



Examining the Impact and Value of EGSA to the NI Economy

Final report

May 2008



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Contents

Executive summary	3
Introduction	5
Project overview and objectives.....	5
What we have done – qualitative and quantitative research	5
Report structure	6
Chapter 1: Background to EGSA and wider economic and policy context	7
Background to EGSA.....	7
Economic context.....	8
Policy context.....	11
Programme for Government.....	11
DEL Corporate Plan	13
DEL Skills Strategy – “Success through Skills”	14
DEL Essential Skills Strategy	14
Lifelong Learning Strategy	14
How EGSA can contribute to the economic and policy priorities.....	15
Chapter 2: Evidence from the market place – consultation findings and client profiling	16
EGSA clients – who and why?.....	16
EGSA services.....	19
The ‘EGSA journey’	20
EGSA experience – where clients are now	23
Chapter 3: Estimation of wider economy impacts	26
Modelling EGSA’s contribution – ideal approach assuming all client information available...	27
Modelling EGSA’s contribution – actual approach adopted based on information available .	30
EGSA contribution to NI economy – headline figures	36
EGSA expanded service scenario	37
Non – quantifiable contribution	39
Recommendations for client record management and survey research	40
Chapter 4: Summary	42
Annex: Sensitivity analysis	43

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Executive summary

Regional Forecasts, a division of Oxford Economics, were commissioned in March 2008 to conduct research on behalf of EGSA to measure the impact and value of EGSA's services to the NI economy. This report explores EGSA and the services it provides and **clearly highlights that given the labour market challenges facing Northern Ireland and the recent Programme for Government with key goals in relation to skills achievements and employment rate targets, EGSA clearly has an important role to play in helping to overcome these challenges and achieve these goals.**

The researched entailed a qualitative and quantitative phase. We initially conducted a phase of qualitative research which gave us the opportunity to understand better the types of clients that EGSA assists, their reasons for approaching EGSA and what each client has gained through their experience in terms of learning and labour market outcomes. The findings from this were then used to support the quantitative element of the work. This involved analysing client data from EGSA's Client Relationship Management information system and developing a model to measure EGSA's quantifiable contribution to the NI economy.

This research has clearly shown the significantly positive contribution that EGSA makes to the Northern Ireland economy. Assuming EGSA's current annual 10,000 interventions (combination of individual clients and persons assisted via advocates to EGSA) and the current economic activity status of clients since the CRM was set up in 2006, we estimate the **net impact of EGSA/ additionality of EGSA's services** (i.e. after netting off counter-factual outcomes and displacement) to be:

EGSA estimated headline annual economic contribution

Labour market outcomes

- 580 clients progressing in work/ being promoted
- 270 clients not being promoted but having higher productivity due to enrolling on a course
- 20 clients from full-time education starting a new job
- 770 clients not in employment or full-time education starting a new job

Economic impact

- 800 more people in employment, contributing £26m in wages and profits (GVA) and £12m in net tax revenue (sum of income tax, national insurance, corporation tax and social security benefits saved). This translates into £9.02 net additional tax revenue for every £1 of public money invested today
- In terms of relativities to NI aggregates, the economic impact equates to 0.10% of both NI total employment and GVA.
- One of the key targets of the Programme for Government, which we can relate to EGSA impacts, is the target for raising NI's overall employment rate by 5% (by 2020). If EGSA's current contribution is maintained, EGSA will contribute to assisting 1 in 10 people into employment of the overall additional jobs needed to meet the employment rate target.
- In the absence of EGSA services between now and 2020 (10,000 clients per annum no longer supported), the cumulative impact would be to lower NI's employment rate by 0.8%, equivalent to just under one-fifth of the PSA target improvement.

Caveat: It is also important to highlight that the analysis and scenarios that have been used in this study have been based upon the response rates to EGSA's tracking process of which returns have been around 10%. Actual outcomes may be higher than what has been measured.

Introduction

Project overview and objectives

Through this piece of work, EGSA wish to:

1. Examine the impact and the value of its work to the NI economy
2. Explore the effects of EGSA's unique Information, Advice and Guidance (IAG) services on users

The key objectives of this research are as follows:

- Assess the economic impact of independent IAG delivered by EGSA
- Assess the net added value of independent IAG
- Measure the effects of independent IAG and resulting impact on economic development
- Consider the value for money impact of EGSA's services

In conducting this study, Regional Forecasts/ Oxford Economics provide headline impact figures and use our findings to provide recommendations to EGSA as to what client information they should collect on an ongoing basis in order to help improve how the impact of EGSA's services can be measured.

It is our understanding that EGSA plan to use this research during Adult Learning week. This is scheduled for the week 17th–23rd May 2008 and EGSA hope to use this event to help raise awareness of the services they provide and highlight the difference that EGSA can make to both individuals and the economy.

What we have done – qualitative and quantitative research

Qualitative research

The starting point for this project was a phase of qualitative research. This involved conducting focus group sessions with clients and advisors from the Belfast and Dungannon offices (two of EGSA's nine regional offices). We selected Belfast and Dungannon to have a different urban-rural mix of views and outcomes.

Although the objective of the overall research is mainly quantitative (estimating the contribution of EGSA to the NI economy), we used the qualitative strand to deepen our understanding of EGSA and its services. This gave us the opportunity to understand better the types of clients that EGSA receives, their reasons for approaching EGSA and what each has gained through their experience in terms of learning and labour market outcomes. We then used this information to partly inform the assumptions required for the quantitative element of the project.

Quantitative research

The quantitative phase of the project involved two distinct phases – (1) analysing client data from EGSA's Client Relationship Management (CRM) information system (which was kindly provided by EGSA) and (2) estimating EGSA's contribution to the NI economy. The micro analysis of the client information allowed us to understand who EGSA clients are (economic

activity status pre-EGSA service) and what post EGSA-service learning and labour outcomes are. Estimating the economic contribution of EGSA (based on the current 10,000 interventions per annum) involved making assumptions on what difference EGSA services make to client outcomes relative to a counter-factual (no EGSA intervention) and netting off displacement effects, and quantifying this difference in terms of people in employment, additional wages and profits and the net tax benefit (additional tax from clients working plus social security benefit payments saved from moving the non-employed into employment).

It should be noted from the outset that the nature of EGSA's services and outcomes and limitations on what data is available means that estimating EGSA's economic contribution has not been a straightforward task. The assumptions required, based on our professional judgement and knowledge of local labour markets, are subjective and as such, the results produced should be interpreted in this light and with caution. We have nonetheless made every effort to produce robust and credible results within the time and resource constraint to deliver this project in advance of Adult Learning week.

Report structure

The remainder of the report is structured as follows:

- **Chapter 1: Background to EGSA and wider economic and policy context** – This section provides an overview of EGSA and its services. It explores the wider economic and policy context of this work in relation to the Programme for Government and its focus on growing the economy through a more adaptable and skilled workforce.
- **Chapter 2: Evidence from the marketplace – consultation findings and client profiling** – This chapter summarises the findings from the qualitative strand of the project. Focus groups were held at 2 of the 9 regional offices, Belfast and Dungannon, to look deeper into the client experience with EGSA and the impact that EGSA's services have had on individuals. We also include here quantitative profiling information on the characteristics of EGSA clients, which fits well alongside the qualitative descriptions of who EGSA clients are, services provided and the EGSA 'journey'.
- **Chapter 3: Estimation of wider economy impacts** - This chapter sets out how we would model EGSA's contribution to the economy assuming all required information is available to inform assumptions and relationships. While there are limitations on what information is available, we felt this was a useful exercise nonetheless to set out the ideal approach and identify the types of information EGSA should consider collecting in future to improve the accuracy of how its wider economic contribution can be assessed (if this can be done cost effectively and is a priority for EGSA and funding partners). We then outline the actual approach adopted and assumptions made and present the headline impact figures with commentary. We also felt it would be useful to run a scenario illustrating what difference an expansion of EGSA services would make on the wider economy. This may prove useful for funding cases to DEL and other funding bodies. We end by providing recommendations to develop further EGSA's CRM system and make suggestions for survey research.
- **Chapter 4: Summary** - A summary of our overall findings and concluding remarks

Chapter 1: Background to EGSA and wider economic and policy context

Background to EGSA

EGSA, the Educational Guidance Service for Adults, is the only independent, specialist, adult guidance service in Northern Ireland and has been operating for 40 years. It is a local, government funded, independent, not-for-profit, front-line service whose **mission is to enable adults to make effective choices about learning and work**. EGSA has nine offices throughout NI in Belfast, Craigavon, Newry, Dungannon, Omagh, Magherafelt, Londonderry, Ballymoney and Newtownabbey. EGSA's main strategic aim is to:

“Connect adults with learning so they can develop their full potential and contribute to the economic and social development of NI”

EGSA's objectives and key themes are:

1. Enabling adults to access learning and skills
2. Promoting the role and value of independent information, advice and guidance
3. Promoting lifelong learning

EGSA provides adult learners and potential learners with the appropriate information, advice and guidance services (IAG) necessary to enable them to achieve their educational goals, whether it be engaging in learning, finding employment or helping individuals establish their career pathway.

In addition to its frontline services to adults, EGSA also works with employers who want to help motivate and maximize the talents and capabilities of their staff (Note given the lack of information on this element of what EGSA does, we do not include its impact on EGSA's overall contribution though we expect its impact to be small relative to IAG services). EGSA also provide their services to companies where staff face the threat of redundancy. In this case EGSA use their services on site to:

- Provide motivational talks
- Assess current skills levels of workers and transferable skills
- Explain the support that they can offer

EGSA advisors are available by phone and in person to provide the services required by individual learners or organisations. EGSA also engages in the community by providing group guidance sessions. This involves attending community centres, women's groups etc to hold presentations and workshops on making people aware of what EGSA has to offer.

Box 1.1: EGSA's main services

1. Provide information on a range on a range of learning opportunities
2. Advice on finance for learning
3. Guidance to help individuals understand their options for learning and work to enable informed decision making
4. Ongoing support for individuals who do engage on a programme of learning
5. Helping people establish a clear career pathway
6. Counselling in the sense that they help people overcome their initial confidence barriers and fears of engaging in learning or employment
7. 'Open door' approach in that clients can return for additional support as and when needed
8. A supported referral service to Essential Skills learning

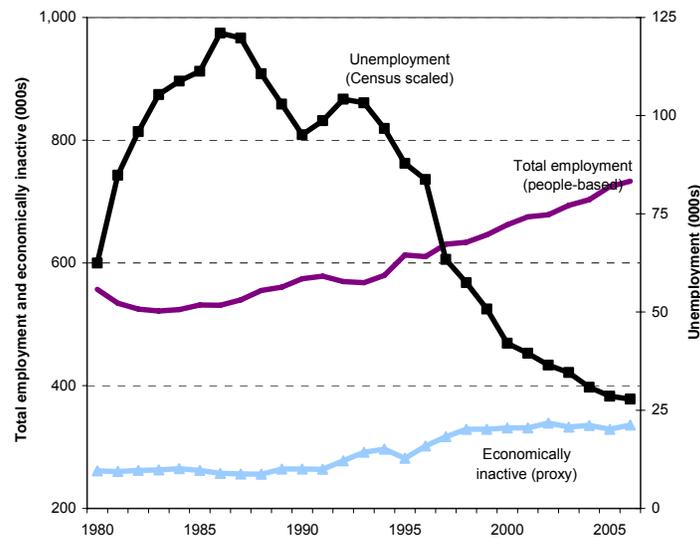
Although EGSA's services are available to learners of all levels, EGSA does have a particular interest in working with adults from a more **disadvantaged background**, whether it be those who **did not** benefit from their initial experience of learning or those who are less likely to engage voluntarily in learning due to confidence issues or other barriers to learning such as costs, transport difficulties etc. EGSA aims to help adults from all backgrounds to realise their full potential, helping to improve not only the quality of life for individuals but also improve prospects for the economy as whole through learning and assisting clients to find employment.

EGSA has been **core-funded by DEL** and predecessor bodies for approximately the past 37 years. (Current DEL funding is £1.26m - £0.9m for guidance activities and £0.36m for Essential Skills) However recently this has come under review and DEL has decided to end 'exclusive' contracts with EGSA and other organisations. The decision as to who should provide adult guidance will go to tender. This is to ensure that all organisations have an equal chance of delivering these services. EGSA will continue to receive funding from DEL until the end of September 2008 and from this date onwards it is uncertain as to whether this funding will continue. EGSA may have to become more dependent upon applying directly for funding or relying upon project based funding whereby organisations (such as the Health Service) purchase EGSA services.

Economic context

For the last decade, Northern Ireland has enjoyed record employment growth and unemployment is at an historic low (Fig 1.1).

Fig 1.1: NI labour market trends (1981-2006)



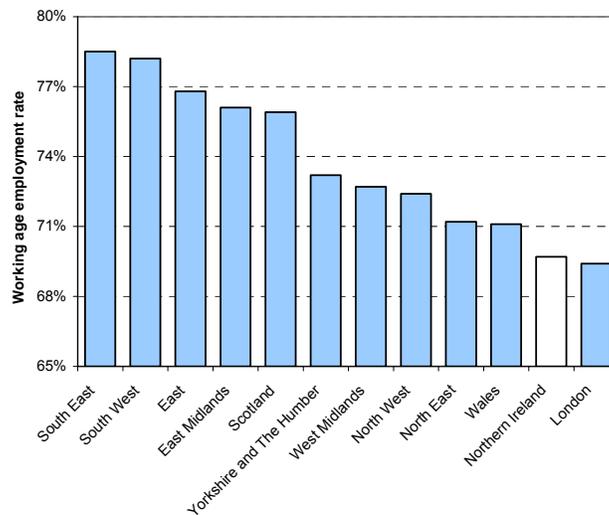
Source: *Regional Forecasts/Oxford Economics*

Note: *Economically inactive figures are equal to working age population less total employment (people-based) and unemployment. They do match exactly official LFS statistics on inactivity*

However this positive outlook is somewhat tainted by various labour market problems and challenges that need to be addressed in order to ensure sustainable economic growth and prosperity. These include:

- **High levels of economic inactivity:** NI has one of the highest rates of economic inactivity (share of working age population not engaged in the labour market) across all UK regions. Northern Ireland's employment rate, although having grown over the past decade, still remains 4-5 percentage points below that of the UK average. This is one of the main reasons why NI's GVA per head (a common measure of standard of living, is along with Wales and the North East, the lowest in the UK.

Fig 1.2: Employment rates across UK regions (2006/07)



Source: *APS*

Note: *July 2006-June 2007*

There are various reasons as to why inactivity occurs and why people do not engage in the labour force. These include:

Box 1.2: Reasons for economic inactivity

1. **Psychological issues:** Confidence is a major issue as to why so many people do not participate in training schemes or engage in education, never mind the idea of starting work. This was a key issue noted during the qualitative strand of this project.
2. **Cultural issues:** People who have been brought up in an environment where typically generations of family members or residents in an area have not engaged in employment, creates a negative attitude to work. It is highly likely that if previous generations never had the desire to engage in learning or employment that this will pass down to future generations.
3. **“Benefit trap” issues:** The benefit system can make employment unfavourable in that there is a trade off between working in low wage jobs versus living off benefits (DLA, housing benefits etc). It is important to try and find a way in which it pays to work and to encourage people back into employment.
4. **Skills issues:** The inactive simply don't have the skills to compete for jobs. This could be in terms of communication skills including reading and writing, interpersonal skills, basic qualifications or work place based experience. Census data show that a lower proportion of the inactive have qualifications which highlights the challenge of bringing these people back to work. As stated in the DEL Corporate Plan 2008-2011 currently around a quarter of NI's working age population have no qualifications of any kind (the highest of any UK region).
5. **Mobility issues:** If jobs are not being created close enough to where people live and if public transport links are poor, this makes it harder for people to engage in employment.

Inactivity has an opportunity cost in terms of goods and services that otherwise could have been produced (lost GVA) due to public money being spent on the inactive in terms of providing social security benefits e.g. housing benefit, income support. We use this concept later in measuring the contribution of EGSA to the NI economy.

- **New knowledge economy increasingly skills hungry:** Northern Ireland like many other western economies is experiencing a shift away from manufacturing and agriculture to service sectors, in particular, professional services. This trend is projected to continue over the next decade and it is the financial and business service sectors that are expected to be the driver of NI's growth. Recent work conducted by Regional Forecasts/ Oxford Economics on behalf of Belfast City Council showed that half of new jobs in the city over the next decade will require graduate qualifications and less than 1 in 7 will require no qualifications. With jobs being set to be created in graduate 'hungry' sectors and lost in sectors which traditionally employed low skilled workers¹, it is important that Northern Ireland's workforce and people outside the labour market have the skill base to enable them to adapt to these sectoral changes. EGSA can contribute to this.
- **Inactive not fit for work/ failing labour markets:** Our skills research for Belfast City Council showed that several parts of the city are not 'geared' to share in Belfast's overall economic growth. 47 of 51 wards in Belfast alone are currently below the government's target employment rate. 12 wards are still expected to have employment rates below 50% by 2015. These areas are more prone to high levels of inactivity/ benefit dependency due

¹ Though retirements and leavers to other sectors means that declining sectors are still likely to have a net positive demand for labour.

to a poor education attainment, as well as high deprivation, high crime and poor health outcomes – not a ‘recipe’ for sustainable neighbourhoods. Although the residents in these wards are suitable for lower skilled jobs (given their skills mix), the changing economy with a focus on predominantly high skilled sector may distance the lower skilled even further from employment. Our research further suggests that by 2015 7 wards in Belfast will still have the damning statistics of more than 50% of working age population with no qualifications. Other areas of NI, including where EGSA has regional offices, have similar labour market challenges as Belfast.

- **Migrant competition for jobs:** The NI economy has experienced many changes over recent years, one in particular being a switch to in-migration. The arrival of a large number of migrants within a particularly short period of time has the potential to have a significant impact upon local areas, both economically and socially. The economic impact depends primarily on the ability of labour markets to ‘absorb’ the new workers. Migrant workers are noted for having a good work ethos and an enthusiastic approach to work. Jobs that the resident population don’t favour, migrants gladly favour. However on the negative side migrants can compete directly and ‘raise the bar’ for the local non-employed which can result in increased unemployment and benefit dependence, depress wages and impact upon housing affordability. This can result in the inactive being pushed even further away from the labour market and deeper into the ‘benefit trap’. It is of the opinion however that reducing the number of immigrants will only have a detrimental effect on competitiveness though **as migration tails off with tightening of UK migration policy, the inactive as a source of under-utilised labour will become an even greater priority.**

Box 1.3: Summary of economic context

- **High levels of economic activity** – NI still has one of the highest levels of economic inactivity in the UK. Reasons for this include psychological, cultural, ‘benefit trap’, **skills** and mobility issues
- **Change to a knowledge economy** – NI is experiencing a shift away from manufacturing and agriculture to service sectors, which are more skills hungry
- **Inactive not fit for work/ failing labour markets – skills issues** and below government target **employment rates** are still a major challenge throughout NI.
- **Migrant competition for jobs** – migration has both a positive and negative impact. Migrants can fill the jobs that the local population do not want however migrants can also compete directly for jobs, raising the bar for the local unemployed which may push them further away from the labour market

Policy context

The NI government is well aware of the labour market challenges it faces and has incorporated into its Programme for Government, key goals in relation to skills achievements and employment rate targets.

Programme for Government

The Programme for Government (PG) was drawn up in October 2007 for the four year period 2008 – 2011. The primary goal over the next four years is to grow the economy. Skills have

been recognised as a key component in achieving this. It is recognised that the NI workforce needs to be better qualified and more flexible and that the problem of inactivity needs to be addressed.

The Assembly has outlined priority areas and key goals as to how to work towards their overarching aim. Priority areas include the following:

1. Growing a dynamic, innovative economy
2. Promote tolerance, inclusion, health and well-being
3. Protecting and enhancing our environment and natural resources
4. Investing to build our infrastructure and natural resources
5. Delivering modern high quality public services

Skills and **reducing inactivity** are crucial to priority areas 1 and 2.

Priority 1: Growing a dynamic innovative economy

The government has outlined a successful economy as being “characterised by high productivity, a highly skilled workforce and employment growth”. In order to help achieve this, the government has outlined the following key goals:

- Increasing the **employment rate** from 70% to 75% by 2020
- Ensuring by 2015 that 80% of the working age population is qualified to at least GCSE level or equivalent
- Ensuring by 2015 that 60% of the working age population are qualified to level 3 or above
- Increasing the number of **adult learners** achieving a qualification in literacy, numeracy and ICT skills by 90,000 by 2015

Priority 2: Promote tolerance, inclusion, and health and well-being

According to the Programme for Government, too many people in Northern Ireland are still living in communities which continue to experience high levels of poverty, disadvantage and exclusion. These people are likely to suffer from poorer health and lower education attainment, resulting in higher unemployment and limited future opportunities. It has been outlined in the PG that the government will aim to remove the barriers to both employment and independent living for the most vulnerable. Steps have already been taken including:

1. 2008 will see the introduction of a new **Employment and Support Allowance** to enable those unemployed due to ill-health or disability to return to work
2. By 2010 a careers advice service will be put in place to meet the needs of people with disabilities for who gaining **access to education** and **employment** is still a major barrier. This is important considering that a disability affects 1 in 5 people and one in four families directly. This could be an **opportunity for EGSA** who could potentially help provide these services as already EGSA has experience in dealing with clients who have a disability

In order to support the government’s priorities, Public Service Agreements (PSA) have been established. These confirm the key actions that the government propose to take to meet their key goals. Two of the PSAs relevant to this project and which DEL will lead the implementation are ‘Skills for prosperity’ and ‘Increasing employment’

PSA 2: Skills for prosperity

Aim: Ensure people have the right skills to deliver economic prosperity now and in the future and increase skills and career choices in STEM² subjects. Some of the targets, in addition to those already outlined in Priority 1 above, are:

- By March 2011, **42,000 adult learners** will have achieved a recognised qualification in **Essential Skills**
- Increase the proportion of FE enrolments at Level 2 from 29% in 2005/06 to 32% in 2010/11
- Increase Apprenticeship training completion rates under Training for Success (and residual Jobskills) to 44% at level 3 by 2009/10
- Increase the proportion of FE enrolments in NI's priority skills areas from 25% in 2005/06 to 28% in 2010/11
- Increase the proportion of FE enrolments that are on NQF courses from 91% in 2005/06 to 95% in 2010/11
- Increase the proportion of FE enrolments that are on professional and technical courses from 82% in 2005/06 to 90% in 2010/11
- Increase by 5% the numbers studying STEM subjects in post 16 cohort by 2011

PSA 3: Increasing employment

Aim: Subject to economic conditions, increase employment levels and reduce economic inactivity by addressing the barriers to employment and providing effective careers advice at all levels. Some of the targets are:

- Increase the number of FE enrolments from the **more deprived NI regions** as defined by the NI multiple deprivation measures, from 22% in 2005/06 to 24% in 2010/11
- Assist 70,000 **working age benefit clients** to move into **employment** by March 2011, subject to economic conditions

DEL Corporate Plan

DEL's Corporate Plan for 2008 – 2011 has outlined its main aims as promoting learning and skills, preparing people for work and supporting the economy. The Department will focus on individuals who are seeking to improve their levels of skills and qualifications or who require **support** and **guidance** to progress towards employment. This is where EGSA could play a key role. DEL will continue to work closely with employers, Invest NI and other key stakeholders in order to determine how to meet the skills needs of Northern Ireland businesses focussing on both skills shortages and sectors key to the Northern Ireland economy and emerging business opportunities. In following with the Programme for Government, two of DEL's key goals are:

1. Ensuring by 2015 that 80% of the working age population is qualified to level 2 or above
2. Ensuring by 2015 that 60% of the population are qualified to level 3 or above

DEL is also the Managing Authority of the Northern Ireland European Social Fund Programme 2007-2013 (£235m). The programme is due to be implemented from this year. Activity under this programme will be realised by two inter-related Priorities outlined below:

Priority 1: Support activities to **reduce unemployment** and **economic inactivity** by helping those experiencing significant employment gaps and other disadvantaged groups within the labour market into sustained employment.

² Science, Technology, Engineering and Mathematics

Priority 2: Help to increase workforce skills by funding training to skill level 2 and skill level 3 and **essential skills**.

DEL Skills Strategy – “Success through Skills”

DEL’s Skills Strategy was published in 2005, followed by the implementation plan “Success through Skills” in 2006, aimed at raising skills levels and raising awareness to the importance of further education for both learners and employees alike. The Department recognises that skills are vital in order to increase NI’s productivity and competitiveness and that the quality of training will play a key role in raising skills levels. The strategy is split into 16 programmes of action under four broad themes covering areas such as Skills and Industry, Further Education, Higher Education and Preparation for Work. The four broad themes are:

1. Understanding the demand for skills
2. Improving the skills levels of the workforce
3. Improving the quality and relevance of education and training
4. Tackling the skills barriers to employment and employability

DEL Essential Skills Strategy

DEL’s Essential Skills Strategy, established in 2002, also continues to play a major role in tackling the problem of essential skills needs (literacy and numeracy). Employment and Learning Minister, Sir Reg Empey, said earlier this month (April 2008):

“Since the Essential Skills Strategy began in 2002, over 37,000 qualifications have been achieved across Northern Ireland. Evidence shows that when people have these skills it can improve outcomes in many areas of their lives, many of which are intangible, including greater self esteem and a growing sense of aspiration. However, there are also measurable outcomes in terms of sustained employment, career progression and increased income. These outcomes are in turn the cornerstone of our economic success.”

It is worth noting that Sir Reg’s commentary on outcomes (both tangible and intangible) match up to our own interpretation of EGSA’s outcomes.

Lifelong Learning Strategy

DEL’s Lifelong Learning strategy was implemented in 1999. Lifelong learning focuses on the development of skills and knowledge that are essential for both employability and self-fulfilment. In a changing economy such as Northern Ireland and the shift towards service sectors dependent upon skills, lifelong learning is becoming even more important in order to ensure a flexible and adaptable workforce. The strategy has involved improving quality, widening access to education and training and providing information, guidance and support. Key aims of the Lifelong Learning strategy include:

- Increasing **adult participation** in vocational education and training, including access to further and higher education and training from groups previously under-represented
- Emphasise the development of basic and key skills
- Ensure greater ease of progression through the system of qualifications
- Provide a more coherent relationship between education and training provision and the skills needs of the regional economy
- Enhance collaboration between education and training providers and the world of business and industry
- Enhance significantly the information and communications technology (ICT) skills of teachers, instructors and students
- Sustain and improve the quality of provision and enhance the performance across the education and training sectors

How EGSA can contribute to the economic and policy priorities

It is evident that EGSA could potentially play a key role in helping to increase skills levels and reduce inactivity as outlined in the economic and policy context above. The table below summarises what contribution EGSA currently makes and could make to achieving these economic and policy priorities.

Economic/ policy context priorities	How EGSA can contribute
Tackling inactivity/ increasing employment rates	By continuing to have a strong interest in more disadvantaged areas, EGSA can assist clients from areas with high rates of economic inactivity where there is the greatest scope for moving more people into employment. In addition EGSA services can help clients to overcome initial barriers to learning and employment such as lack of confidence, essential skills needs etc.
Upskilling to meet needs of new economy growth	EGSA currently provides information on locally available learning opportunities, advice on funding for learning, guidance to help individuals understand their options for learning and ongoing support for individuals who engage on a programme of learning. This will allow clients to 'upskill' and enhance job and advancement opportunities in line with the evolving needs of the new economy
Essential skills (literacy and numeracy)	EGSA actively engages adults in Essential Skills learning, raising the issues with clients without level 2 qualifications in both Maths and English and referring clients to ES provision with an agreed level of support
Lifelong learning/ increasing the number of adult learners	EGSA's services are targeted at adults (17+), one of which is to engage adults in learning. Hence the nature of EGSA's activities directly promotes lifelong learning
Promoting inclusion and equality of opportunity	EGSA provide 'on the ground' networking in deprived areas allowing services to target the 'hard to reach'. In addition EGSA could potentially deliver careers advice services to people with disabilities (falls under priority 2 of PG) given EGSA's existing experience dealing with clients with disabilities.

Chapter 2: Evidence from the market place – consultation findings and client profiling

As part of the qualitative strand to this project, focus groups were conducted with two of EGSA's nine regional offices (Belfast and Dungannon). Two focus groups were held at each office, one with clients and another with advisors. The main aim behind the qualitative research was to find out more about:

- EGSA and its services
- EGSA's range of clients and their reasons for approaching EGSA
- Information, Advice and Guidance (IAG) services that clients receive
- An overview of their experience with EGSA and what they have achieved in terms of learning and employment outcomes

The consultations with both EGSA clients and advisors yielded similar responses. To avoid unnecessary repetition, we have combined both groups' responses together.

EGSA clients – who and why?

EGSA clients come from a variety of backgrounds including the following:

- Lone parents
- Those looking for/ needing 'Essential Skills' i.e. basic numeracy and literacy skills
- '2nd chance' learners – those who had a negative experience initially at school and left school before achieving any qualifications
- Mothers wanting to return to work
- People interested in a career change
- People wanting to 're-skill'/ update their current skills level
- More mature clients interested in ICT skills or a course to keep their mind active
- Adults with disabilities or health issues impacting on their learning and work choices

The charts below, based on client records from EGSA's CRM information system, summarise other key characteristics of EGSA's clients since 2006. Characteristics to note include:

- One quarter of clients are aged 24 and under
- The ratio of female to male clients is 1.5:1
- Highest known qualifications are fairly evenly spread. 1 in 5 have no qualifications, while one quarter have qualifications at level 4 or above
- One third of clients do not have both GCSE English and Maths at level 2

Fig 2.1: Client profile - age

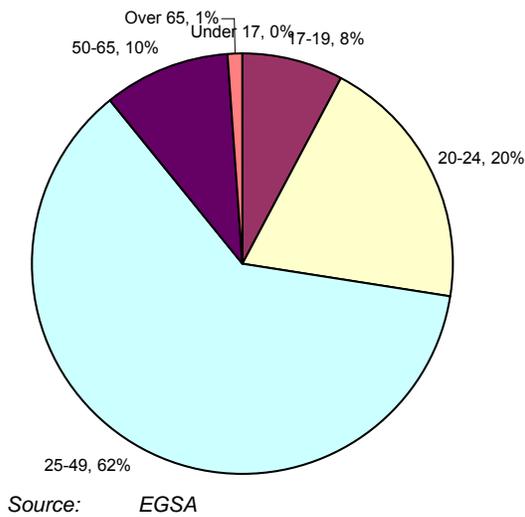


Fig 2.2: Client profile - gender

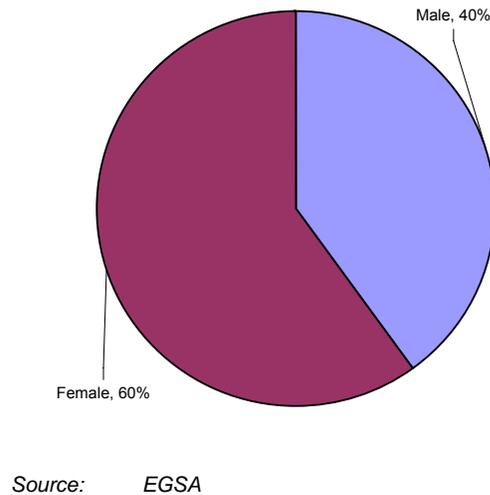


Fig 2.3: Client profile – highest known qualification

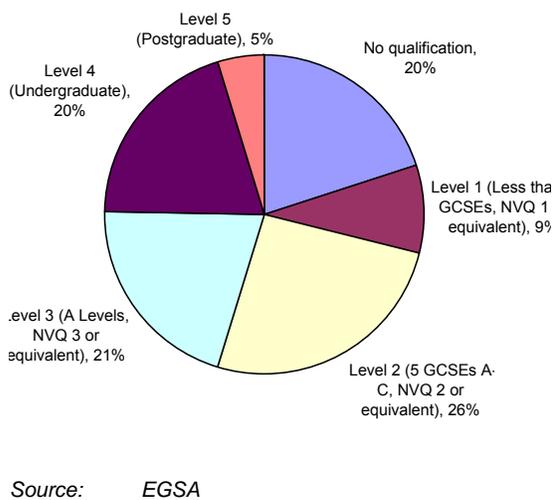
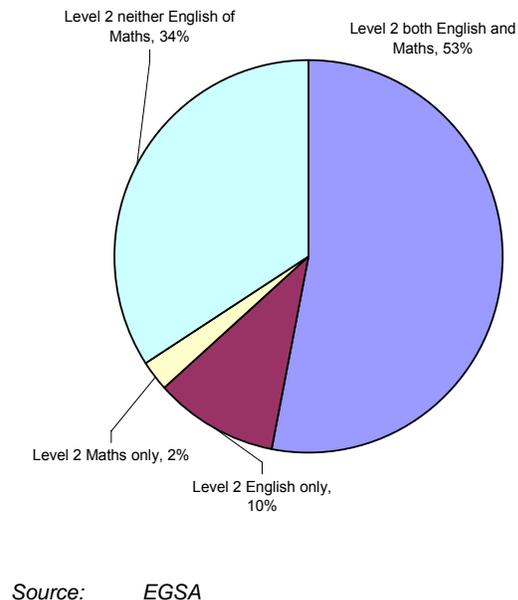


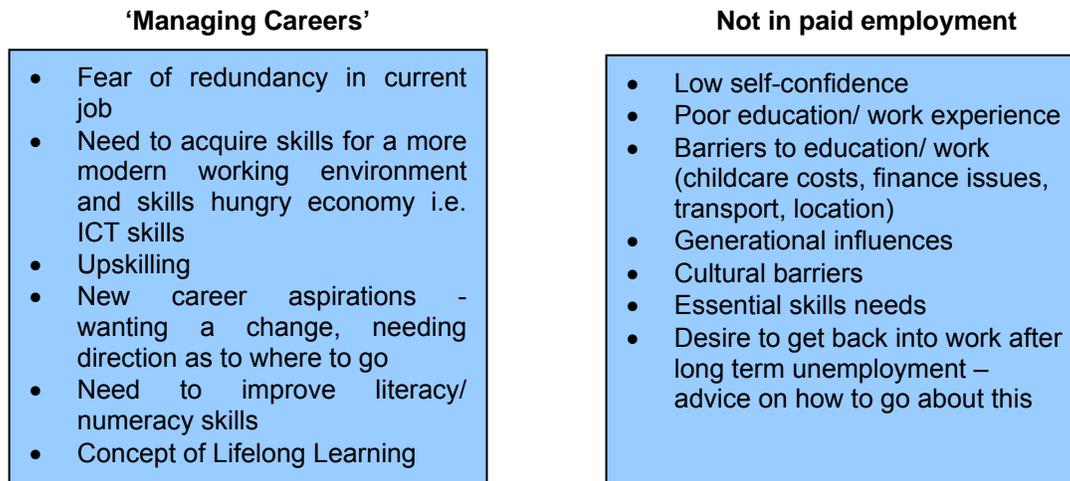
Fig 2.4: Client profile – GCSE Maths and English attainment



Client types - although EGSA provides services across a wide range of clients of all age groups, there are **two** well-defined groups of users. These groups can be classified as those interested in career management and those not in paid employment. It was evident from the consultations that the economically **inactive** (part of the non-employed) are a significant component of EGSA clients (see next chapter for the client profile analysis by economic activity status). This is particularly important as one of the key priorities outlined in the Programme for Government is to tackle economic inactivity in Northern Ireland amongst the working age population and to promote greater employment opportunities in rural and disadvantaged communities. From our consultations we found that the inactive have clearly benefited from

EGSA. Many have gained the confidence to engage in learning and have attended accredited training courses. Realising their potential and being aware of the support and guidance that is available, clients have developed a greater desire to learn and are clearer about their work goals, with some having found employment (again see next chapter for actual figures on learning and labour market outcomes by economic activity status pre-EGSA). Many clients said that without EGSA they would not be where they are today and that the support they received was invaluable. After consulting individually with both clients and advisors, we were able to draw up a common list of reasons as to why for example ‘career changers’ and the inactive approached EGSA. This is outlined below:

Figure 2.5: Reasons for approaching EGSA



Clients contact EGSA for two main purposes. These are:

1. **Help/ advice to establish a clear career pathway** – helping people to “know where to go next”. It was noted that the majority of clients who contact EGSA do so with the intention of getting back into employment or progressing within their current job or a different job.
2. **Advice and guidance as to what courses are available** -advice on what courses are suited to clients’ needs and where courses are available i.e. colleges, universities to help people become better qualified

EGSA counter-factual - an important issue to highlight is that clients felt that they would not be in their position today (e.g. in accredited training courses, university, new job etc) if they had not contacted EGSA. It was also noted by some clients that they came along with one idea in mind but EGSA led them to do something that they hadn’t initially planned. This can be seen later in the case studies. In addition, for several clients from more deprived areas, EGSA’s presence in the community was the only way they came to realise there was a service like this and otherwise would not have known nor have had the interest to engage in learning again.

The issue of the counter-factual outcome is critical for modelling EGSA’s contribution to the economy. While feedback from the consultation is useful, it is however anecdotal and not quantified. We say much more on counter-factual outcomes in the next chapter.

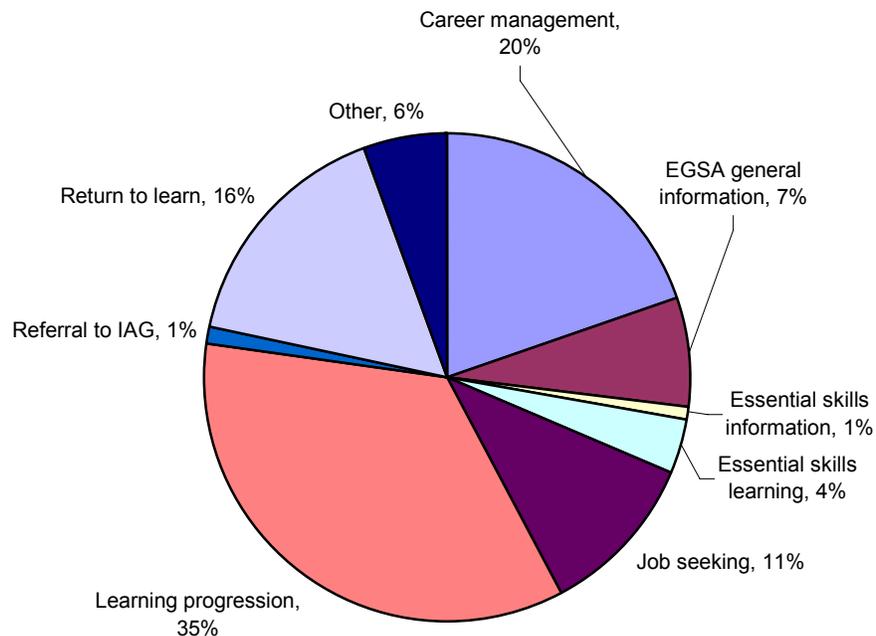
EGSA services

EGSA provides its clients with a variety of services some of which are outlined below:

- Help clients identify their current skills levels and assess where they would like to be
- Helping people to upskill/ refresh their current skills base
- Encouragement and support to engage in learning
- Supported referrals to Essential Skills learning
- Helping the inactive back into employment – guide them as to which courses they need to undertake in order to progress into employment, advice on how their benefits will be affected etc
- Advice on finance for learning– where to go to apply for financial help
- Providing ongoing support throughout the client's journey

The chart below, again based on client records from EGSA's CRM information system, summarises the nature of enquiries made by EGSA clients. The two most popular enquiries are for learning progression and career management. A further one quarter of enquiries are for return to learn and job seeking.

Fig 2.6: Nature of EGSA client initial enquiries



Source: EGSA

Note: Although relatively few clients contact EGSA initially requesting support for Essential Skills, the issue is raised in the context of the guidance process with other clients as appropriate

The 'EGSA journey'

How did clients hear about EGSA

It was apparent from the 2 Focus Groups that geographical location has an interesting role to play when looking at how people come to hear about EGSA. For those from a more urban background, most people were directed to EGSA via a job centre, by word of mouth or through a family member or friend.

For those from a more rural background, i.e. Dungannon, many people heard via a medical professional or a community organisation according to feedback from the consultations e.g. occupational therapist, support groups, women's groups, community centres, outreach centres etc where EGSA advisors had made presentations or where they were directed to EGSA by a group leader. It was very clear to us that EGSA often builds relations and works closely with groups of this kind in order to ensure that 'personal' contact is there for those who need and want it.

Success of EGSA

EGSA's **presence in the community** is a key element to their success. Many clients stated that if it had not have been for this community presence, they may not have even come to hear of EGSA and made use of their services. One woman who attended the focus group in Dungannon had heard of EGSA through a local women's group in Cookstown. She stressed that she could not have travelled to Dungannon to the EGSA office. Instead EGSA came to her and provided her with the information and guidance that she needed. To quote the client *"if it had not have been for EGSA coming to visit me in my home town, I would not be where I am today"*.

From other client comments it appeared to us that EGSA's **local knowledge** and **"on the ground" networking** distinguishes it from other organisations. This enables EGSA to reach those that are furthest away from the labour market and less likely to engage in learning and employment voluntarily. For the majority of clients this provided them with a sense of ease and comfort when approaching EGSA. Consulting with the same advisor provides consistency and adds a personal touch to the service. It allows relationships to be formed between advisors and clients, making the service more approachable. One client said, *"I am not scared to approach EGSA as often as I need to as Advisor X is almost like a friend to me"*.

EGSA provides its services **free of charge** which was noted by many clients as being an important factor (Services currently funded by DEL are free to the user). It is also worth noting here that EGSA's offering is a **demand-led service**, as opposed to a mandatory requirement, which may explain part of its success. EGSA are there to listen and to answer any queries that clients have and to provide the essential advice and guidance needed so as people have a clear direction as to where to go next. One client stated *"I along with many other people who work get very little for free. Receiving advice on where to go next in my career, and it being free of charge is fantastic. EGSA also provided me with tips on how to complete my application form"*.

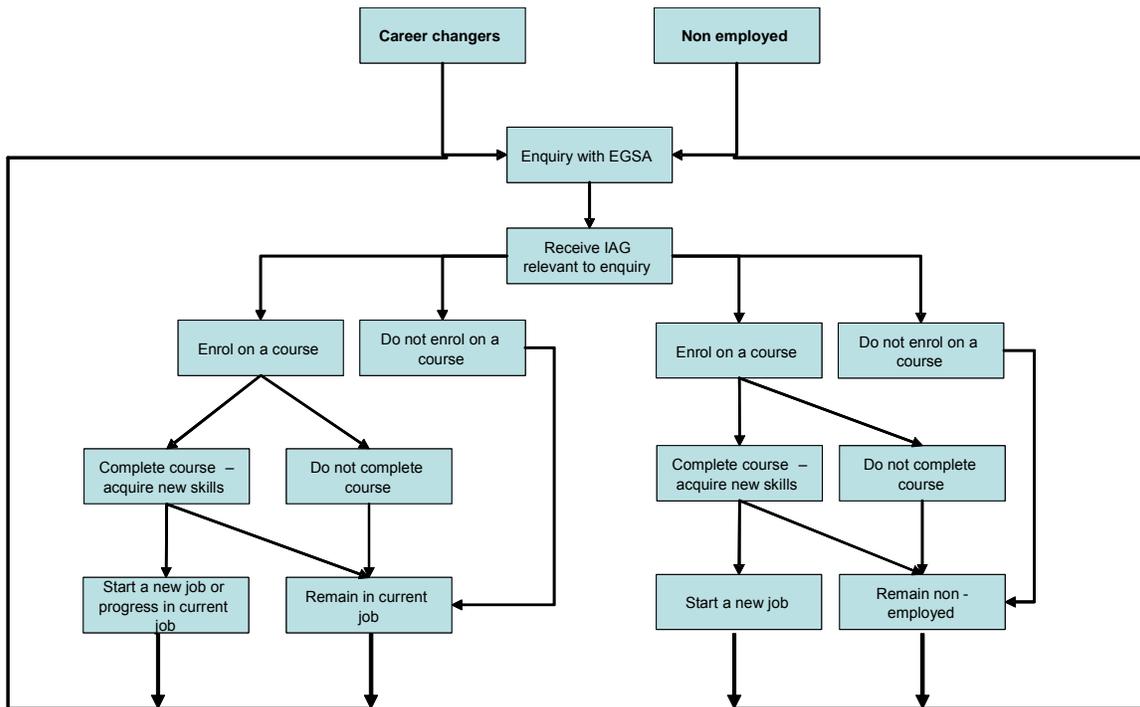
According to client responses from the consultations, EGSA's informal but informative and flexible approach encourages people to use their services. Clients can meet face to face with an advisor or simply speak with an advisor via the telephone. One of the key areas highlighted at all focus groups was the **impartial and independent** role that EGSA plays. EGSA can map out all of the options available to individuals providing them with a clear learning pathway, helping them to understand what they need to do in order to achieve their original objective. EGSA provides clients with their own personal action plan suiting each individual's needs and

choices. One client said, ***“EGSA will not hide anything from you. They will inform you of every course and every option that is available to you because they are independent”***.

Many clients commented on how EGSA exerts **no pressure** on its clients to engage in learning or to enrol in a course. EGSA are there solely to provide guidance and inform clients of what is available and the final decision is at the discretion of the client. It is “the door is always open” approach and “sign posting” which are crucial elements to EGSA’s success in the sense that after advice is given, clients can take the time to decide what to do next and know they can contact EGSA if they require additional advice at any stage of their journey. For many people it is a huge step to initially contact EGSA due to low confidence levels and fear of learning. Furthermore, having been distant from employment or learning for a period of time, it is important that each individual takes the time to think about what will be most beneficial and manageable from their own point of view.

The framework below summarises in simple form the ‘EGSA journey’ for the two general client groups:

Figure 2.7: 'EGSA journey' framework



Outcomes of EGSA services

Figures provided to us by EGSA from their annual report 2007-2008 to DEL are shown below. The percentages given are those who, on the questionnaires they returned, agreed with the statement, as a percentage of those who responded and felt it was relevant to them.

Engagement with Learning

I have started a course **83%**
 I have enrolled on a course **71%**

Engagement with Employment

I have started a new job **65%** (Note: This was 50% year 2006 – 2007)
 I have progresses in my work **53%**

Impact of Intervention- Learning

I plan to start a course **94%**
 I am more likely to engage in learning (increased Willingness to learn) **92%**

Impact of Intervention – Employment

I am now more positive about looking for work **87%**
 I am clearer about my work goal and how to achieve it **90%**

Note as mentioned earlier, these figures refer to gross impacts and do not net off counter-factual outcomes or displacement impacts. The next chapter deals in some detail with these issues.

All of these statistics highlight the **positive impact** that EGSA has in encouraging its clients to engage in learning and helping them to establish a clear pathway to attaining their learning and career goals.

EGSA experience – where clients are now

It is important to highlight that the feedback received during the focus groups was very positive. Of those present, EGSA had helped many of them overcome what were initial barriers to education / learning and to realise that there are courses suitable for people of all ages and all abilities. As mentioned previously a major issue for many to tackle was gaining the confidence to approach learning once again and ignore their fears of being “too old to learn” or “too far away from education to engage in it again”.

Representatives present at the focus groups who had referred people to EGSA said that all the feedback that they had received was also very positive. Many who have used EGSA's services now have the desire to learn more and have or would consider engaging in further courses. Many admitted that without EGSA's help they wouldn't be where they are today and all said that they would or already have recommend EGSA to family and friends. ***“It is the impartial and independent approach of EGSA that makes the difference, making it a much more open and inviting service”.***

There were a few client cases in particular that stood out during the focus group sessions and below we have summarised their experiences with EGSA in the form of a short case study profile to illustrate the difference that EGSA has made to their lives.

Box 2.1: Client case studies

Client 1

Client 1 has been using EGSA for more than a year. She had been diagnosed with a debilitating bone disease which resulted in her having to give up her previous job. She looked at job opportunities to see what else she could do and was informed that she was unemployable as she had left school before completing her GCSEs and had no basic qualifications. She was advised by her local jobs and benefits office to contact EGSA and discuss her options with them. Client 1 contacted EGSA and spoke with an advisor who was able to advise her as to what was available and what she could do next. Later that same day, Client 1 was enrolled on an access course in foundation studies which took a year to complete. Client 1 is now a student at QUB where she is reading Anthropology and Social Policy. From her EGSA experience Client 1 has gained essential skills, greater self-confidence and the desire to learn more. She has since recommended others to EGSA, some of whom are now attending college. She is due to complete her degree in 2 years time and said that she will return to EGSA then to see where to go to next. Client 1 has described her time with EGSA as a life changing experience, and that she never would have imagined being at university at this later stage in life.

Client 2

Client 2 heard of EGSA through a friend. She has been receiving EGSA services for around 3 months. Client 2 had a temporary job but wanted something different. She contacted EGSA to get information on what courses were available. She had a career path in mind that she wanted to follow however needed advice and encouragement on how to get there. EGSA made her aware that she didn't have to go to university to reach her career goal and that there were relevant courses in colleges. EGSA helped her to gain the confidence to apply for colleges and search for her first permanent job. She has been very impressed by the guidance provided by EGSA and their knowledge of courses that are available. Since contacting EGSA, Client 2 has started an accredited training course and has a desire to continue learning. She is now employed in her first permanent job and when she finishes the course she is planning on enrolling in another course relevant to her area of study. She is planning to return to EGSA after completion of her courses for advice as to where to go after that. She also recommended a friend to EGSA who too has enrolled in a course and has since found part-time employment.

Client 3

Client 3 had experienced a family tragedy leading her to suffer from depression. She did not have the confidence to leave the house or to get involved in any social activities. She attended a local support group where she heard about EGSA and decided to call them. An appointment was arranged for an advisor to meet her. With EGSA's advice and encouragement, she took the next step and enrolled in confidence courses. She said that without EGSA's help and support she would not be where she is today. She wants to continue enrolling in further courses and would also like to see herself return to employment in the near future.

At the focus groups clients were asked to complete a small questionnaire. Results of this are summarised below:

Table 2.1: What clients have achieved since contacting EGSA (sample - 11 clients responded)

	No. client responses	%
Acquired essential skills	1	9%
Acquired skills in a specific area	2	18%
Desire to learn more	6	55%
Attending a training course	4	36%
Greater self-confidence	6	55%
Found employment	3	27%

Source: Oxford Economics

Clients were also asked if they would recommend EGSA to a family member or a friend, to which all answered **yes**. Furthermore they **all said** that they would use EGSA again. This clearly highlights the success of the EGSA and clients' satisfaction with their services.

As noted previously EGSA also provides a wide range of services to employers whether it be employers that want to encourage ongoing learning amongst their current workforce, providing motivational talks or helping employees who are facing redundancy identify skills that may be transferable and making them aware of other options available to them. EGSA's services to employees have become increasingly important over the past two years and so we felt that it was important to include an overview of this in our report. We spoke with two employers that used EGSA both for very different reasons and our findings are outlined in the case studies below:

Box 2.2: Employer case studies

Employer 1

Hueco is based in Limavady and is a manufacturer of lighting equipment. In January 2008 it had been decided that its production section was to close with around 33 people facing redundancy. Hueco arranged for an advisor from the Local Jobs and Benefits Office to come and speak with the employees affected by this decision, who recommended EGSA. EGSA came to Hueco in Limavady to hold workshops during which they provided an overview of the services they provide and spoke to the employees about all of the options available to them including training courses. At the end of these workshop sessions, EGSA agreed to come back the following week to hold one to one sessions for anyone that wanted to speak privately with an advisor. Many people decided to accept this offer and feedback from both the workshops and the one-to-one sessions was all very positive. What employees found most useful was the information provided to them about courses that were available, many of which people were unaware of. Employees stated that EGSA provided many useful websites to them that they could use to find out more information on courses that were available and a deeper insight into course content. When speaking to Hueco, they said **"before having met with EGSA many of those affected by the redundancies, felt that they were past it and that they had no other employment options. EGSA were able to motivate these employees and help them to identify the skills that they had and suggested courses that would be suitable for them not only providing them with direction but also giving them back the confidence and motivation that they had lost."**

Around 80% of the employees that were affected by the redundancies have found new employment. Hueco said that **"although it is difficult to quantify how much EGSA contributed to this, we can guarantee that EGSA provided many of our employees with the guidance and support that they needed at this difficult time, giving many of them a greater focus and helping them to realise what was out there."** Hueco said that they would almost certainly use EGSA again.

Employer 2

The **H&SC Trusts** are the largest employer in NI with 65,000 staff; 40% of which are support staff having left school with few or no qualifications. Agenda for Change is a UK Government initiative to improve patient care and modernise the NHS through learning, upskilling and creating a skills escalator of progression. EGSA has been working with the Widening Participation Unit at the Beeches Management Centre to assist Trusts in engaging support staff through learning. EGSA devised an innovative guidance programme called Realising Your Potential to raise awareness of skills and learning amongst this group. 12 weeks into the initial pilot scheme, questionnaires were sent to the participants, of which 26% were returned. Results included:

- 100% had started a new course or planned to
- 38% had progressed in work/ started a new job
- 78% were more positive about their employer

A Domestic Services Manager at one of the Trusts commented **"the course has given many of the staff the confidence to progress onto other courses such as Essential Skills in IT and literacy. Staff attitudes to their work have also improved, having a positive impact on patients."**

In 2007 RYP was externally examined and EGSA won a National Careers Award. Over the last 2 years 200 Trust employees have successfully completed RYP which is currently being mainstreamed across all Trusts. EGSA is now working with a number of private and public sector employees to enable other staff to avail of this opportunity. The evidence from RYP has enabled the WPU to create a new learning pathway, an innovative integrated learning offer at level 2, incorporating qualifications in Essential Skills.

Chapter 3: Estimation of wider economy impacts

Up to this point the report has (1) highlighted how the activities of EGSA fit closely with Government's economic and social objectives as set out in the Programme for Government and other strategies; and (2) outlined who EGSA clients are and the 'journey' clients take from guidance to learning and to work.

The objective of this chapter is to bring together this information in order to quantify in 'hard' number terms the impact of EGSA's services on the NI economy.

It should be made clear from the outset that the nature of EGSA's services and outcomes means that this is not a straightforward task. Unlike for example Invest NI supported FDI projects where impacts are clear and well-defined in terms of direct new jobs by sector, **the net impact of EGSA depends crucially on the counter-factual** (how client learning and labour market outcomes would have differed if they did not receive one of EGSA's services) and the scale of any displacement impacts. EGSA's wider impact also depends on what further learning means for labour market outcomes and the productivity/wage impact of up-skilling and progressing in work.

To avoid any confusion, we also want to be clear that **this project is not a Green Book economic appraisal of EGSA but rather more of an economic impact study.** An economic appraisal, as outlined in the Green Book, is used to provide an assessment as to whether a proposal for intervention is worthwhile and from this be able to clearly communicate conclusions and recommendations. The first step of an appraisal is to carry out an overview to ensure that there is a clearly identified need for intervention and secondly that it generates a net positive return on the cost. This overview must include an analysis of the negative consequences of intervention along with the results of not intervening, both of which must be outweighed to justify action. Areas addressed in an appraisal include³:

- Economic efficiency
- Equity
- Additionality
- Regeneration

The success of intervention in terms of increasing output or employment in a given target area is usually assessed in terms of its additionality. This is referred to as the net rather than gross impact of intervention, making allowances for what would have happened in the absence of intervention. Additionality must always be calculated taking into consideration the following:

- **'Leakage' effects** - These benefit those outside of the spatial area or group which the intervention is intended to benefit
- **'Deadweight'** - This refers to outcomes which would have occurred without intervention.
- **'Displacement'** and **'substitution'** impacts are closely related. They measure the extent to which the benefits of a project are offset by reductions of output or employment elsewhere.

³ Refer to <http://greenbook.treasury.gov.uk/> for more details

While our approach used here is not a full economic appraisal, we cannot ignore additional effects, particularly deadweight and displacement effects. We say more on this below.

The remainder of this chapter is structured as follows. We first set out how we would model EGSA's contribution to the economy assuming all required information is available to inform assumptions and relationships. In practice there are limitations on what information is available. (This is understandable as the original content of EGSA's CRM system was not designed specifically for this purpose) However we feel this is a useful exercise nonetheless to set out the ideal approach and identify the types of information EGSA should consider collecting in future to improve the accuracy of how its wider economic contribution can be assessed (if this can be done cost effectively and is a priority for EGSA and funding partners). One of the recommendations of this research is a survey of clients to track in more detail outcomes beyond the 12-week monitoring period and to understand better what client counter-factual outcomes might have been. A survey of businesses employing EGSA clients would also be necessary to measure displacement impacts.

This is then followed by an outline of the actual approach adopted and assumptions made, followed by a presentation of the headline figures and commentary. We also include a short scenario section illustrating what difference an expansion of EGSA services would make on the wider economy. The scenario assumes assisting an additional 5,000 economically inactive clients into learning and work. This may prove useful for funding cases to DEL and other funding bodies. We also provide commentary on non-quantifiable impacts of EGSA services. The chapter concludes with a summary of recommendations for EGSA's client record management system related to additional information on clients that would be useful to collect.

To make the report more accessible to a wider audience, EGSA may wish to include much of the present content of this chapter in a technical annex. We however decided to include this in the main report for the draft version to ensure that our approach is understood, not least as the assumptions are important and worthy of further discussion.

Modelling EGSA's contribution – ideal approach assuming all client information available

Stage 1: Pre-EGSA service client activity, economic contribution and cost to exchequer

The starting point is to establish the economic activity of each individual client (of which there are approximately 10,000 annually) before receiving an EGSA service. The figure of 10,000 is based on annual client numbers of 7,000-8,000 and advocates calling on behalf of more than one client (we assume 1,000 advocates per year calling on behalf of 2-3 people on average).

Additional information on the client's contribution and cost to the economy is also required. For example:

- Economic activity: Employed (full-time, part-time and self-employed), unemployed/redundant/ pending redundancy, full-time student, training scheme and economically inactive
 - Clients employed: Sector of employment, occupation grade, annual salary, annual income tax and national insurance contribution and highest qualification level

- Clients unemployed/ redundant/ pending redundancy: Value of social security benefits in receipt of and highest qualification level
- Clients in full-time education: Value of social security benefits in receipt of, level of course being studied and highest qualification level
- Clients on training schemes: Level of training being undertaken and highest qualification level
- Clients who are economically inactive: Value of social security benefits in receipt of and highest qualification level

The economic contribution of clients is the gross value added they produce (wages and profits) through the job they work in and income tax and national insurance contributions of those in employment. The cost is the value of social security benefits (job seekers' allowance, income support, DLA, housing benefit etc) paid to clients not in employment. We do not include the cost of government subsidies to training schemes, neither do we consider costs of full-time education.

Stage 2: Post-EGSA service learning/labour market outcomes

From our understanding of EGSA services and information held on the CRM system, the main learning and labour market outcomes are as follows:

- **Learning:** Enrolled on a course (including Essential Skills)/ plan to start a course / started on a course / more likely to engage in learning (note started on a course is the best measure of intention as clients enrolling may not actually start a course)
- **Find employment:** Enter employment from full-time education, training scheme, unemployment and inactivity
- **Progress in work:** Progress in current employment/ to a new job (promotion)
- **Non-employment:** No change in economic activity status
- Other 'softer' outcomes may occur such as increased client confidence but such outcomes are very difficult to model unless they can be directly linked to learning or employment outcomes

Again further information is required on each outcome:

- **Learning:** Actual course (and level) enrolled in/ started learning outcome (pass/fail/level achieved) and post-learning labour market outcome (employment or non-employment). Learning and labour market outcomes are likely to be realised 1+ years after enrolling depending on the course duration (thus making collation of destinations data very difficult). For those entering employment post-learning, information is required on sector of employment, occupation grade, annual salary and annual income tax and national insurance contribution. For those not entering employment, information on the value of social security benefits in receipt of.
- **Find employment:** Sector of employment, occupation grade, annual salary and annual income tax and national insurance contribution
- **Progress in work:** New (if different) sector of employment, occupation grade, annual salary and annual income tax and national insurance contribution

Stage 3: EGSA GROSS economic contribution

With the information from stage 2, it is possible to estimate the new economic contribution and exchequer cost of clients post-EGSA service. **Attributable tax and GVA will be higher with more people in work, while costs to the exchequer will be lower with fewer people claiming job seekers' allowance and benefits eligible to the economically inactive.** The

gross economic benefit will be the difference between the economic contribution of clients (GVA and tax contribution) and benefit cost to the exchequer pre and post-EGSA service. (Note costs of running EGSA services are factored into stage 6)

Stage 4: Additionality of EGSA services

It is quite possible that some of the positive client learning and labour market outcomes would have occurred without the intervention of EGSA services or similar services would have been provided by other organisations (counter-factual/ deadweight effect). In addition jobs taken by EGSA clients may displace opportunities from non-EGSA clients, including migrant workers. In this case the gross economic contribution estimated in stage 3 would tend to over-estimate the value of EGSA to the NI economy. For example some of the economically inactive clients or clients in full-time education would have found employment with or without EGSA services or some jobs would have been taken anyway by non-EGSA clients.

Therefore it is important to establish what outcomes and subsequent economic contribution and costs to the exchequer would have been realised in the counter-factual scenario and the scale of displacement effects.

Stage 5: EGSA net economic contribution

EGSA's net economic contribution (net added value), a true reflection of its additionality, would then be calculated by netting off the deadweight economic contribution and displacement effect from stage 4 from the gross contribution estimated in stage 3.

To illustrate exactly what we mean in stages 1-5, we present a simple hypothetical example in Table 3.1 below.

Table 3.1: EGSA contribution to NI economy – ideal approach hypothetical example

	Pre-EGSA service	Post-EGSA service	Gross impact	Deadweight/ counter factual	Displacement effect	Net impact
Number of clients	1,000	1,000	-	-	-	-
Economic activity status						
Full-time employed	300	350	50	25	7	18
Part-time employed	100	120	20	10	3	7
Self-employed	50	55	5	2	1	2
Full-time education	100	105	5	2	0	3
Training scheme	50	55	5	3	0	2
Unemployed/ redundant/ pending redundancy	50	40	-10	-5	0	-5
Inactive	350	275	-75	-30	0	-45
Annual GVA(£m)	12.7	14.7	2.0	1.0	0.3	0.7
Annual salary (£m)	8.5	9.8	1.4	0.7	0.2	0.5
Annual income tax and national insurance (£m)	2.4	2.7	0.4	0.2	0.1	0.1
Annual social security benefits (£m)	2.0	1.6	-0.4	-0.2	0.0	-0.3
Annual net fiscal impact (£m)	0.4	1.2	0.8	0.4	0.1	0.4

Stage 6: EGSA net fiscal impact

The terms of reference for this project ask for value for money impact analysis. Typical VFM indicators are costs per services. For EGSA this could be for example, cost per one inactive client moving into employment. While this more micro analysis may be useful from an auditing perspective, in terms of thinking about the return on public resources and wider economic contribution, a more useful calculation is to compare the tax benefit against public monies spent

(net fiscal impact)⁴. Given that some impacts take place with a lag (e.g. learning outcome → labour market outcome), it is more appropriate to compare tax benefits and levels of public funding in net present value (NPV⁵) terms. Other possibilities include comparing the educational/ skill improvement or inactivity/unemployment reductions per input pound against other programmes such as New Deal.

Modelling EGSA's contribution – actual approach adopted based on information available

As alluded to earlier, the information required to employ the ideal approach above is extensive and few if any public sector organisations are likely to monitor client inputs and outcomes in the level of detail outlined above. To give an example that we are familiar with, the CRM system for Invest NI's Start-A-Business-Programme does not track the performance of small businesses supported after the initial mentoring period.

As a result, the actual approach used for this report does not match exactly the ideal approach however the same general principles are applied. Table 3.2 below summarises what information is available from EGSA's CRM system and how the actual approach used for this report differs from the ideal approach. Fig 3.1 sets out the broad framework of the actual approach.

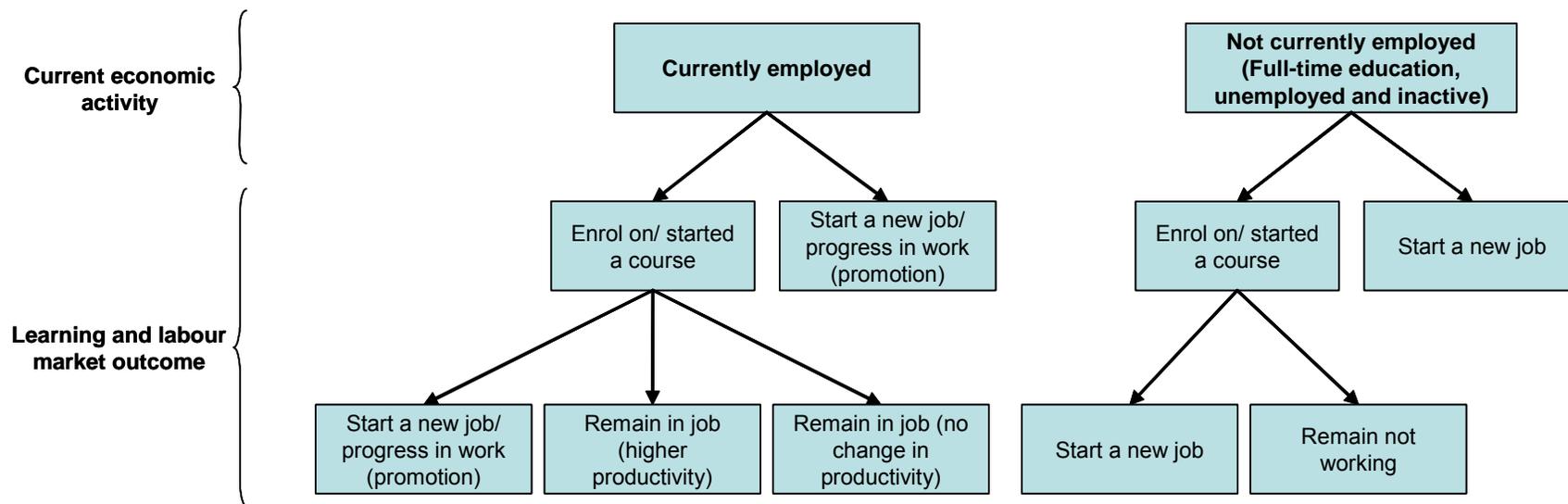
⁴ Examples of similar fiscal impact work undertaken by Oxford Economics include measuring the impacts of tourism signature projects for NITB and a detailed assessment of the economic and social impact of Tomorrow's People, a specialist charitable trust that has a 20 year track-record of helping people out of long-term unemployment, welfare dependence or homelessness into jobs and self-sufficiency

⁵ NPV means discounting future financial flows as £1 in the future is worth less than £1 today due to inflation and the return that could otherwise be earned on investing the resources elsewhere.

Table 3.2 EGSA contribution to NI economy – actual approach versus ideal approach

	Information required	Information available	Difference from ideal approach
Stage 1	Pre-EGSA service client economic activity status	Yes*	Information available for the majority of clients in the CRM system. Some gaps exist so apply shares to a total annual client figure of 10,000
	Pre-EGSA service client economic contribution and cost to exchequer	No	No information available from the CRM system on annual salaries of those in employment or the value of benefits received by the non-employed etc pre-EGSA service. As a result we only estimate additional GVA, salaries and tax contributions of the gross and net impact client labour market outcomes
Stage 2	Post-EGSA service client learning and labour market outcomes	Yes*	Information available for cross-tabs of outcomes for the different client economic activity groups but 90-95% of responses missing. In addition some outcome responses appear to be incorrectly entered (e.g. some outcomes of the inactive are progress in work) and for some clients, more than one outcome is identified which causes some problems for modelling (e.g. enrol in course and start a new job - applies mainly to people in employment pre-EGSA service) Given gaps, we apply shares of each labour market outcome for each economic activity group, as calculated from the small data sample. These shares do not add to 100% as other outcomes include no change in economic activity status. One important issue is labour market outcomes for those enrolling on a course after the course is complete. No information is available on this so we have to make assumptions on what difference passing a course makes to labour market outcomes. Also for those enrolled on courses and working, we need to make an assumption on how learning affects progressing in work and/or raising productivity in the client's current occupation
	Post-EGSA service client economic contribution and cost to exchequer	No	No information available from the CRM system on annual salaries of those moving into employment or progressing in work, or the value of benefits saved by the non-employed now working Assume different productivity and wage mark-up and mark-down factors relative to the NI average from our NI Policy Simulation Model (accepted economic forecast model of NI Government) to calculate GVA and tax impacts
Stage 3	EGSA gross economic contribution	-	No difference
Stage 4	Additionality of EGSA services	No	No information available from the CRM system or other research that we are aware of on additionality. Assume higher deadweight effects for clients currently employed and in full-time education - these clients are, in our view, more likely to have positive labour market outcomes with or without IAG services. Assume lowest deadweight effect for the inactive (the unemployed are already closer to the labour market) - this group, in our view, is most in need of intervention to improve labour market outcomes. However overall, deadweight effects are assumed to be relatively high (not less than 50%) as EGSA services are demand-led. These clients, who are proactively seeking advice and guidance, are likely to have a very different attitude to learning and work to the large stock of inactive not interested in working Displacement effects are assumed to be 50% across all economic activity groups Assumptions on additionality are though highly subjective and would require an independent survey of clients and businesses employing EGSA clients to pin down accurate assumptions. We welcome comments from EGSA on our choice of assumptions for the scale of deadweight and displacement effects
Stage 5	EGSA net economic contribution	-	No difference
Stage 6	EGSA net fiscal impact	Yes	Information available on level of public funding to EGSA. This allows a comparison of the net tax benefit from stage 5 with the amount of public funding in NPV terms

