



Ex-ante evaluation of the 2014–2020 ESF Programme for England

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ICF was commissioned in February 2014 by the Department for Work and Pensions (DWP), the Managing Authority (MA) for the European Social Fund (ESF), to undertake the ex-ante evaluation of the 2014–2020 ESF programme for England. The ex-ante evaluation aimed to ensure that the proposed programme meets the requirements of the ESF Regulations, and is fit for purpose in terms of implementation. It was structured around five components:

- Component A. Programme strategy and contribution to Europe 2020 – in terms of contribution to the Europe 2020 strategy, Country Specific Recommendations (CSRs) and national priorities; and overall coherence and consistency;
- Component B. Management – assessing the capacity to deliver the programme; structures, roles and responsibilities; and efforts to reduce administrative burdens;
- Component C. Indicators, Monitoring and Evaluation – assessing the suitability and appropriateness of the indicators used, targets set and monitoring approaches proposed;
- Component D. Consistency of Financial Allocations – assessing the consistency of the allocations, their concentration and distribution by Priority Axes (PAs)/Investment Priorities (IPs); and
- Component F. Equality Analysis – assessing the extent to which programme provision is accessible to those eligible for it, does not discriminate and promotes equality.

(Component E. Assessment of Financial Instruments did not apply in England as no financial instruments were proposed under ESF in the Operational Programme (OP)).

Methodology

The study methodology featured:

- the review of successive drafts of the OP and supporting documents, and feedback to the MA via formal reports, thematic papers and other communications;
- qualitative interviews with OP authors, contributors and stakeholders – including over 25 individuals in organisations across the public, private and civil society sectors; and
- the review of relevant evaluations/research from the 2007–2013 ESF programme to capture lessons/good practice.

Other tasks included the review of the data and analysis in the Strategy section, attendance at the consultation event in March 2014, and the review of a sample of responses received.

The 2014–2020 ESF Programme

The ESF is one of the five European Structural and Investment Funds (ESIF) intended to promote the Europe 2020¹ objectives to promote

¹ Europe 2020 is the EU's 10-year growth strategy, see http://ec.europa.eu/europe2020/index_en.htm

smart, sustainable and inclusive growth, and specifically the achievement targets relating to employment, education and poverty reduction. For the 2014–2020 programme a new approach was proposed to increase the effectiveness and efficiency of investments, foster social cohesion, create more and better jobs, and help ensure sustained social and economic benefit. Key features included:

- a more integrated approach to planning and delivery – through the 2014–2020 Multiannual Financial Framework, a Common Strategic Framework, and the concentration of investment on fewer investment priorities closely linked to Europe 2020;
- an enhanced focus on results and monitoring progress – with clear intervention logics for proposed investments, the simplification of delivery and reduced administrative burdens;
- the introduction of the requirement for a partnership agreement for each Member State – which brings together a nation's commitments to European Commission (EC) objectives and targets;
- making the release of additional funds dependent on performance – and the potential for funding to cease if financial guidelines are violated;
- simplifying administrative procedures, digitised where possible – with eligibility rules for European Union (EU) funding being harmonised to reduce costs; and
- establishing three area categories: less developed (whose Gross Domestic Product (GDP) per capita is < 75 per cent of the EU average); transition (GDP 75 per cent–90 per cent); and more developed regions (GDP > 90 per cent).

A new ESF infrastructure

The 2014–2020 programme was planned and will be implemented in a different infrastructure to the 2007–2013 programme. Changes

since 2007 include the abolition of the English Government Offices for the Regions (GOs) and Regional Development Agencies (RDAs), the establishment of 39 Local Enterprise Partnerships (LEPs), and an increased emphasis on 'local' policy interventions to spur economic growth and combat social exclusion.

The LEPs comprise a combination of public, private and civil society partners, and were responsible for developing ESIF strategies for their areas. For the 2014–2020 programme, activities will be commissioned through three routes: direct bids (submitted to the MA and accounting for 30 per cent of funding); opt-in/co-financing organisations² (similar to those followed in the previous programme, and accounting for 70 per cent of funding), and Community Led Local Development (CLLD, for small community projects commissioned by direct bids).

Component A: Strategy and contribution

Programme strategy

The OP describes the programme strategy in the context of the ESIF Growth Programme for England, making reference to the Europe 2020 objectives, the relevant 2014 CSRs and the UK National Reform Programme priorities. For the most recent version of the OP the strategy section is structured by thematic objective, which brings additional focus and coherence to the text than previously.

