

Labour Markets Evaluation and Pilots Fund

Bidding Guidance

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Chapter 1

Introduction and Background

Introduction

- 1.1 This document sets out guidance for applying to the Labour Market Evaluations and Pilots Fund. It outlines the minimum bidding requirements, application process and the assessment process to access the fund.
- 1.2 At Spring Budget 2023 the government deployed a wide range of policy interventions to address the significant challenge of economic inactivity and to support individuals to increase their hours worked.
- 1.3 The government is committed to evaluating the effectiveness of its interventions to ensure efforts are focussed on what works. Therefore, at Spring Budget 2023 the government provided £37.5m in additional funding for evaluations and pilots over 2023-24 and 2024-25 to continue to build the evidence base on the effectiveness of policies to improve labour market outcomes.
- 1.4 HM Treasury is administering this additional funding, called the Labour Market Evaluations and Pilots Fund, in collaboration with the Evaluation Task Force, a central government centre of excellence on evaluation. HM Treasury anticipates running multiple rounds of bidding and will provide departments with further details dates of bidding rounds.
- 1.5 Bids can only be submitted by central UK government departments, but departments can work with other public and non-public sector organisations to develop and deliver projects so long as bids meet the Fund's application criteria.
- 1.6 The government is supportive of innovation in policy making and as such HM Treasury would particularly welcome bids for funding made in conjunction with third party organisations outside of central government, including as charities and private-public sector partnership models such as Social Outcome Partnerships.

Objectives

- 1.7 The Labour Market Evaluations and Pilots Fund aims to incentivise UK departments to carry out research to improve the government's evidence base on what works to improve labour market outcomes – including helping more people into employment, increase

how many hours they work, and become more productive, whilst delivering value-for-money for taxpayers. This is vital for growing the UK economy, bringing down debt and inflation, and improving living standards.

1.8 The fund is therefore seeking projects that can provide robust causal evidence of labour market impacts that have the potential to be scaled at a national level. Departments can bid for funding to carry out a variety of projects to either better understand the impact of recently implemented interventions on labour market outcomes, or to trial new and innovative policies. In particular, the fund exists to:

- Support evaluation of pre-existing policies and programmes to improve the evidence of their impact on labour market outcomes.
- Facilitate pilots to trial innovative interventions whilst evaluating their impact on labour market outcomes.

1.9 The enhancement of labour market outcomes is essential for strengthening the health of the economy whilst improving living standards. As a result, the type of activities that the Labour Market Evaluations and Pilots Fund will seek to support include:

- Synthesis of existing evidence, setting out the strength of this on existing policies' impact on labour market participation, progression (hours worked), or productivity.
- Secondary or longitudinal analysis of programmes to improve the evidence base on their longer-term impact on labour market participation, progression (hours worked), or productivity.
- New evaluations of pre-existing policies or those announced at Spring Budget 2023 targeting increased labour market participation, progression, or productivity, where departments can demonstrate these cannot be funded out of existing settlements.
- Piloting new labour market interventions targeting increased labour market participation, progression, or productivity. Or providing funding to scale up existing pilots in this area which have promising interim results.

1.10 Artificial intelligence (AI) poses both potential opportunities and challenges to UK labour market. Therefore, the Labour Market Evaluation and Pilots Fund will also seek to support projects that examine the impact of AI on labour market participation, progression, and productivity.

1.11 All bids for AI related projects should have a direct link to policy and have the potential to inform future government interventions to improve labour market outcomes. HM Treasury welcomes bids for projects in the following areas (although this list of areas of interest is not exhaustive):

- How can the government harness AI to improve labour market outcomes?

- How might government policy be used to maximise the positive productivity implications of AI?
- How might government policy support workers and businesses to adjust to potential structural changes to the labour market caused by AI?

1.12 Projects that can deliver results quickly are welcomed, although speed should not come at the expense of quality of resulting evidence.

1.13 Departments can only bid for funding for project work due to take place in 2023/24 and 2024/25. Wherever possible HM Treasury expects robust impact assessments to be carried out for all projects to demonstrate durability of any policy impacts. If robust impact assessments cannot be completed by the end of FY 2024/25 (the last year of the current Spending Review period, beyond which no budgets have been set) departments will need to bid for funding as part of the next Spending Review. As HM Treasury cannot guarantee such bids will be successful, departments that plan to continue projects beyond 2024/25 do so at their own risk. Therefore, HM Treasury encourages departments to bid for projects that can be completed by the end of 2024/25.