Fig 3.1: Actual approach broad framework to measure the economic contribution of EGSA services



Below we set out the assumptions used to model EGSA's economic contribution. Where possible, these are based on actual data. In other cases assumptions are based on our own professional judgement and knowledge of local labour markets. Key points to note from these assumptions are:

- Almost one half of EGSA clients are already in employment. Net impacts are higher for clients not in employment as we assume the economic impact between working and not working is larger than the impact from progressing in work. EGSA could increase the economic impact of its activities if services are targeted towards the unemployed and inactive and outcomes result in the non-employed entering employment (which is not without its challenges). However as EGSA is a demand-led service, this depends somewhat on the willingness of the inactive to approach EGSA, a large share of whom are not interested in working according to the LFS.
- For clients not in employment, the inactive have the lowest propensity to immediately start a new job within the tracking time scale of monitoring. Though over half of inactive clients enrol/ start on a course, we assume three-quarters of these do not go on to start a job. We assume a much higher share of clients in full-time education, who enrol on a course, go on to start a job.
- Given a high proportion of the inactive have no qualifications (applies both to the NI working age population as a whole and EGSA's client base), we assume the type of jobs inactive clients start have productivity and wages below the NI average.
- Counter-factual/ deadweight outcomes are assumed to be highest for clients in employment and full-time education and lowest for inactive clients. We believe inactive clients are least informed of learning and job opportunities (as they are furthest away from the labour market). **As said above, these assumptions are of course highly subjective and difficult to quantify and this should be borne in mind when interpreting and using the results of this report.** A survey of clients, for example funded by DEL, is needed to better inform deadweight assumptions. Our deadweight assumptions are conservatively high to avoid over-estimating EGSA's net contribution, though we recognise responses from the consultations were positive in terms of the difference EGSA services have made to clients.

Table 3.3: Modelling assumptions - Pre-EGSA service client economic activity status

	All records since 2006	Share of total
Employed (full-time, part-time and self-employed)	4,760	46%
In full-time education	338	3%
Unemployed and redundant (including pending redundancy)	3,118	30%
Inactive	2,060	20%
Total	10,276	100%

Source: EGSA CRM

Note: Exclude other activity category

Table 3.4: Modelling assumptions - Post-EGSA service client learning and labour market outcomes

	Enrol on/ start a course	Start a new job	Progress in work	Client response rate
Employed (full-time, part-time and self-employed)	276	85	87	9%
In full-time education	21	4	1	8%
Unemployed and redundant (including pending redundancy)	161	73	16	8%
Inactive	163	22	8	9%
Employed (full-time, part-time and self-employed) - unscaled (adds > 100%)	57%	31%	35%	-
Employed (full-time, part-time and self-employed) - scaled	46%	25%	28%	-
In full-time education	68%	27%	0%	-
Unemployed and redundant (including pending redundancy)	55%	35%	0%	-
Inactive	58%	13%	0%	-

Source: EGSA CRM and Regional Forecasts/Oxford Economics

Note: Figures relate to actual number of responses which are lower than actual outcomes due to the low response rate/ gaps in EGSA's CRM system. For clients not in employment, assume progress in work outcomes are not possible even though some responses are recorded in this field. Shares are calculated as number of responses (as presented in the table) divided by total responses for the relevant question (including irrelevant category in the denominator – figures not presented above)

Table 3.5: Modelling assumptions - Labour market outcomes for clients enrolling on courses

	Promotion/ progress in work	No progress in work but higher productivity	No progress in work and no change in productivity	Start a new job	No change in activity (remain non-employed)
Employed (full-time, part-time and self-employed)	20%	50%	30%	-	-
In full-time education	-	-	-	90%	10%
Unemployed and redundant (including pending redundancy)	-	-	-	40%	60%
Inactive	-	-	-	25%	75%

Source: Regional Forecasts/Oxford Economics

Note: Labour market outcomes from enrolling on courses assume to be lagged one year. Promotion for employed includes 'start a new job' which we assume equates to progress in work. Unemployed 'start a new job' share higher than for the inactive as the unemployed are closer to the labour market/ actively seeking work

Table 3.6: Modelling assumptions - Post-EGSA service client economic contribution and cost to exchequer - productivity and wage mark-up above NI average

	Promotion/ progress in work	No progress in work but higher productivity	Start a new job
Employed (full-time, part-time and self-employed)	15%	5%	-
In full-time education	-	-	0%
Unemployed and redundant (including pending redundancy)	-	-	-5%
Inactive	-	-	-20%

Source: Regional Forecasts/Oxford Economics

Note: To be interpreted as follows; persons employed progressing in work are assumed to be 15% more productive and earn 15% higher salary relative to the NI economy average, compared to pre-EGSA service.

Table 3.7: Modelling assumptions - Counter-factual/ deadweight learning and labour market outcomes

	Enrol on/ start a course	Start a new job	Progress in work
Employed (full-time, part-time and self-employed)	75%	75%	50%
In full-time education	90%	90%	-
Unemployed and redundant (including pending redundancy)	60%	60%	-
Inactive	50%	50%	-

Source: Regional Forecasts/Oxford Economics

Note: To be interpreted as follows; 75% of employed clients would have enrolled on a course without the intervention of EGSA services; 50% of inactive clients would have started a job without the intervention of EGSA services etc

With more time and resource, we could look at deadweight assumptions for programmes such as New Deal and analysis from the LFS on numbers of inactive and unemployed moving into employment. Though the profile of the non-employed in the LFS is likely to differ to non-employed EGSA clients who may be more proactive in seeking out learning and employment opportunities compared to the former.

Table 3.8: Modelling assumptions - Displacement labour market outcomes

	Start a new job	Progress in work
Employed (full-time, part-time and self-employed)	50%	50%
In full-time education	50%	-
Unemployed and redundant (including pending redundancy)	50%	-
Inactive	50%	-

Source: Regional Forecasts/Oxford Economics

Note: To be interpreted as follows; 50% of inactive clients start a job that otherwise would have been filled by a non-EGSA client

Table 3.9: Modelling assumptions - other

Income tax rate	20%
National insurance rate	8%
Corporation tax rate	25%
Annual social security benefits to unemployed/ inactive	£5,000

Source: Inland Revenue and Regional Forecasts/Oxford Economics

Note: The benefit system is complex and different unemployed and inactive groups are likely to be eligible and in receipt of varying benefits based on individual and household circumstances. For simplicity we assume an across the board figure in the absence of information on benefits received by individual clients

EGSA contribution to NI economy – headline figures

Assuming EGSA's current annual client base of 10,000 and the economic activity status of clients since the CRM was set up in 2006, we estimate the **net impact of EGSA/additionality of EGSA's services** (i.e. after netting off counter-factual outcomes) to be:

Labour market outcomes

- 580 clients progressing in work/ being promoted
- 270 clients not being promoted but having higher productivity due to enrolling on a course
- 20 clients from full-time education starting a new job
- 770 clients not in employment or full-time education starting a new job

Economic impact

- 800 more people in employment, contributing £26m in wages and profits (GVA) and £12m in net tax revenue (sum of income tax, national insurance, corporation tax and social security benefits saved)
- In terms of relativities to NI aggregates, this equates to 0.10% of both NI total employment and GVA

Table 3.10: EGSA annual contribution to NI economy – current client base

	Gross impact	Deadweight and displacement	Net impact/ Additionality	Additionality % gross impact
Client intervention by current economic activity status	10,000	-	-	-
o/w Employed (full-time, part-time and self-employed)	4,632	-	-	-
o/w Full-time students	329	-	-	-
o/w Unemployed and redundancy (including pending redundancy)	3,034	-	-	-
o/w Inactive	2,005	-	-	-
Client labour market outcome				
Currently employed - promotion/ progress in work	2,910	2,330	580	20%
Currently employed - no promotion/ progress but uplift in productivity	1,080	810	270	25%
Currently in FT education - start a new job	290	270	20	7%
Currently unemployed, pending redundancy and inactive - start a new job	2,440	1,670	770	32%
No change	3,280	-	-	-
Economic impact				
Jobs (people in employment)	-	-	800	-
GVA (£m 2003 prices)	-	-	26	-
Net tax (£m nominal)	-	-	12	-
Jobs % total NI employment (people-based)	-	-	0.106%	-
Jobs (people in employment) % working age population	-	-	0.071%	-
GVA (£m 2003 prices) % total NI GVA	-	-	0.100%	-
Net fiscal impact				
DEL contribution (£m)	-	-	-1.3	-
Net tax (£m NPV)	-	-	11.4	-
Net fiscal impact (£m)	-	-	10.1	-

Source: *Regional Forecasts/Oxford Economics*

Note: *Client labour market outcome figures and job impacts rounded to the nearest 10. GVA impact includes productivity uplift of clients originally already in work now progressing or due to enrolling on a course*

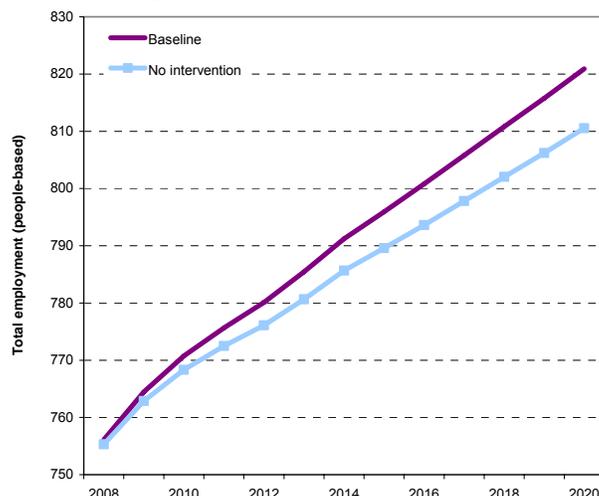
Net fiscal impact

- According to figures provided by EGSA, DEL's overall contribution is £1.26m (£0.9m for guidance activities and the remainder for Essential Skills)
- Comparing this to the NPV of the net tax benefit of £11.4m (some of the tax benefit of those initially enrolling on a course and later starting a job will not be realised until a future year), the **net fiscal impact in NPV terms is significantly positive, indicating a large return on DEL's allocation.**
- This translates into **£9.02** net additional tax revenue for every £1 of public money invested today

Contribution to Programme for Government

- One of the key targets of the Programme for Government, which we can relate to EGSA impacts, is the target for raising NI's overall employment rate by 5% (by 2020). It is not possible to accurately relate EGSA impact to other education attainment/skill related targets as we do not know enough about the courses clients enrol in.
- The increase in the number of people in employment of 800 is equivalent to raising NI's overall employment rate by just over 0.07% per annum (or NI's employment rate being 0.07% lower per annum without EGSA's intervention). Using official working age population projections in 2020, 80,000 new jobs will need to be created over the 12 year period in order to meet the PFG employment rate target. Based on the cumulative impact of EGSA's services, EGSA could be responsible for assisting 1 in 10 people into employment if its current contribution is maintained. Assuming no EGSA intervention between now and 2020 (10,000 clients per annum no longer supported), the cumulative impact would be to lower NI's employment rate by 0.8%. Given NI's baseline forecast is effectively a policy neutral scenario (no change in current policies, including EGSA services), it is more appropriate to look at a scenario with no EGSA intervention (Fig 3.2).

Fig 3.2: EGSA cumulative contribution to NI employment – baseline versus no EGSA intervention assuming no change in current client base (2008-2020)



Source: *Regional Forecasts/Oxford Economics*

- **Sensitivity analysis** – given the subjectivity of the key deadweight and displacement assumptions, we provide in the annex impact results for extreme high and low additionality assumptions. This serves to highlight the range of possible EGSA impacts.

EGSA expanded service scenario

The above analysis on EGSA's contribution to the economy is based on EGSA's current client base of approximately 10,000 and current funding levels from DEL. We felt it would also be useful to EGSA to understand how its contribution to the economy would change under an expanded service scenario.

Though we understand that DEL are putting out to tender previously exclusive contracts to deliver EGSA and other similar services, **the focus of the Programme for Government on**

the economy and new EU Social Fund programme with a focus on inactivity and skills, should in theory increase funding opportunities for EGSA.

The scenario we assume is EGSA providing services to an additional 5,000 economically inactive clients (the current figure, according to our estimates, is approximately 2,000, hence this is a significant uplift though there is a total of 282,000 working age economically inactive in NI, of which 31,000 want a job⁶). The number of other clients remains unchanged. We have selected the inactive client group because as stated above, assisting the inactive into learning and work has the largest economic impact per individual client.

Table 3.11: EGSA annual contribution to NI economy – expanded service scenario

	Gross impact	Deadweight and displacement	Net impact/ Additionality	Additionality % gross impact
Client intervention by current economic activity status	15,000	-	-	-
o/w Employed (full-time, part-time and self-employed)	4,632	-	-	-
o/w Full-time students	329	-	-	-
o/w Unemployed and redundancy (including pending redundancy)	3,034	-	-	-
o/w Inactive	7,005	-	-	-
Client labour market outcome				
Currently employed - promotion/ progress in work	2,910	2,330	580	20%
Currently employed - no promotion/ progress but uplift in productivity	1,080	810	270	25%
Currently in FT education - start a new job	290	270	20	7%
Currently unemployed, pending redundancy and inactive - start a new job	4,230	2,720	1,510	36%
No change	6,490	-	-	-
Economic impact				
Jobs (people in employment)	-	-	1,530	-
GVA (£m 2003 prices)	-	-	47	-
Net tax (£m nominal)	-	-	22	-
Jobs % total NI employment (people-based)	-	-	0.202%	-
Jobs (people in employment) % working age population	-	-	0.136%	-
GVA (£m 2003 prices) % total NI GVA	-	-	0.182%	-
Net fiscal impact				
DEL contribution (£m)	-	-	-2.2	-
Net tax (£m NPV)	-	-	21.0	-
Net fiscal impact (£m)	-	-	18.8	-

Source: Regional Forecasts/Oxford Economics

Note: Client labour market outcome figures and job impacts rounded to the nearest 10

Labour market outcome

- 1,530 clients not in employment or full-time education starting a new job (compared to 800 currently)
- Equates to 0.14% of NI's employment rate

Economic impact

- £47m contribution in wages and profits (GVA) and £22m in net tax revenue (sum of income tax, national insurance, corporation tax and social security benefits saved)

Net fiscal impact

- It is difficult to estimate the net fiscal impact of this scenario as we do not know if the unit EGSA service cost varies for clients of different economic activity status. i.e. do inactive clients require additional guidance time etc? To be conservative, we assume the unit service cost for inactive clients is 50% higher than the average client (£1.26m/10,000 *150% = £190)
- With 5,000 additional inactive clients, this would increase public funding to £2.2m.
- Comparing this to the NPV of the net tax benefit of £21.0m, the **net fiscal impact in NPV terms is again significantly positive**. This translates into **£9.54** net additional tax

⁶ DETI LFS Oct 2007-Dec 2007

revenue for every £1 of public money invested today, which is higher than the current contribution from the existing client base.

The key message from this is that an increase in the number of economically inactive clients supported has the potential to roughly double EGSA's contribution to both the economy and the Programme for Government's employment rate target.

Non – quantifiable contribution

We have so far focused on EGSA impacts that can be quantified and related to wider macroeconomic aggregates. EGSA services however have a number of other softer, intangible benefits that are difficult to quantify but may be just as important, if not more important for the client affected.

For example increased self-esteem and confidence may make a large difference to a person's quality of life and general happiness, even if they do not yet reach the point of entering the labour market and generating a tangible economic benefit. It is worth recalling after all that promoting well-being is one of the goals of the Programme for Government.

Other wider economic and social benefits include:

- **Improved health** – people who are unemployed tend to report relatively poorer health than those in employment. Unemployed people tend to be worse off across all types of health indicators including stress, diet, lifestyle and propensity to visit health professionals. There are various costs involved with ill health including costs of providing health services and also the loss to the economy through reduction in output, tax and productivity caused by early retirement and lower life expectancy. Helping people find their way back to engaging in learning and employment tends to improve people's health and generate a saving to the public purse
- **Reduced crime** – studies have shown links between unemployment and higher levels of crime. People who engage in employment are less likely to become involved in criminal activities
- **Lower poverty and social exclusion** – unemployment is associated with social exclusion and poverty. Most people out of work almost by definition are among the poorest members of society and struggle to survive on benefits and low incomes. Helping reach those furthest away and bring them back to learning and employment helps improve people's self confidence and future employment opportunities

EGSA services can also have unintended impacts such as positively influencing learning and labour market decisions of friends and families of EGSA clients. This example was highlighted in the consultations. Unfortunately there is no way of tracking such impacts unless family and friends themselves become EGSA clients.

It may be the case that for some clients, the economic impact indicators used in this report (jobs, GVA and tax) are not the most appropriate measurement of benefits (though for funding organisations used to appraisal type assessments, hard numbers are expected). Again survey work would be useful to identify exactly what impacts matter most to clients and how best they can be measured.

Recommendations for client record management and survey research

From undertaking this research, we have identified:

1. A number of areas where EGSA's CRM information system could be improved and developed further. Though at the same time it is important to add that we were impressed with the current information and detail held
2. Additional survey research that would be both interesting and important to better estimate EGSA's contribution to the NI economy

We make suggestions for each of these areas separately.

Developing EGSA's CRM information system

- **Ensuring no gaps in response**, particularly for client outcomes. Over 13,000 client records have been added since 2006, yet for outcomes such as 'have started learning' or 'have started work', the system holds less than 1,000 responses. However we are aware that questionnaires are sent to all clients unless there is a particular reason not to e.g. illness, migration. Returns have been noted as being around 10% which we understand is about average for a postal survey.
- We understand that outcomes are tracked after the initial first three weeks and after week 12. Notwithstanding for now the difficulty and cost of monitoring clients beyond 12 weeks, a 12 week cut-off may be too short to measure final outcomes, particularly if the first destination is learning before we assume clients enter the labour market. If the cost is considered too expensive to **systematically monitor all client outcomes for a longer period** than 8 weeks, EGSA might want to consider surveying a sample of clients on a regular basis, covering a number of the gaps in information needed to better assess EGSA's contribution (current salary and new salary if promoted, course studying for, labour market outcome post learning etc).
- Other suggestions include:
 - **Age breakdown** – split 25-49 age band into more detailed categories
 - **Economic activity** – split inactive other into student, early retirees and looking after family/home
 - **Qualifications** – ensure consistency in responses between highest qualifications and Level 2 Maths and English (no Maths and English GCSE response high relative to no qualification and GCSE attainment figures)
 - **Matching outcomes to original economic activity status** – as pointed out earlier in the chapter, there are instances where clients whose activity status is not employed record progress in work as a labour market outcome. We do not see how this is possible if the client was not working in the first place

Survey research

There are a number of important questions for both clients and businesses employing EGSA clients that a survey could address:

- Deadweight effects – what is a realistic counter-factual outcome for clients?

Examining the impact and value of EGSA to the NI economy

- Displacement (for businesses employing EGSA clients) – has the hiring of an EGSA client taken the opportunity away from other local workers or migrants?
- Intangible benefits – what are they, how important and how best to measure?

Chapter 4: Summary

Where to now?

As outlined in the Programme for Government and other Government strategies, the primary focus is to grow the economy with key goals including increased employment and skills levels amongst the working age population and promoting greater employment opportunities in rural and disadvantaged areas. **Clearly these priorities overlap with what EGSA endeavours to deliver and achieve, as summarised at the end of chapter 1.**

Strategically therefore, EGSA has an important role to play in helping Government to meet its targets. We are aware that EGSA wants to continue to deliver the same and where possible, improved level of service, that it has done over the past 40 years. **However with the Review of Public Administration and issues over funding, this could be made more difficult and uncertainty over financing could have an impact upon clients.** Recent redundancies within the organisation have already occurred due to funding issues and further redundancies could threaten the level and quality of service provided by EGSA.

This report is however not a 'rubber-stamped' endorsement of EGSA as we do not know in relative terms how EGSA's contribution and value for money performance compares to other organisations competing for the same pot of funding. What we do know is that (1) EGSA's objectives and outcome overlap with some of Government's key priorities, and (2) according to our calculations, EGSA makes a not insignificant contribution to the economy – 800 more people in employment (even after assuming conservative additionality assumptions) which given EGSA's annual funding from DEL of £1.3m, generates a large positive net fiscal surplus of around £11.4 million signifying that every £1 of public money invested today generates £9.02 in net additional tax.

It is also important to highlight that the analysis and scenarios that have been used in this study have been based upon the response rates to EGSA's tracking process of which returns have been around 10%. Although this is an average response to postal surveys, it is important to note that actual outcomes may be higher than what has been measured.

We hope that this evidence base proves useful to EGSA as it builds its case for funding and promotes itself during Adult Learning week.

Annex: Sensitivity analysis

Table A.1: EGSA net impact/ additionality – extreme high and low deadweight assumptions

	Extreme high deadweight	Base	Extreme low deadweight
Client labour market outcome			
Currently employed - promotion/ progress in work	260	580	1,000
Currently employed - no promotion/ progress but uplift in productivity	110	270	540
Currently in FT education - start a new job	0	20	90
Currently unemployed, pending redundancy and inactive - start a new job	330	770	1,340
No change	-	-	-
Economic impact			
Jobs (people in employment)	330	800	1,420
GVA (£m 2003 prices)	10	26	50
Net tax (£m nominal)	5	12	21
Jobs % total NI employment (people-based)	0.044%	0.106%	0.188%
Jobs (people in employment) % working age population	0.029%	0.071%	0.126%
GVA (£m 2003 prices) % total NI GVA	0.039%	0.100%	0.194%
Net fiscal impact			
DEL contribution (£m)	-1.3	-1.3	-1.3
Net tax (£m NPV)	4.7	11.4	20.3
Net fiscal impact (£m)	3.4	10.1	19.0

Source: *Regional Forecasts/Oxford Economics*

Note: *Displacement assumptions remain unchanged*

Table A.2: Extreme high counter-factual/ deadweight learning and labour market outcomes

	Enrol on/ start a course	Start a new job	Progress in work
Employed (full-time, part-time and self-employed)	90%	90%	75%
In full-time education	100%	100%	-
Unemployed and redundant (including pending redundancy)	85%	85%	-
Inactive	75%	75%	-

Source: *Regional Forecasts/Oxford Economics*

Table A.3: Extreme low counter-factual/ deadweight learning and labour market outcomes

	Enrol on/ start a course	Start a new job	Progress in work
Employed (full-time, part-time and self-employed)	50%	50%	25%
In full-time education	65%	65%	-
Unemployed and redundant (including pending redundancy)	30%	30%	-
Inactive	15%	15%	-

Source: *Regional Forecasts/Oxford Economics*