

# Measuring the economic value of one to one career guidance

Feb, 2021

Source: Percy, C. (2020, August). Personal Guidance in English Secondary Education: An initial Return-on-Investment estimate. London: The Careers & Enterprise Company

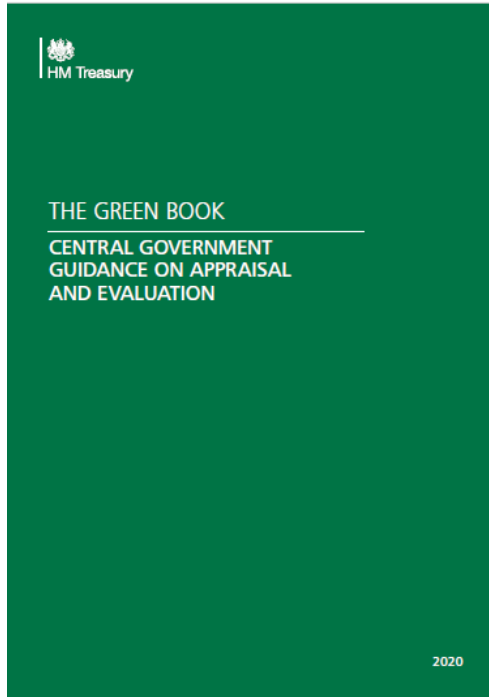
Available at: <https://www.careersandenterprise.co.uk/our-research/personal-guidance-english-secondary-education-initial-return-investment-estimate>

Continue the conversation: [chris@cspres.co.uk](mailto:chris@cspres.co.uk)

# Why is this a hard thing to do?

<b>Holistic programme</b>	Guidance on its own is rarely the only activity helping a person achieve their goals (guidance relies on other activities for impact) → How to disentangle? Should we even disentangle?
<b>Diverse possible benefits</b>	More motivation, confidence, improved mental health, education progress, sustained destinations, “career success” → Anything we measure is only a partial picture
<b>Diverse activity &amp; beneficiaries</b>	Personal guidance is often highly tailored, providing different things to different people – hard to generalise
<b>Long-term benefits</b>	Guidance, esp. during education, aims to shape choices and pathways – benefits materialise over a lifetime (or at least 5-15 years)
<b>Small intervention</b>	Effects likely to be small and hard to spot → need large, expensive samples. But funders have proved unwilling to invest this budget for guidance – partly because it is a low budget
<b>Non-economic goals</b>	Sometimes guidance should reduce (some) economic benefits – where it helps someone achieve other goals (stability, passion, balance, system-change etc.)
<b>Changing practice</b>	Studies are inevitably historical and local in coverage, esp. for long-term outcomes – but we want to know about the future impact of current or proposed practice

# So why do we bother?

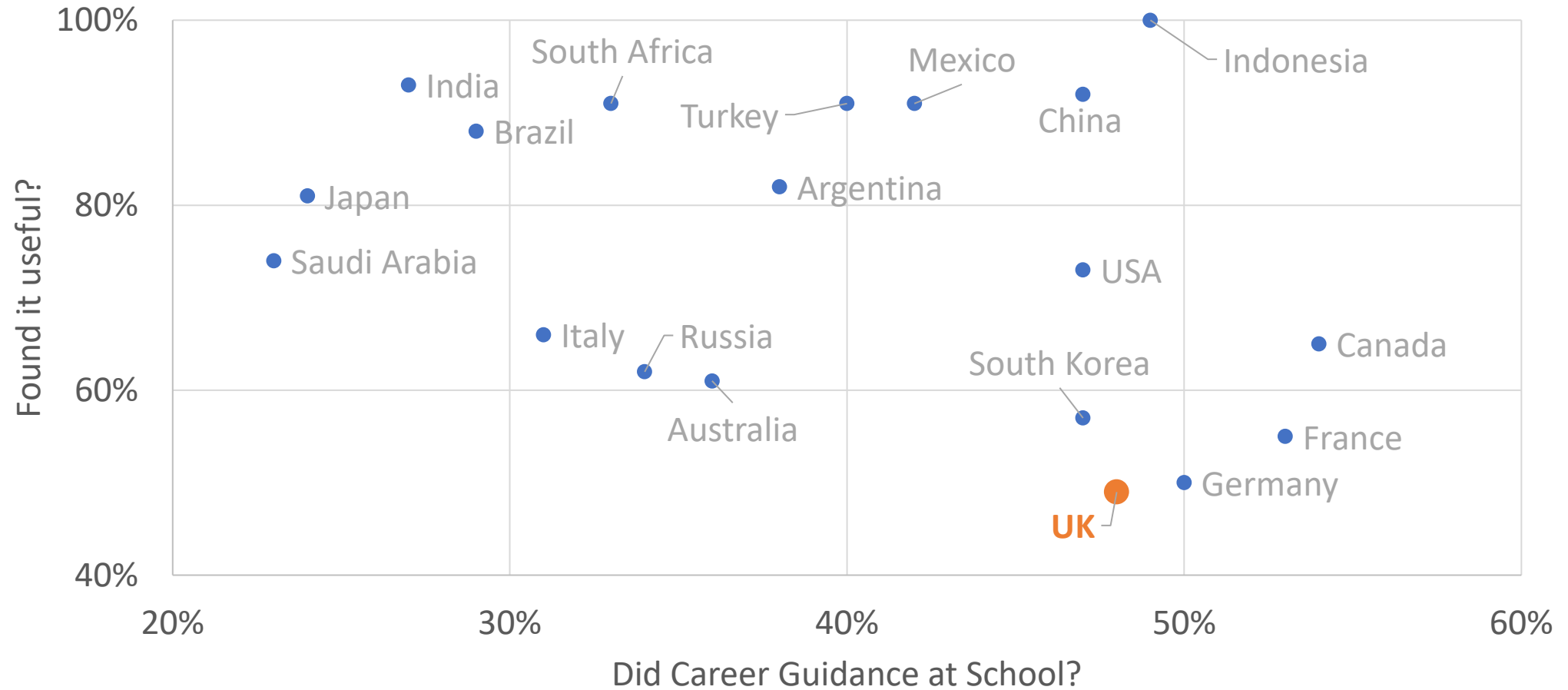


“Unless we can demonstrate the link between education and [wealth creation], education will remain a footnote in the discussions of finance ministers.”

**Andreas Schleicher, Director of Education and Skills OECD**

# Sceptical starting position?

18-24 year olds who went to non-fee paying schools (2019)



# Approach

<b>Costs</b>	<ul style="list-style-type: none"><li>• Careers Leader interviews + Sector input + Market data</li><li>• Focus on delivery not overheads or school contributions – can double the unit cost</li></ul>
<b>Breakeven point</b>	<ul style="list-style-type: none"><li>• Use Government-funded studies or DWP willingness to pay (SIBs)</li><li>• NEET prevention, HE drop-out prevention, increased wages for FT workers</li></ul>
<b>Likely short-term impact</b>	<ul style="list-style-type: none"><li>• 3x meta-analyses with 100+ pre/post or comparison group trials</li><li>• Measures using standard questionnaires, e.g. career decision making self-efficacy</li></ul>
<b>Long-term consequences</b>	<ul style="list-style-type: none"><li>• Connect to major longitudinal datasets with questions about career readiness/pathway choices</li><li>• FutureTrack on HE drop-out</li><li>• British Cohort Study (and LSYPE for sense-check) on NEETs and wage premia</li></ul>
<b>Win over sceptics?</b>	<ul style="list-style-type: none"><li>• Two peer reviews on key elements from firms not linked to sector (Frontier Economics, Fab Inc)</li><li>• Government economist review</li><li>• Turn “partial coverage” into a strength</li><li>• Conservative estimates</li><li>• Model uncertainty in estimates with Monte Carlo simulations + Impact sense-check (triangulation)</li></ul>
<b>Governance</b>	<ul style="list-style-type: none"><li>• Steering Group (CDI, Careers England, DfE, CEC, Gatsby, Head Teacher, Academics)</li></ul>

# Costs and Breakeven

c. £40 / interview<sup>1</sup> → £80 / typical young person in secondary education (Gatsby BM8)

	Midpoint value to HMT	Success rate to break even
<b>NEET: One student prevented from becoming NEET prior to age 19</b>	£42k	0.2% [0.1%]
<b>HE: One student prevented from dropping out of Higher Education</b>	£145k	0.1% [0.1%]
<b>Wages: One student receiving a wage premium of 7.5% to age 35 (time in full-time employment only)</b>	£7k	1.1% [0.4%]

1. Fully-loaded day-rate of £200 and 6 interviews per day which last 45 minutes plus 20 minutes for preparation and follow-up.