1.14 When completing bids, departments should set out in which financial year project costs will be incurred.

1.15 For proposals delivering pilots, priority will be given to those that have clearly set out how they will test the effectiveness of a policy intervention quickly, and if the project is not proving effective, stop work. All pilot projects are required to have strong evaluation plans in place from the outset. To assess bids HM Treasury is collaborating with the Evaluation Task Force, which projects are strongly encouraged to consult when bidding (see Chapter 4: Application Process).

Chapter 2

Application Criteria

2.1 All proposals must seek to build an evidence base on how previous or existing government policies and interventions impact or impacted labour market participation, progression, or productivity. Or they must seek to build an evidence base on how new and innovative interventions could increase labour market participation, progression, or productivity. Or they must seek to build an evidence base on how government policy can harness AI to improve labour market outcomes.

2.2 Funding will be prioritised for evaluation and pilots of interventions which can clearly demonstrate and quantify the impact of interventions on labour market outcomes.

2.3 HM Treasury welcomes bids for projects examining the impact of any intervention that plausibly will impact labour market participation, progression, or productivity. These do not specifically need to be labour market interventions. For example, we would welcome bids that assess the impact of health interventions if there is a compelling case to believe these will increase labour market participation, progression or productivity. HM Treasury will prioritise bids according to the expected size of the labour market impacts.

2.4 Priority will be given to projects that can be completed quickly, producing results by Spring 2024, without compromising quality or resulting evidence.

2.5 Although there is no formal cap on the number of bids that can be made by each department, HM Treasury would strongly encourage departments to run a process internally to prioritise bids according to their adherence to the criteria of the Labour Market Evaluations and Pilots Fund (see Annex A).

Evaluations

2.6 HMT will consider bids for evaluation of pre-existing policies where departments can demonstrate this cannot be delivered to the standards outlined in this guidance out of existing settlements.

2.7 HM Treasury will consider awarding funding to expedite or scale up existing evaluations to improve the quality and robustness of results.

Pilots

2.8 HMT will consider bids that pilot new labour market interventions or scaling up existing pilots with promising interim results and a clear evaluation plan.

2.9 Priority will be given to projects that can be completed quickly without compromising quality.

2.10 Priority will be given to bids that test programmes with potential to be scaled up to the national level. All bids to the Labour Market Evaluations and Pilots Fund must:

- Be proposed and supported by one or more central UK government departments, either independently or in conjunction with other governmental organisations, charities, or private sector organisations.
- Set out a clear project timing plan, showing when results are expected from and outlining any risks which might impact either the quality or timing of the results. Project plans should set out how departments will mitigate these risks.
- Departments must ensure that their bids are in line with commitments made as a part of the Efficiencies and Savings Review.
- Provide evidence that it has considered the Public Sector Equalities Duty and Family Test, including a brief description of the assessment.
- Prioritise ensuring effective use of testing, learning, and evaluating wherever possible before continuing with the next stage of projects. Projects that can show they are prioritising learning quickly and reviewing whether to proceed on the basis on learnings so far will be prioritised.
- Conform to the requirements of the Green Book, Magenta Book and Managing Public Money.

2.11 Criteria for different project types:

- For **pilots**, they should be designed to support the evaluation of their impact on labour market outcomes from the start.
- For **pilot evaluation, and secondary analysis**, HM Treasury will prioritise projects that use randomised controlled trials (RCTs) or quasi-experimental impact evaluation methods. Projects must have credible counterfactual approaches/ comparison groups, and we expect projects to demonstrate strong internal validity. We welcome and encourage projects which incorporate mixed methods or

qualitative research, but these projects must be accompanied by RCTs or quasi-experimental impact evaluation approaches¹.

- For **pilots, evaluation, and secondary analysis**, bids should present a logic model or theory of change which summarises how the programme or policy is expected to affect labour market outcomes.
- For **evidence syntheses**, bids should clearly set out how these will critically assess the evidence base for labour market outcomes.

¹ A randomised controlled trial (RCT) compares a group of people who received an intervention with a similar group who did not. Eligible people are randomly allocated to the groups. This is the experimental design most used for policy evaluation and is often described as the 'gold standard' for impact evaluation: it provides the strongest 'causal' evidence, which means it can assess whether a policy caused the desired outcome. