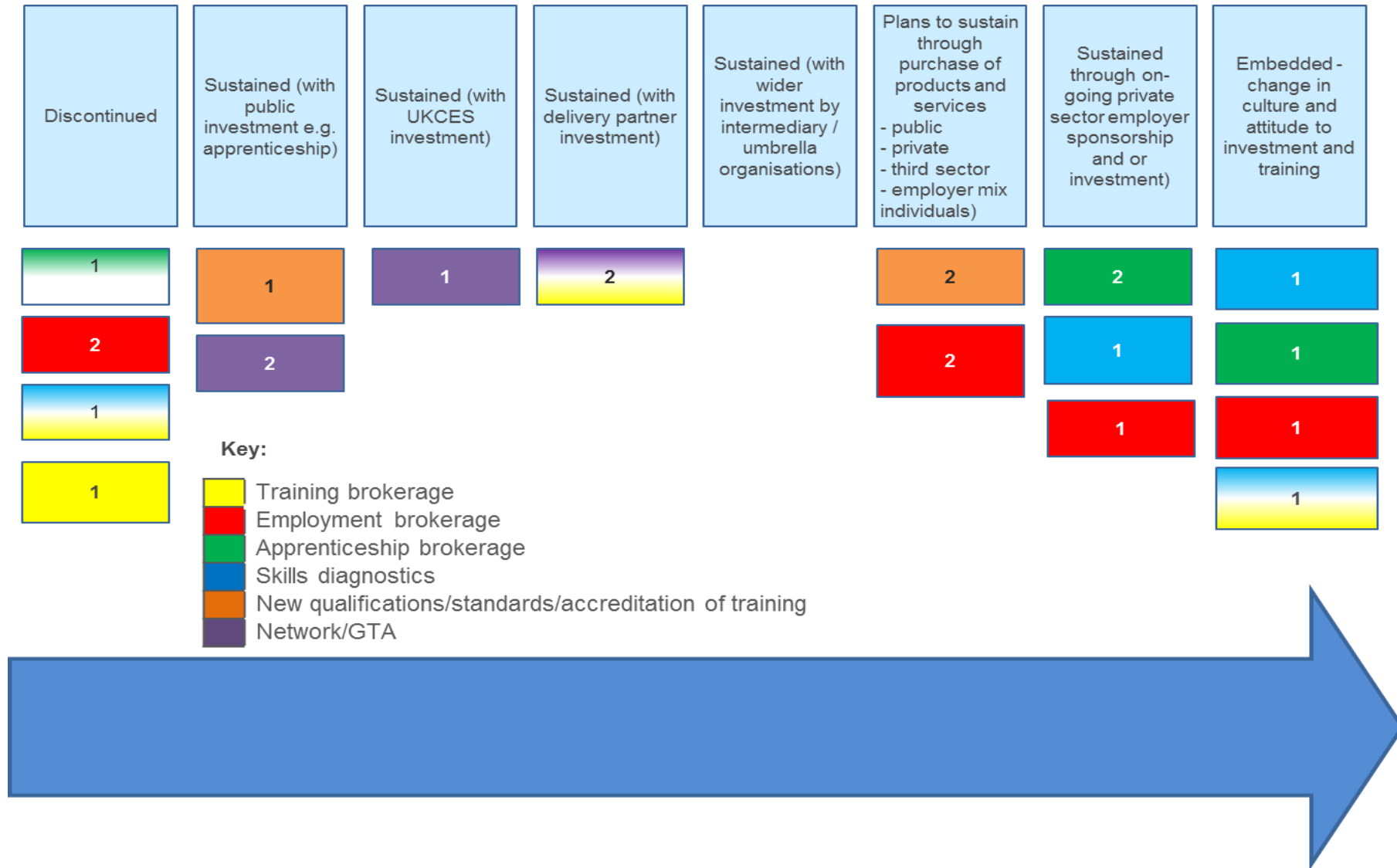
This chapter examines the current status of projects where the initial investment period has ended, outlines plans made by DPs to achieve sustainability of skills solutions, employer intentions and reasons for any on-going project engagement and reflects on the conditions for success in achieving sustainability in various forms. It then discusses some of the implications of these findings for how DPs work. Because some of the projects have not yet reached the end of their funding period and DP plans for sustainability of a wide range of projects and elements of projects are continuing to evolve, the data and conclusions presented are initial and tentative.

5.2 Variations in current project sustainability

Using the qualitative case studies, Figure 5.1 draws on interview data from DPs to show the distribution of projects across the sustainability spectrum. This relies on DPs reporting how projects were being sustained and updating the evidence gained from original intentions where these were expressed in the application forms. These ranged from those which were discontinued to those with different mechanisms for sustainability, excluding projects which had not yet reached the end of their EIF/GIF programme funding period. There was a relatively even distribution of projects aiming for sustainability through behaviour change or through on-going employer/private sector investment, those where plans for sustainability were still being formed, some being sustained through public funding and those which have been discontinued. There is some association between Delivery Partner and positive sustainability outcomes at the right hand side of the chart. The reasons for better progress towards sustainability are discussed in Section 5.3 below and in Section 4.6 in the previous chapter. In a number of cases these overlap with more general effective design, management and delivery of projects.

We should note that the transition to sustainability is not one where EIF or GIF funding is switched off and employer investment immediately takes over. A period of testing may be involved e.g. for different price-points and it can take time to establish sufficient financial contributions to make the product or service fully sustainable. The status of these projects will therefore require future tracking to monitor any changes.

Figure 5.1 Distribution of projects across the sustainability spectrum



Source: adapted from UKCES Sustainability Toolkit, 2014
 Note: Some projects appear more than once due multiple sources contributing to sustainability
 Not shown: projects where the funding period has not ended

5.3 DP approaches to sustainability

DPs faced slightly different requirements in addressing project sustainability in their application forms. All of the projects refer to sustainability of projects in the application forms reviewed. However, this was more clearly addressed in GIF applications which posed more direct questions. Some EIF applications contained briefer mentions of sustainability and there is an **association between funding applications with a light touch reference to sustainability and projects not being sustained.**

The **transactional model** relied on employers potentially sustaining products/services developed under EIF/GIF through purchasing of these or other skills services, or developing internal skills solutions and investing more in staff through informal routes. There was no clear relationship between type of transactional approach being considered and type of project. The types of transactional model being adopted were:

- Membership fees being considered or implemented. Examples included plans for three tiers of membership of an on-line service: individual, SMEs and large organisations, and a set of chargeable service lines for an employment brokerage service, paid for through one-off or membership payments.
- Brokerage fees paid by either an employer or training provider for apprenticeship provision.
- Employer subscriptions for a recruitment service for higher skilled workers, or for Labour Market Intelligence (LMI). One brokerage service was already being funded through employer subscriptions, with employers' costs reducing as more employers participated. Another DP was looking at ways to leverage commercial value from their labour market intelligence that could include a subscription model because of the lack of detailed industry data in their sector. Some DPs had considered the idea of seeking payment for LMI and discounted it because they had identified that employers would not pay for sector research which was readily available.

In contrast, a few of the case study projects explicitly aimed for **sustainability through changes in employer behaviour** to increase investment in skills. Examples planned for included employers purchasing directly from training providers, other employers, and public sector bodies. Some training and apprenticeship brokerage projects delivered support to employers to enable them to build a relationship with the most appropriate training provider and there was evidence that these relationships were starting to form and continue. In other cases it was not clear whether the relationships would be sustained and this will require tracking in future waves of the research.

As noted in the formative evaluation (UKCES, 2013) DPs were developing and refining initial plans for sustainability as projects progressed or in their aftermath. For a few projects, the approach to sustainability of EIF/GIF projects was being considered by DPs as part of broader strategic planning exercises. Their development of sustainable funding models for projects borne from EIF/GIF linked with broader consideration of their business strategy and their own sustainability. As one DP noted:

‘Sustainability is about linking all these pieces (including EIF/GIF funded projects) with the strategy’ (DP staff member)

Other DPs had sourced investment to continue project activities in a similar or adapted form via other public funding initiatives including Industrial Partnerships and core SSC funding, for around a quarter of projects. Some were exploring the possibility of making bids for competitive funding with Local Enterprise Partnerships (LEPs) but these plans were tentative at the time of undertaking fieldwork and will require tracking in future research.

Some projects were discontinued, and these typically did not meet the fundamental condition for success of having defined a market need to gain sufficient initial employer engagement.

There are a number of factors which explain these variations in sustainability performance. Those identified in the UKCES sustainability toolkit (2014) were:

- Severity of market failure – this is endorsed by the evidence in Section 2.3. which showed employers were much more likely to engage in an EIF/GIF project where they faced an acute skills shortage, often linked to sectoral skills challenges.
- Current patterns of skills investment and employer value/attitudes towards investment – this was partly reflected in the types of sectors where employers were most likely to invest, typically in manufacturing, although this was not uniform. It is not necessarily reflected in the attitudes of individual employers within the case studies, some of which had made limited previous investment in skills.
- Closeness to market of the product – this is endorsed by the evidence in Section 2.3. which showed robust research and product testing prior to making a funding application was more likely to result in employer take-up and continued engagement in the initiative.
- Types of policy lever funded – this is endorsed by the evidence shown in the diagram above and in Section 3.4 where employers were more likely to express commitment to continued engagement in apprenticeship and employment brokerage services, where these met a market need.

Additional factors identified through the qualitative research for transactional and behavioural change approaches were:

- Pricing and costing. This involved developing a clear plan for pricing models to maintain sustainability of investments where a transactional model was used. Financial hooks to lever the adoption of an intervention or investment in skills were helpful. This included subsidising employers' contributions or paying employers to take people on work experience, coupled with calculations concerning the scale of services required for sustainability. Where DPs were charging minimal fees, it was unclear how this approach could be maintained so the long-term sustainability of projects is likely to depend on how well these price-points are calculated.
- Quality of service. A focus on quality rather than price through tailoring and reliability of service was common among some of the apprenticeship and employment brokerage projects to attract repeat business. Perceptions of these factors also influenced how likely employers were to engage with training providers and skills infrastructure projects independently.

5.4 Future employer engagement

A key objective of EIF/GIF was to achieve long-term change and potential sustainability of products and services through shifts in employer attitudes and behaviours concerning skills investment. It is therefore important to explore employers' future intentions, while being mindful that intentions do not necessarily translate into behaviours and can be affected by changes in the external environment and economic conditions. The different goals and objectives of projects should be recognised, as where projects were testing or trialling products or developing initial solutions, assessing their performance based on continued employer engagement may not be appropriate. In addition, the different sectoral contexts and conditions means that projects were beginning from different starting points so exact comparisons are not possible.

The beneficiary survey sheds some initial light on longevity of service engagement by asking employers whether they were still using the service and the results are shown in Table 5.1. Overall, over half were still using the service at the time of the survey. This was highest for apprenticeship brokerage (70 per cent were still using it), and lowest for GTAs (35 per cent, though note the small sample size). These findings could be affected by beneficiaries of projects that are still running and it should be noted that for projects which were trialling or testing services and undertaking proof of concept studies, on-going use of the service was not necessarily expected at this stage. The lower sustained engagement in skills diagnostics services may reflect employers using these as a one-off intervention.

Table 5.1 Percentage of beneficiary survey respondents still using the service

	Yes	No	Don't Know	Base (n)
Employment Brokerage (EM)	55	40	5	(304)
Apprenticeship Brokerage (AP)	70	27	3	(580)
Skills Diagnostics (SD)	46	49	5	(413)
Training Brokerage (TB)	51	40	9	(138)
GTA's (GTA)	35	62	3	(37)
Networks (NE)	48	48	4	(311)
Total	57	39	4	(1,604)

Note: Base = beneficiaries who were service users

Source: Tu, T. et al. (2015) EIF and GIF Impact Evaluation: Baseline Beneficiary Survey, UKCES, Wath-upon-Deerne.

Employers commonly expressing **intention to continue engagement** as customers were those **using apprenticeship or employment brokerage** services. There is less evidence on employer intentions concerning engagement as customers with other types of lever, as they were more likely to be discontinued, at an earlier stage of development (see Figure 5.1) or less easily recognised as an intervention by employers in the case of skills diagnostics. This evidence gap can be explored in future waves of research and through the beneficiary survey findings.

The case study research shows that the characteristics of employers most likely to continue using products/services after the initial funding period were:

- Larger rather than smaller employers overall, and larger rather than smaller SMEs, consistent with the beneficiary survey results.
- Large enough to demand repeat business. Some micro employers regarded investment made as a 'one off' to increase immediate business capacity, but unlikely to be replicable due to their very small size and staffing levels. Again this is consistent with the findings from the beneficiary survey.
- Small employers with little experience of the Apprenticeship system, reflecting latent demand for apprentices.
- Involved in design or set up of the products or service.
- With an existing culture of skills investment.

For some employers using apprentice and employment brokerage services **intentions for further involvement** would **depend on product flexibility** to make it attractive, coupled with their own ability to tailor the service they wanted. Others would only continue using employment brokerage projects if initial incentives for taking people on through work placements were continued. It may be helpful for DPs to provide calculations on average costs saved by employers using these services to illustrate value for money.

Employers also reported some factors which were potential deterrents to future engagement as customers and uptake of products/services as follows:

- Paperwork – some employers reported that they would not use future government interventions due to perceptions of onerous requirements for preliminary paperwork and audit trails.
- Scarring effect of a negative experience – employers with previous negative experiences of taking on apprentices were sometimes reluctant to recruit another. This suggests a period of time needs to elapse before attempting to re-engage employers.
- Reluctance from some employers to invest in skills infrastructure or research - evidence from DPs and employer interviews showed that some employers, especially SMEs, were reluctant to contribute to projects aimed at developing infrastructure or research to identify skills needs. Employers preferred to contribute where they benefited directly from recruitment activities or direct training of staff, especially where some public subsidy was on offer.

Projects where employers had **no plans to continue involvement** included:

- Those where employers had never fully engaged in substantial numbers due to perceptions of there being no need for the product/service.
- Employment brokerage services where employers could meet skills requirements through alternative recruitment sources.
- Products to upskill workers in particular occupations where employers identified no immediate skills gaps and expressed concerns about possible subsequent poaching of staff by other firms.

5.5 Implications for how DPs work

The challenges of working towards sustainability show that DPs need to consider sustainability at an early stage of product and service development. DPs face different challenges when working towards sustainability depending on how close the products/services are to market and how receptive target employers and the wider sector are to investment in skills. Those facing a more difficult context need to straddle the dual roles of taking an educational and commercial approach to employer engagement, and a number are already reaping the benefits of working through third parties as shown in Section 3.2. There is still more that others could do to raise their profile with their target sectors and groups of employers by working through intermediaries. DPs which are SSCs will also need to embed and continue to adjust to project-based ways of working combined with on-going work to identify commercial returns from EIF/GIF or other products and services. DPs could exploit private sector organisational models e.g. in professional services and training providers, to do this.

5.6 Conclusions

This chapter has explored the range and variety of approaches that DPs have adopted in working towards sustainability. There are some trends in types of projects being sustained with on-going employer interest in employment brokerage and apprenticeship brokerage services, as noted in Chapter 3. This was often difficult to distinguish from stronger overall DP performance. There is evidence that employers were intending to continue as customers of some products and services, in particular some apprenticeship brokerage and employment brokerage services, usually where these were helping to tackle skills shortages in manufacturing sectors. Larger rather than small employers were more likely to continue to use services, because they had greater demand for staff.

Success factors identified in previous formative evaluations of EIF/GIF projects were endorsed through this research. Two further factors have emerged as important as conditions for success in achieving sustainability of project activities:

- Pricing and costing for transactional approaches to sustainability of investments – DPs can helpfully build in a commercial approach where appropriate to the type of solution. This would involve calculating the costs of running/providing a product/service, pricing required as a result and then testing market ability and willingness to pay, to assess viability.
- Quality of service – interpreted by employers as perceived relevance, tailoring and flexibility of products and services to meet their needs. This requires adaptability of DPs to create demand-led solutions in the first instance, and then to adjust them to meet market feedback prior to and during implementation.

The chapter has shown a number of **lessons learned** for DPs. These centre on:

- Considering sustainability issues as early as possible in the development of skills infrastructure solutions.
- Working with intermediaries to raise their profiles with employers in their target markets.
- Continuing to adapt to project-based ways of working and funding opportunities for DPs which are SSCs, taking opportunities to learn from other organisations already used to this kind of business model.

The primary **evidence gaps** that emerge for this chapter are:

- Long-term project sustainability across the case study portfolio. This can be tracked in future waves of research.
- Sustainability of attitudinal and behavioural change among employers. This can be tracked in future waves of research.

6 Conclusions

6.1 Introduction

The Employer Investment Fund (EIF) and Growth and Innovation Fund (GIF) have sought to deliver a fundamental change in how employers invest in skills in the UK by implementing principles of co-investment. The programmes provided the opportunity for employers to take the lead in articulating their needs and steering the development of the solutions they needed in and bring about sustainable change in their industry/sector. The expectation is that greater employer involvement will raise the quality and increase the relevance to their needs, thus stimulating and enhancing the levels of employer investment in skills. This chapter evaluates the case study evidence to date in assessing progress to achieving these aims.

6.2 How has project type, design and management impacted on outcomes?

Making comparative assessments across the range of skills investment infrastructure projects is challenging because the projects have been aimed at different target groups and have sought to achieve slightly different outcomes. However, early indications from this baseline phase of the evaluation have shown that the case study projects which delivered more successful results (in terms of the achievement of project scale relative to aims, quality of employer feedback and prospects for sustainability) were those filling unmet demands for intermediate to higher level skills, typically encountered by small firms in the manufacturing and science sectors. These projects were transactional in nature: employers could engage with them quickly and purchase a tangible product or service. For other types of lever, that require longer periods of engagement and /or a less tangible offer, full impacts may take longer to develop. It is also important to note that this finding may reflect the portfolio of projects selected for case studies and may not be representative of the wider programme.

Case study projects quickest to achieve scale and outcomes were those that had focussed on **apprenticeship and employment brokerage**, often targeting SMEs. These projects were addressing multiple barriers to training (often acutely experienced by small firms) by offering clear information to employers about the relative quality and benefits of training. Additionally these case study projects sought to improve access to suitable provision, and reduce transaction costs in organising training. They also sought ways to improve economies of scale and would provide onsite training where possible, in order to limit the amount of time employees were away from their role. This was mainly achieved through the delivery of apprenticeships where brokerage activities were often intentionally combined with and supported by **skills diagnostic interventions providing additional, wider benefits** by signposting firms to other forms of training, information and support.

Case study projects that had a multi-dimensional offer were more problematic for Delivery Partners (DPs) to manage. Additionally, the interventions were more difficult to package as an easily recognisable and understood 'product' for employers. These types of case study projects were also found to require greater employer commitment to change across a wider range of management processes and structures. The evidence at this stage shows that case study projects seeking to change deeper-rooted behaviours may take much longer to gain traction where a clear problem and solution were not immediately evident and where there is limited initial employer demand.

The need for co-ordinated and planned approaches from project inception through to delivery has therefore been demonstrated as critical in ensuring that case study projects had the best opportunities for success. As such, the role of **intermediaries** in co-ordinating and overseeing these aspects has been important, in particular by facilitating face-to-face engagement with employers through a range of activities.

The role of DP's in providing ongoing leadership as effective project managers and implementing appropriate, integrated governance arrangements was also key to successful outcomes. This allowed them to address project performance issues early, in particular managing the alignment and performance of external partners through decisive actions. Effective leadership also required case study DPs be flexible and adaptable in their approach, so that they could adapt to changes in external circumstances and also respond to feedback from employers. This ensured that projects secured and sustained beneficiary engagement.

Fostering a step change in employer leadership and investment in skills through co-investment in demand-led products and solutions was a key principle of the programmes. There has been good evidence from the case studies that **employer leadership and contributions** have been intrinsic to project outcomes through design, testing and refinement of products and services. In essence, an effective **‘two tier’ approach** has been evident consisting of DPs discussing initial ideas for projects with small groups of employers. The volume of employers reached at the first stage involved appears to be **less important than results achieved by involving key players**, especially in sectors where a small number of large firms are major influencers over the behaviour of others. **In contrast, engaging a bigger group of employers in testing products/services at the second stage was important.** The involvement of employers to determine the level of interest and market appetite for the product or service at this stage appears to be a critical factor for success.

Additional indications of employer ownership were also reported with early indications showing that bringing employers together may have the potential for creating spin-off benefits and stimulating wider co-operation and collaboration on skills.

Developing innovative skills infrastructure solutions has been a key objective of the programmes, and the case studies have found that innovation has been apparent, particularly in seeking **to meet employer needs and preferences**. This innovation has enhanced case study employers’ **overall perceived service quality** through the tailoring of interventions and reliability of services. Indications of the impact of type of innovation on longer-term changes in employer investment in skills is less clear at this stage. This is because employers who valued context-specific and adaptive innovations were engaging in transactional services rather than skills solutions which required longer-term engagement.

6.3 How are business outcomes affected by the investments?

The impact of projects on case study employers’ business outcomes appeared to be **stronger for apprenticeship brokerage and higher skilled employment brokerage services**, and more mixed for skills diagnostics and networks. The level of impact experienced depended on the quality of service provided. Quality was assessed through perceptions of tailoring, relevance and flexibility, and intensity of engagement. Face-to-face services appeared to be more effective at engaging small employers in particular. Most employers taking part in the case study research felt it was too early to report on impacts, such as effectiveness of training and ability of employees to do their job, but those using apprentice and employment brokerage services reported positive outcomes from solving skills shortages.

Overall, case study **employers found it easier to identify soft rather than hard outcomes** at this stage. Some had engaged with limited or no expectations of business benefits from employment brokerage and networks and therefore found them hard to identify. Evidence of **HR outcomes** were **more common in science and manufacturing industries** where smaller businesses were using HR standards and/or recruiting apprentices, sometimes as part of a growth process. Evidence of the impact on employer collaboration and wider outcomes, and outcomes for larger employers through levers such as training brokerage are more difficult to determine at this stage and will require tracking in future waves of research.

6.4 Have the investments increased benefits for employers beyond what they would have accrued without them?

There is early evidence to show what action case study employers would have taken without EIF/GIF. For some, especially smaller firms, they simply would not have taken part in interventions requiring engagement with the skills system. This suggests that EIF/GIF investment has resulted in additionality. In other instances, case study employers that have engaged with **apprenticeship brokerage, higher-skilled employment brokerage or skills diagnostics**, reported that they may have made progress towards a similar outcome, albeit at a slower pace.

Evidence from case study employers and DPs found that there may be an untapped market of SMEs wanting to recruit apprentices. The role of case study DPs in undertaking skills diagnostics, and brokering apprenticeships helped to reduce the barriers that SMEs experience. The resource-intensive support required to bring SMEs to the point of recruitment, often through skills diagnostic services to raise their awareness of their own skills needs and possible solutions, presents a potentially important role for intermediary organisations in working with SMEs to address barriers and concerns.

Evidence of additionality for training brokerage, networks and employment brokerage projects was more mixed and depended on how successfully the interventions were tailored to their context and employer needs.

6.5 To what extent did the programmes help to make a difference to the outcome measures in the logic chain, in what context, for whom and how?

Looking at the programme logic chain, there is some evidence that the case study projects have **helped in the creation of apprenticeship places and wider recruitment opportunities**. Across the case study projects, this has been particularly true for SMEs in manufacturing sectors which are seeking to growth through recruitment of higher skilled workers. These outcomes have been achieved through the case study projects lowering barriers to SME engagement with apprenticeship programmes and reducing administrative burdens and transactional costs, combined for some with the incentive of no costs for apprenticeship training. Other benefits of these brokerage services for firms include reduced recruitment costs. Individuals participating in apprenticeship and employment brokerage projects will also have benefited through access to training, recognised qualifications and/or employment.

As yet, limited evidence has been available to show the impact on wider spending and investment in training for existing workers. This lack of evidence is partly due to the balance of project types within the case study sample with lower employer engagement in projects seeking these goals. There is also limited evidence of impact on outcome indicators related to business and HR performance, beyond some tentative findings of changes to people management practices in SMEs. For some employers, it is still too early to assess full impacts and other employers, especially some SMEs, are not able to judge.

6.6 Are projects being sustained after UKCES funding ceases?

A **variety of approaches** used singly or in combination have led to case study projects achieving sustainability. Those projects that have achieved sustainability have done so from on-going public funding, mixture of public and private co-investment and private funds alone. Some case study projects have been found to be sustained through private sector investment or behavioural change of employers, or through public sector investment. The remainder were on-hold, with sustainability plans still being developed as the investment period had not yet ended, some were in transition to sustainability, or were no longer continuing.

When examining those that have achieved sustainability more closely, it can be seen that sustainability overlaps with more general effective practice in design, management and delivery of projects. For example, early product testing and early development of an income generation model were found to increase sustainability as were a, focus on service quality and providing a good level of on-going direct contact with employers. Analysis of the status of projects shows some **relationship between the type of project and its sustainability with this being positive for some apprenticeship and employment brokerage services**. However, it has been difficult to disentangle from **associations between Delivery Partner effectiveness overall and positive sustainability prospects**. This also may be conditioned by sectoral differences in employer appetite for skills solutions.

When looking at the most common reasons why case study projects were not sustainable, it was found that in many cases that these had not stimulated sufficient employer appetite to engage in the solutions and attain initial targets. This had a knock-on effect of generating insufficient employer backing to establish a demand led approach.

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Appendix A: Methodology

Developing the research materials

Four separate topic guides were developed for use with Investment Managers, Delivery Partner staff, employers and stakeholder interviewees in conjunction with UKCES. These covered a wide range of questions including project objectives, setup, management and governance, employer involvement in product choice, design, testing and project management, methods for employer engagement, monitoring and evaluation of project outcomes, project benefits and impacts, challenges and critical success factors and routes to sustainability. The guides were used selectively depending on the expertise and perspective of the interviewee. The guides were piloted with three employers of varying sizes and some adjustments to order of question topics and phrasing were made to shorten the guide through reducing questions which produced duplication in answers and improve the flow of questions.

Case study selection

The case study projects were chosen according to a range of factors intended to ensure that the evaluation met its objectives. The initial criteria were:

- Size and scale of project activity to include a range of projects receiving substantial proportions of investment. This was to help provide explanation for any variations in impact found through the survey of beneficiaries among projects receiving large shares of funding.
- Type of intervention to ensure a mixture of different types of levers were covered.
- Balance of projects funded through EIF/GIF.
- Balance of projects across manufacturing and service sectors and those with more or less well established traditions of employer action on skills.
- UK-wide versus location-specific projects.
- A range of DPs to include SSC and non-SSC leads.

Following the initial selection of projects through identifying those receiving major shares of investment, additional projects were selected to cover small scale projects, projects in the manufacturing sector, those with a geographical/local focus and those delivered by non-SSC partners and to avoid projects which were discontinued or where limited information and access was possible. Three additional DPs were added to the original six chosen to gain greater coverage of projects with a local focus, those with an emphasis on training brokerage and those delivered by non-SSC partners.

Fieldwork

Fieldwork was carried out between July and September 2014 and amounted to a total of 87 interviews, for which the breakdown across projects is shown in Table A.1. These began with three Investment Managers at UKCES who gave an overview of project performance and advice on project selection, and were followed by initial interviews with DPs, beneficiary employers and a mix of stakeholders relevant to each DP and project. The sample of employers for interview was initially drawn from employers who had taken part in the survey of beneficiaries and had consented to be recontacted for further research. This used a sample frame provided by DPs which forwarded databases of employer beneficiaries. The research team sought to interview five employer beneficiaries from each project selected from within each DP level case study. In recruiting employers, the team sought a mixture of larger and smaller firms, from different locations across the UK and a balance between those reporting different levels of engagement in and impact from projects. In a number of cases, no or very limited numbers of employers had participated in a project and where this was the case, DPs were approached for recommendations of employers which had taken part. These were issued with an opt-out letter prior to contact for research interviews to give them the opportunity to decline research participation. To preserve the independence of the evaluation, employer identities were kept confidential to the research team, participants were recruited on the basis of voluntary, informed consent and neither the DPs nor UKCES was informed of the identities of any employers taking part.

During the course of booking and conducting fieldwork, some issues of employer eligibility for participation emerged. In a number of cases, employers did not recognise the detail of the intervention in which they had participated, were found to have participated in a different EIF/GIF project, or were beneficiaries of a similar intervention but which received funding from a source other than GIF or EIF. Where employers recognised the intervention, but their experience of it was of 'light touch' engagement or where they had participated in another EIF/GIF project selected within a case study, the interviews proceeded and they were retained in the survey sample for subsequent impact analysis. Where employers were unable to recognise the intervention at all, replacement interviews with eligible employers were sought and the original employers were removed from the sample. This was a more common challenge for projects where there were a plethora of interventions, DPs delivered their services in a seamless fashion sometimes using an umbrella brand name, the DP did not distinguish between separate interventions at the point of delivery or a third party was responsible for delivering the intervention. During the first and subsequent years of qualitative fieldwork, additional screening is therefore being applied to ensure that only eligible beneficiaries are targeted.

Interviews were conducted either face-to-face or via telephone depending on participant preference and availability and tape recorded where consent was given. They lasted between 35 minutes and 2.5 hours depending on the complexity of the intervention, the role and level of engagement of the interviewee and their function within the project, as interviews with DP staff typically took longest. Key interviews were transcribed.

Table A.1. Distribution of interviews across projects and Delivery Partners

	Stake-holder interviews	DP interviews	Employer interviews by project				Total	Comments
Cogent			ATA for Science	Women into Stem	Gold standard	Process Industries		
Achieved	2	4	5	0	5	0	16	Very limited sample available for Women into STEM and Process Industries
Cornwall			ELISA Cornwall	Cornwall Apprenticeship Agency	Cornwall Marine Network Skills Diagnostics/Broke rage Service			
	2	1	6				9	Apprenticeship and Skills Diagnostic projects combined in delivery
Creative Skillset			Creative Future	Creative Ambition	Creative Solutions	GTA		
	4	3	2	4	3	1	11	NB Row does not total. Some employers had engaged in more than 1 activity.
EU Skills			SME Employer network	Talent Bank	Supply Chain	Renewable skills		
	2	3	2	4		1	12	No sample available for Supply Chain/Renewable Skills
People First			Helping unemployed	Hospitality Guild	Professionalising the workplace	Retail PREP		
Achieved	2	4	2				8	No sample available for projects with limited employer participation.

	Stake-holder interviews	DP interviews	Employer interviews by project				Total	Comments
			Skills for growth	Apprentices	Graduates	UK Talent retention		
SEMTA								
Achieved	1	3	0	5	1		10	Skills for Growth is a diagnostic delivered with the apprenticeship/graduate projects. UK Talent Retention had no employer sample.
Skills for Logistics			Local logistics	Military transitions	Progressive logistics	Professional logistics		
Achieved	6	3	4	5	0	0	18	No employer sample available for Progressive/ Professional Logistics
Black Country Consortium			Skills Factory					
Achieved	1	1	6				7	No personal contact details available for stakeholders (e.g. training providers). Reception staff generally unable to recognise intervention and direct call to appropriate person.
Lantra			Embedding Professional Standards Framework across Agriculture					
Achieved	0	1	1				2	Only 4 employers available in sample.

As discussed in Chapter 2, projects were profiled and selected against a number of criteria. Table A.2 maps the projects against the selection criteria and is following by a short narrative description of each Delivery Partner and the projects selected for analysis.

Table A. 2. Mapping of case study projects against selection criteria

Delivery Organisation	Title	SSC/ Non-SSC	Fund	Size/Scale¹	Geography	Type of project	Manufacturing/service sector	History of collaboration in sector
Black Country Consortium	Skills Factory Pilot	Non-SSC	GIF 3	Large	England - region	Training brokerage/apprenticeship brokerage	Manufacturing	High
Cogent	Process Industries	SSC	EIF 2	Large	UK	Professional Standards/Training accreditation	Manufacturing	High
Cogent	ATA for Science	SSC	GIF 1	Medium	England	Apprenticeships (Including ATA)	Manufacturing	Higher
Cogent	SME Gold Standard Skills	SSC	GIF 1	Medium	England	Professional Standards/Skills Diagnostics/Training brokerage	Manufacturing	Higher
Cogent	Women into STEM Apprenticeships	SSC	EIF 3	Medium	England & Wales	Apprenticeships linked to IAG	Manufacturing	Higher
Cornwall Marine	ELISA-Cornwall	Non-SSC	GIF 4	Medium	England - region	Skills diagnostic	Cross-sectoral	Variable
Cornwall Marine	ELISA-Cornwall	Non-SSC	GIF 3 Dev	Small	England - region	Apprenticeships (Including ATA)	Cross-sectoral	Variable
Creative Skillset	Creative Solutions	SSC	EIF 2	Large	UK	Skills diagnostic/Training brokerage	Service	Lower
Creative Skillset	Creative Ambition	SSC	EIF 2	Large	UK	Network	Service	Lower
Creative Skillset	Creative Futures	SSC	EIF 2	Large	UK	New qualifications/standards/accreditation of training	Service	Lower
Creative Skillset	GTA	SSC	GIF 3	Large	England	GTA	Service	Lower

