

Evaluation of European Social Fund: Priority 1 and Priority 4 (Employment and NEET) Provision

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Research aims and context

This evaluation contributes to research being undertaken to improve the evidence base on the delivery of the European Social Fund (ESF). It was commissioned to review the implementation of Priority 1 and 4 provision in the second half of the current England and Gibraltar ESF programme. The study follows a previous evaluation of provision undertaken in the first half of the programme. The aim was to assess whether provision in the second half of the current ESF programme has been implemented as expected.

Research methodology

ESF activity was assessed through a qualitative, case study based approach. Thirteen case studies examined the delivery of provision across all co-financing organisations (CFOs) commissioning activity. A further case study examined the delivery of non co-financed provision. Case studies involved in depth interviews with CFO representatives, managers and delivery staff from providers, and (where applicable) representatives from organisations referring participants onto provision. When possible, a small number of ESF participants were also consulted. A total of 187 interviews were undertaken.

Key findings

Strategic partnerships and relationships

Formal partnerships between CFOs were relatively uncommon at regional or sub-regional levels. This

related to changes in the governance structures and wider infrastructure surrounding ESF at this scale. However, more informal, often bilateral, relationships between CFOs were common and were generally reported as working well, as were relationships between CFOs and the Department for Work and Pensions (DWP) as the ESF Managing Authority (MA). Regional governance changes affected local CFOs in particular, resulting in fewer opportunities for co-ordination and links with national CFOs. Suggestions were made in response around recreating regional or sub-regional partnerships, particularly in the context of planning for the 2014–2020 ESF period.

Procurement, contracting and performance management

Views on the functioning of procurement mechanisms were mixed, though in many instances they were viewed as working well. The main issues raised were over the implementation of online mechanisms and the assessment criteria used to assess bids. In addition, some interviewees felt that the broader approach to procurement was less reflective of local contexts and needs than had been the case in the past. However, efficiency and consistency gains related to more national procurement approaches were also referenced. Allowing sufficient time to ensure effective procurement, more guidance and support in responding to tenders, and improvements to online procurement mechanisms were the main improvements suggested.

Contract and performance management processes were generally cited as functioning effectively, despite some notable variation in performance across the provision reviewed. Providers tended to feel that expectations were clear and that CFOs

were fair and flexible in their approach. The level of monitoring and frequency of contact was also often viewed as appropriate. Where performance was below profile, however, a lack of flexibility in the ability to adjust contracts in response to implementation challenges was sometimes raised as an issue.

As part of performance and contract management there was extensive use of payment by results (PBR) mechanisms. These were generally seen as beneficial and effective in focusing attention on key delivery outcomes. Such performance incentive structures were also often mirrored by prime/lead providers to incentivise and manage delivery. In the case of DWP's 'families with multiple problems' provision the PBR mechanism adopted was functioning less well, leading to knock-on effects on delivery due to cash-flow problems. Adjusting the operation of the 'progress measures' used to facilitate outcome payments in this case was seen as important by providers, accepting the fact that the providers in question had opted for that payment model.

Use of incentive mechanisms to encourage providers to focus on securing sustainable employment outcomes for ESF participants varied. Despite this, most providers reported that a focus on job sustainability was a key consideration and packages of post-employment support were widely used. While incentives were seen to encourage a focus on sustainability, therefore, they were not seen as essential.

Overall functioning of delivery and delivery relationships

The perception of how well provision had been implemented varied across national co-financed activity. The National Offender Management Service (NOMS) and Skills Funding Agency activity was largely viewed as working well and meeting objectives. DWP commissioned provision was at an early stage and was dealing with a number of implementation challenges. In respect of voluntary entrants to the Work Programme, low numbers coming onto the programme was the key issue.

Implementation of the 'families' provision was affected by engagement issues along with providers finding it difficult to meet contractual outputs. As a result both forms of DWP provision were widely perceived as yet to fully meet strategic aims and objectives.

In the majority of cases the overall implementation and functioning of local CFO and non co-financed delivery was reported to be going well, partly due to provision in the second half of the programme being broadly similar to that in the first. Experience built up where providers had delivered across both halves of the programme was seen as contributing to effective implementation.

Effective delivery was often linked to the fact that relationships between CFOs and prime/lead providers were functioning well. These relationships were often described in positive terms, appearing strongest where there was regular communication, expectations were clearly set out, and where there was some flexibility in delivery enabled by the CFO. A minority of providers felt that CFOs could appear remote and that support and guidance could be intermittent, difficult to access or take time to be received. Suggestions on how to improve this included enhancing the capacity of CFOs to respond quicker and increasing the local dimension of CFO management processes where possible.

In the majority of cases relationships between prime/lead providers and delivery partners were functioning well. This was particularly evident where partnerships had been in operation for a while, with any issues being addressed over time. Regular, open and honest communication along with clear guidance and a supportive orientation on the part of prime/lead providers were cited as key factors in aiding effective delivery relationships. In several contexts, the use of provider meetings bringing together all delivery partners, sometimes including CFOs, were seen as a further supporting factor to effective implementation and delivery.

While the scale and nature of their involvement varied, smaller organisations were also frequently involved in delivery and were viewed as playing

an important role. Often such organisations had been engaged to serve particular localities. In other instances they were delivering specialist services. In the main, the engagement of such (often voluntary sector) organisations was seen as bringing distinct advantages based on their experience, specialisms, local knowledge, and recognition amongst ESF participants.

Engagement, referrals and meeting needs

In most instances engagement and referral mechanisms, whether onto provision or between organisations involved in delivery, were functioning well. Key factors in this included the development of extensive links with referral partners, the effective use of outreach approaches, use of dedicated engagement and referral staff, and the ‘bedding-in’ of referral processes and mechanisms over time. In the main, the provision reviewed reflected these elements. With a few specific exceptions, referrals onto the programme were also viewed as appropriate and there was evidence that eligibility criteria were widely understood and properly applied.

The DWP co-financed provision was a partial exception to the overall positive picture. The initial stage of the ‘families’ provision encountered some engagement difficulties linked to the use of Local Authorities (LAs) as a key referral route in the absence of adequate contractual levers or other incentives. The context for implementation was also noted, with LA restructuring and the launch of the separate ‘Troubled Families’ programme reported to be causing some difficulties and confusion. Lower than anticipated numbers of ESF-funded voluntary entrants to the Work Programme was ascribed to a lack of prioritisation of the Incapacity Benefit (IB) and Income Support (IS) claimant groups being targeted, along with shrinking numbers within these groups. Actions were being put in place to adjust engagement and referral routes as a result of these issues, though at the time of the research it was too early to judge their success.

The evaluation also examined the engagement of ESF ‘target groups’, particularly in respect of female

participation. A number of interrelated factors were seen as making the engagement of women difficult in some contexts. These included a predominance of men amongst certain benefit claimant groups, along with local contextual or demographic factors. In some cases difficulties relating to other ESF target groups, such as ethnic minorities, were also noted. The extent to which specific actions were used to address engagement issues varied. In part this related to an argument that provision should not be overly driven by seeking to engage particular groups, but should aim to support all individuals with a labour market disadvantage.

In terms of addressing needs there was a range of compelling, often very positive, evidence as to the degree to which provision was being tailored to and meeting local needs. The few exceptions related to elements of provision that were functioning less well than anticipated, though even in these instances the potential to meet local needs was seen as being evident but yet to be fully realised. A similar picture was evident in respect of provision being tailored to, and meeting the needs of, ESF participants. The use of extensive needs assessment and action planning, allied to the range of provision on offer, was widely seen as representing an effective approach. There was also evidence of how provision was being successfully tailored to the needs of particular ESF target groups such as women and offenders. The positive perspectives of participants tended to support the impression of individual needs being well catered for and effectively addressed.

Relationship with other provision and added value

Views varied on the extent to which CFO provision linked effectively with and reinforced other ESF activity. Reduced partnership and co-ordination opportunities at the regional scale were noted. However, the relatively distinct nature of activity delivered by different national CFOs was seen as mitigating against any potential duplication. In the main, the provision reviewed was perceived to be linking effectively with and supporting relevant ‘mainstream’ activity. However, while many

perceptions of strategic linkages with mainstream programmes were broadly positive, there were more issues raised on the operational level. In particular, eligibility restrictions relating to the Work Programme and their effects on delivery of ESF provision were seen as issues.

Priority 1 and 4 provision was widely perceived to be adding significant value to other employability and skills activity. Added value involved boosting volumes as part of mainstream activity, offering different and distinctive forms of provision, and/or filling perceived 'gaps' in the mainstream 'offer'. In a minority of cases, added value was perceived to be only potential at the moment. In these instances, addressing implementation difficulties was viewed as a pre-requisite for realising added value.

Issues for consideration

- There may be a need to re-examine regional or sub-regional governance and partnership structures in light of the forthcoming ESF programming period. This is likely to be significant in ensuring that linkages between provision are enhanced and that overall programme level delivery works as well as it can.

- While nationally driven approaches to procurement and contract management can bring benefits in terms of efficiency and consistency, it appears important to find an appropriate balance wherein provision managed locally can be undertaken in a supportive and responsive manner.
- Implementation challenges faced by some of the activity reviewed serve to re-emphasise the need to allow adequate time to design, procure and implement provision. This is particularly important where activity is new or innovative. In such contexts there may be a need to 'game play' implementation scenarios, or to pilot activity prior to any wider roll-out.
- The potential to 'game play' scenarios is likely to be particularly significant in the context of on-going use of outcome based payment structures. This should help to ameliorate any unintended or unanticipated consequences stemming from implementing such structures.

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The full report of these research findings is published by the Department for Work and Pensions (ISBN 978 1 909532 09 0. Research Report 825. December 2012).

You can download the full report free from: <http://research.dwp.gov.uk/asd/asd5/rrs-index.asp>

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