The analysis underpinning the strategy in the current and successive iterations of the OP was also reviewed, and found to be robust, to have used the relevant data sources and to have been interpreted correctly. Overall, the evaluators considered that the strategy section set the

² Opt-in organisations for 2014–2020 are the Department for Work and Pensions, Skills Funding Agency, Big Lottery and National Offender Management Service.

context for the programme well, with the most recent structure improving on previous versions, notably the flow between analysis, strategy and PAs/IPs (i.e. the intervention logic).

Overall, the strategy was considered to provide a **firm basis for the 2014–2020 programme**, and sufficiently comprehensive in terms of the key policy areas and target groups able to benefit from it.

Priority Axes and Investment Priorities

The programme PAs and IPs were reviewed as they developed, with the final OP having three PAs and seven IPs:

- **Priority Axis 1 – inclusive labour markets** – comprising five IPs:
 - IP 8.i – Access to employment for jobseekers and inactive people;
 - IP 8.ii – Sustainable integration of young people;
 - IP 8.ii (YEI) – Youth Employment Initiative;
 - IP 9.i – Active inclusion; and
 - IP 9.vi – CLLD.
- **Priority Axis 2 – skills for growth** – comprising two IPs:
 - IP 10.iii – Enhancing equal access to lifelong learning; and
 - IP 10.iv – Improving the labour market relevance of education and training systems.
- **Priority Axis 3 – technical assistance**

Proposed activities are concentrated in Thematic Objectives 8 and 9 for Priority Axis 1, and Thematic Objective 10 for Priority Axis 2, reflecting the focus of the programme on ‘promoting employment and supporting labour mobility’, ‘promoting social inclusion and combating poverty’ and ‘investing in education, skills and lifelong learning’, respectively.

The evaluators concluded that:

- The PAs, and their constituent IPs, **represented a reasoned interpretation of the needs and opportunities set out in the analysis** and the parameters of the ESF programme 2014–2020.
- The improved logical flow of the document also allows the **PAs and IPs to be more clearly differentiated**, and provide a clear and consistent response to the issues raised.
- The PAs and IPs are **grouped to provide the required coherence** and clarity to the programme – allowing the flexibility to respond to changing circumstances and needs.

Finally, the strategy, PAs and IPs provide reference to, and illustrate their contribution towards the achievement of, a range of **EU and national policy objectives**. Clear links are described to the Europe 2020 priorities, how relevant aspects of the 2014 CSRs will be addressed, and how the programme will contribute to the UK National Reform Programme.

Component B: Management

Component B explored the arrangements for the management and delivery of the programme, with a focus on the structuring of roles, responsibilities and resources, the potential effectiveness of measures to reduce administrative burdens, and the adequacy of measures to promote sustainable development. As the report described, the 2014–2020 programme will be implemented through a new delivery infrastructure, which includes an increased emphasis on ‘localism’ through a network of 39 LEPs.

The **management and governance** structure proposed replicates many features of the 2007–2013 programme, with a national Programme Monitoring Committee (PMC) and national thematic sub-committees. Closer links will

be established at the PMC level with the European Regional Development Fund (ERDF) programme, reflecting the ambition for closer working between the two funds. The DWP will remain as the MA.

The new arrangements offer both **threats and opportunities** – with opportunities including an increased local focus, targeting interventions more precisely, and making best use of local resources (providers, networks, etc.). The threats are also apparent, including whether sufficient capacity and capability is available locally, and whether the MA (and co-financing organisations) have sufficient resources to support and monitor the programme. The MA have announced that approximately twice the resource will be required to manage the 2014–2020 programme, and that the Technical Assistance budget will contribute towards these costs. The evaluators conclude that **ensuring sufficient resources for delivery will be key**, and for the benefits of the programme's enhanced 'local' focus to be realised.

Efforts to **reduce the administrative burdens** associated with ESF have been a focus for the 2014–2020 programme, with steps proposed in England including a standardised business process (compliant with ESF regulatory systems and audit requirements), and a single IT system for applications and monitoring. While welcomed, the 'net' impact of these measures remains to be seen, in the context of increased work at the local level.

Component C: Indicators, Monitoring and Evaluation

The most recent review of the OP allowed the indicators and targets for the programme, and the process by which they were developed, to be reviewed in detail for the first time.

The **target setting methodology** underwent several revisions during the development process, and faced a series of issues including the availability of suitable data to develop

forecasts for 2014–2020 and the need to develop and test suitable assumptions. In response to comments from the Commission, a degree of stretch was introduced to the targets set originally, and as the target setting process was developed further. Overall, the evaluators conclude that the **methodology applied is reasoned, and that in the absence of a complete evidence base the assumptions made are appropriate**.