Delivery Organisation	Title	SSC/ Non-SSC	Fund	Size/Scale¹	Geography	Type of project	Manufacturing/service sector	History of collaboration in sector
Energy and Utility Skills	Stimulating New Entrant Training in Renewable Energy	SSC	EIF 2	Large	UK	Training brokerage	Mixed	Medium
Energy and Utility Skills	SME Employer Networks	SSC	GIF 3	Large	England	Employer Network	Mixed	Medium
Energy and Utility Skills	Generating Skills Investment through Supply Chain Collaboration	SSC	EIF 2	Medium	UK	Training brokerage/skills diagnostic	Mixed	Medium
Energy and Utility Skills	Talent Bank	SSC	GIF 1	Medium	England	Employment/Apprenticeship Brokerage	Mixed	Medium
Energy and Utility Skills	Talent Bank	SSC	GIF 1	Small	England	Employment/Apprenticeship Brokerage	Mixed	Medium
Energy and Utility Skills	SME Employer Networks	SSC	GIF 3 Dev	Small		Employer Network (incl. GTA)	Mixed	Medium
Lantra	Professional Standards Framework	SSC	GIF 2	Medium	UK	Professional Standards/training accreditation	Manufacturing	Medium
People 1st	Professionalising the workforce and increasing the effectiveness of training	SSC	EIF 2	Large	UK	Professional Standards/training accreditation	Service	Lower
People 1st	Hospitality Guild	SSC	GIF 1	Large	England	Employment Brokerage/IAG	Service	Lower
People 1st	Helping the unemployed back to work	SSC	EIF 2	Large	UK	Employment Brokerage	Service	Lower
People 1st	Retail PREP	SSC	EIF 3	Medium	England & Scotland	Employment Brokerage	Service	Lower
Semta	Attracting new talent to fill the skills gaps in SMEs through Apprenticeships	SSC	EIF 2	Large	UK	Apprenticeships (Including ATA)	Manufacturing	Higher

Delivery Organisation	Title	SSC/ Non-SSC	Fund	Size/Scale¹	Geography	Type of project	Manufacturing/service sector	History of collaboration in sector
Semta	Transforming the skills and productivity of the supply chain companies current workforce	SSC	EIF 2	Large	UK	Skills diagnostic	Manufacturing	Higher
Semta	<i>Attracting new talent to fill the skills gaps in SMEs through graduates</i>	SSC	EIF 2	Medium	UK	Employment Brokerage	Manufacturing	Higher
Semta	UK Talent Retention Project	SSC	EIF 1	Medium	UK	Employment Brokerage	Manufacturing	Higher
Skills for Logistics	Progressive Logistics	SSC	EIF 2	Large	UK	Training brokerage/network	Service	Lower
Skills for Logistics	Military Transitions to Logistics	SSC	EIF 3	Large	UK	Employment Brokerage	Service	Lower
Skills for Logistics	Local Logistics	SSC	EIF 2	Medium	UK	Network/IAG	Service	Lower
Skills for Logistics	Professional Logistics	SSC	EIF 2	Medium	UK	Training brokerage/network	Service	Lower

Black Country Consortium Ltd

This case study focuses on one main project:

- Skills Factory (Training brokerage/apprenticeship brokerage). The aim of this project was to change the relationship between employers and training providers to work towards co-developing and co-delivering training and education in the high value manufacturing sector. It also tested pilot projects for sharing apprentices among SMEs. The funding period for these projects runs until March 2015.

Cogent

The case study projects were:

- Apprenticeship Training Agency for Science – (Technical Apprenticeship Service – TAS) – (Apprenticeship brokerage) This project sought to address the complexities of the apprenticeship system (recruitment and delivery) that may deter employers from taking on apprentices and offered a one-stop-shop service for employers. Employers could choose to receive either TAS full service (recruitment, administrative handling and payroll management for the apprentice) or ‘pick and mix’ a service tailored to their needs.
- SME Gold Standard – (Skills diagnostic/professional standards/training brokerage) Underpinning this project was the need to improve training provision and link it to existing and emerging skills needs in the sector and to help managers identify skills needs through a skills diagnostic. It then provided links to a skills shop, to address employer desire for a one-stop-shop resource signposting high quality, accredited training in line with identified training requirements.
- Women into STEM Apprenticeships (WiSApp) – (IAG linked to apprenticeship brokerage) Against a background of lower female labour market participation in STEM sectors, this project sought to increase workforce diversity both by promoting these sectors to women through employer visits and by providing training for employers to raise awareness and change their attitudes towards hiring women.
- Process Industries – (Professional standards/training accreditation) This project developed new standards for emerging job roles in the emerging Life Sciences sub-sector to facilitate mapping of training needs and skills. Within the same project, the Downstream Distribution Forum (DODF) developed the Petroleum Driver Passport (PDP) to meet the requirement for accreditation of tanker drivers to improve health and safety standards.

Cornwall Marine Network

The case study for Cornwall Marine encompassed one main project with two strands:

- Employer-Led Infrastructure for Skills and Apprenticeships (ELISA) Cornwall – (Apprenticeship brokerage/ Skills diagnostic). The project has two main components, a cross-sectoral ATA and a cross-sectoral skills diagnostic/skills brokerage element. The ATA aimed to reduce the administrative burdens and risks associated with taking on apprentices, and create tailored training programmes to suit the specific needs of small employers. The skills diagnostic element aimed to enable SMEs to identify training needs, access relevant skill solutions and encourage greater engagement with apprenticeships and skills investment. The funding period for these projects runs until March 2015.

Creative Skillset

The case study projects were:

- Creative Ambition – (Network) Creative Skillset undertook an integrated programme to encourage collaboration and support collective action among employers and individuals to overcome structural barriers to investment in skills through defining skills needs priorities on which employers agreed. UK, national, regional and industry action plans were developed and councils for each have identified priority progression routes to be mapped.
- Creative Futures – (New qualifications/standards/accreditation of training) One aim of this project relevant to employers was redeveloping the curriculum of education programmes in the secondary, FE and HE sectors to create hybrid courses integrating STEM skills and creative skills and break down disciplinary barriers which may have hindered delivery of the mix of skills that the industries now demand.
- Creative Solutions – (Skills diagnostic/Training brokerage) This project was intended to provide a suite of toolkits, training brokerage, HR and people management consultancy services to meet employer needs.
- Group Training Associations – (GTA) GTAs were set up for specific industries in London, Bristol, England-wide and Manchester where gaps in employer network activity were identified. Their purpose was to identify skills needed and bring employers without a history of collaboration together to source training provision and meet employer skills requirements which might include brokering apprenticeships or internships. The funding for the GTA runs until March 2015.

Energy and Utility Skills

The four case study projects were:

- Talent bank – (Apprenticeship/employment brokerage). This aimed to create an ATA/GTA-like service for recruiting/managing apprentices, as well as a recruitment service for skilled candidates.
- Supply chain – (Training brokerage and skills diagnostic). This project aimed to develop industry-assured common competence and training standards relevant to power and utility contractors
- Renewable energy – (Training brokerage). Bring training providers and employers in the renewable energy sector together, to develop demand-led training provision
- SME network – (Network). With this project EU Skills aimed to develop sector, sub-sector, and/or regional networks of SMEs, to identify common skills issues, develop demand-led solutions to skills challenges, and encourage business growth.

Lantra

This case study focuses on one main project:

- Embedding Professional Standards Framework across Agriculture – (Professional Standards, Brokerage). The aim of this project was to change employer attitudes/behaviour and increase investment in skills development and higher level business skills through developing training standards. The project was intended to define best business practice with the help of employers, supply side organisations and providers and to drive up productivity. This project built on earlier work that had been funded through EIF.

People 1st

The four case study projects were:

- Hospitality Guild – (Employment brokerage and IAG) The creation of a Guild for the hospitality sector, including an integrated web portal that connects career information, guidance and advice with employment and training opportunities.
- Helping unemployed people back to work – (Employment brokerage) A pre-employment training programme tailored for the hospitality industry, particularly to help employers recruit for new hotel and restaurant openings.

- Professionalising the workforce – (Professional standards and training accreditation). The development of accreditations for training providers, licence to practice and kite-marking standards for the hospitality and passenger transport sectors.
- Retail PREP – (Employment brokerage) A pre-apprenticeship training programme tailored for the retail sector.

Semta

The Delivery Partner ran four projects:

- Transforming the skills and productivity of the supply chain – a skills diagnostic and training brokerage intervention to help SMEs with various issues around growth. Semta regional representatives carried out a ‘Skills for Growth assessment tool’ with employers in order to identify and broker the most appropriate training solutions.
- Attracting new talent to fill the skills gaps in SMEs through apprenticeships – apprenticeship brokerage. Semta business partners engaged SMEs who had never taken on an apprentice or not done so in a year, and brokered the most appropriate apprenticeship in line with the needs of the company. They offered continuing support with recruitment, selection, training and assessment as needed.
- Attracting new talent to fill the skills gaps in SMEs through graduates – employment brokerage including recruitment and selection, and brokering HEI relationships with SMEs. Demand for graduates intended to be stimulated amongst SMEs who were then supported through recruitment and selection processes. A graduate employment toolkit was developed with functionality for employers, job seekers, the HE sector and stakeholder.
- UK Talent Retention Solution (TRS) – Employment brokerage including redeployment, graduates, apprenticeships and talent management. The TRS is a not-for-profit on-line resourcing, recruitment and talent management platform. It provides direct contact between and across large and supply chain companies, experienced hires, graduates, apprentices and universities across 13 sectors. Each type of user sees a bespoke version of the TRS. Organisations and opportunities are promoted through microsites, and sponsors are provided with system activity. This intervention was developed by a private sector organisation, taken up by Regional Development Agencies and after their closure, identified by BIS as a project which would benefit from short-term pump priming through EIF/GIF funds.

Skills for Logistics

The case study projects were:

- Local Logistics – (Networks). This programme originally included projects to develop a social network platform as well as a physical network, develop an engagement toolkit, job clubs and a mentoring project. The project sought to address the lack of interest in the sector by possible recruits by bringing employers together with local communities.
- Professional Logistics – (Training brokerage and Network). Projects in this programme initially included developing a model for the Professional Development Stairway (PDS) tool focussing on individual career progression between job roles, and the development of a prototype for a logistics Guild. This project aimed to address skills shortages and lack of awareness of the sector as a career option and to strengthen the status and image of the sector to attract new talent and develop the current talent pool.
- Progressive Logistics – (Training brokerage and Network). Projects in this programme initially included piloting Stairway Interactive tool used as a skills diagnostic and signposting training for particular job roles, creating training supply hubs, and a feasibility study of the introduction of a licence to practise. This project sought to address numerous market failures, including the sector's poor image and lack of understanding of the career possibilities within the sector by potential recruits together with the reluctance of small employers in the sector to invest in employee development unless it is a statutory requirement.
- Military Transitions to Logistics – (Employment brokerage). This programme provided work placements for ex-armed services personnel. It sought to address skills shortages as well as the need to deal with the logistics sector's ageing workforce profile, low skill levels, and acute driver shortages. At the same time, it also sought to help military leavers with logistics transition to civilian life and gain work in the commercial logistics sector.

Data analysis

Following completion of fieldwork each member of the research team took lead responsibility for developing and writing up a detailed case study of each individual Delivery Partner, using a detailed common template devised in conjunction with UKCES covering project rationale and logic models, set up, project management, governance and delivery, outcomes, impacts and sustainability issues. These ran to 20-30 pages in length and will act as a repository of information to build on and through which research gaps can be explored in future waves of fieldwork. An early debrief meeting was held and attended by all the case study researchers and a member of UKCES staff to explore emerging themes which were then tested during more detailed analysis in the reporting process.

The UK Commission for Employment and Skills (UKCES) is a publicly funded, industry-led organisation providing leadership on skills and employment issues across the UK.

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