# Short-term impact & consequences

## **For 25% of young people in greatest need:**

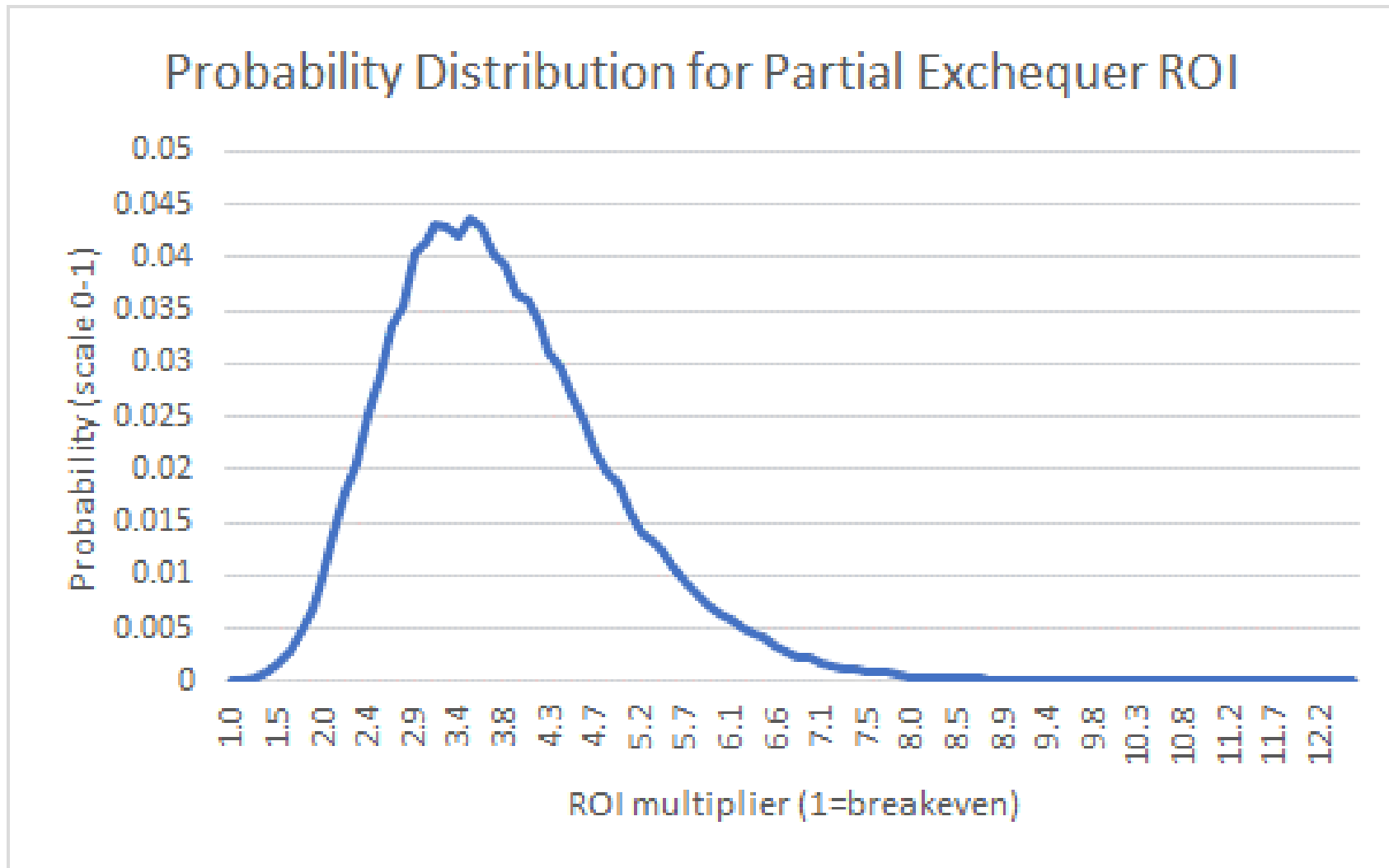
- Meta-analyses: 0.25 st deviations avg. impact on career attitudes
  - Frequency of triggering shift in planning/pathway choice: c. 17%
  - NEET reduction if on better pathway: c. 4.5% + 5% wage gain
- *Net effect: One in 125 prevented from NEET; avg wage gain 0.8%*

## **For 45% of young people in moderate need:**

- Reduced odds of HE drop-out: 5%
  - One in 80 not churning in first year of work with c. 10% avg wage gain
- *Net effect: One in 325 prevented from HE drop-out; avg wage gain 0.1%*

→ **4.4x ROI for Exchequer**

# Uncertainty? Monte Carlo analysis



+ List of 8 conservative assumptions in report (table 6)



# Where do we go from here?

1. Potential need for additional support for those at risk of NEET
2. Potential impact of increased quality of delivery
3. Difference in impact between guidance model commonly delivered in FE vs Gatsby
4. Potential benefit of increased focus on over-served career pathways to support strategic sectors, skills gaps and labour market matching
5. Promising approaches for “quantifying” gains in wellbeing, resilience, confidence
6. Targeted research to strengthen core ROI + enhance it (more impact strands)

- **Where is the ROI logic/data weakest in your opinion?**
- **What ideas do you have for strengthening these weak areas?**
- **What would be your priorities for further investigation in this domain?**