The indicators and targets set were also reviewed, with the selected indicators being found to be **sensible, pragmatic and capturing the characteristics of the target groups and the results they are intended to achieve**. The targets produced indicate that the programme will engage over 2.3 million individuals and almost 18,000 micro, small and medium-sized employers. The report concluded that:

- The **participation targets** were closely aligned with the distribution of resources across, and the strategic priorities of, the programme;
- That sufficient **capacity exists within the education and training infrastructure** to deliver on this scale; and
- The **results targets** were also closely aligned to the programme objectives, and while concerns were raised in terms of their ability to be achieved in some cases, overall best efforts have been made to produce results targets that are realistic and achievable.

The evaluators also commented on the **performance framework** for the programme, in terms of the method used and levels set. The evaluators suggested that the method followed had not fully considered the pace of implementation to end 2018 in terms of the new delivery arrangements, and the targets were adjusted accordingly. The **programme evaluation strategy** was reviewed, and represented good progress towards a more comprehensive and detailed plan to be developed over the following 12 months.

Component D: Financial Allocations

The overall ESF allocation to the England programme is €3,468 million, which when combined with public and private match comes to over €6,350 million. Analysis of the financial allocations by PA and IP level shows that the majority of funding (73 per cent) is allocated IPs 8.i, 9.i and 10.iii. In terms of the **consistency** of allocation, 59 per cent of funding was dedicated to PA 1 activities and 38 per cent to PA 2.

This distribution reflects the priorities of the programme – emphasised further when allocation at the IP level is considered (e.g. 19 per cent focused on IP 9.i and 6 per cent and 9 per cent focused on young people Not in Employment, Education or Training (NEET) under IPs 8.ii and 8.ii (YEI)). The evaluators consider that this **distribution is appropriate given the aims, objectives and focus of the programme.**

The financial allocations were found to **meet the requirements of the ESF Regulations with regard to concentration**, namely that over 90 per cent of funding be allocated in up to five IPs in each category of area, and 20 per cent of the allocation being directed towards Thematic Objective 9, social inclusion.

In comparison to the 2007–2013 programme, a similar broad allocation of ESF funding to employment/social inclusion and skills measures can be seen in the 2014–2020 programme, with the allocation being split 60 per cent:40 per cent respectively.

Overall, the evaluators consider that the **financial allocation is appropriate, is consistent with the objectives of the programme and complies with the relevant ESF regulations.**

Component F: Equalities Analysis

The programme was reviewed in terms of its compliance with the relevant equalities legislation and its potential impact across

different equalities groups. The programme follows a dual mainstreaming approach, where equalities issues are considered across the PAs and IP and activities supported under them, as well as specific projects to promote equality and combat discrimination.

The evaluators concluded that the equalities section of the OP had **improved considerably** since the previous iteration, and **enhanced by an Equalities Impact Assessment** undertaken by DWP (which showed that there were no cases of disproportionate negative impacts in terms of advancing equalities, and several areas of positive impact).

The programme was also found to **meet the requirements of the regulations for the 2014–2020 ESF Programme** in terms of describing actions to promote equal opportunities and prevent discrimination; considering the needs of at risk groups; and describing the programme's contribution to the promotion of gender equality (with arrangements to ensure the integration of a gender perspective at OP and operation level).

A target for **female participation** was included in the most recent OP, which is some way above that achieved in the 2007–2013 programme. It will be important that implementation guidance emphasises the importance of this target, which will be closely monitored.

Finally, one area of disappointment was the **limited involvement of equalities organisations** in the development of the programme. This was not due to lack of effort on the part of the MA, but rather resource constraints elsewhere. The evaluators conclude that the *content* of the OP has not obviously suffered from this omission, but that commitment and *buy-in* could be enhanced by their engagement. More recently the EHRC have re-engaged with the programme, and it will be important that this relationship is developed further, as with other local and national organisations with an equalities remit, if the equalities objectives of the programme are to be achieved.

Overall conclusion

Considering the findings from each of the components above, the evaluators conclude that the programme, as expressed in the operational programme, is **fit for purpose**.

It is worth noting that any seven to ten-year programme will inevitably encounter changes in the environment in which it is delivered. The evaluators consider that the flexibility built into the OP makes it well placed in this regard, allowing the MA and the Commission to agree revisions to the strategic direction of the programme and targets set for it if required.

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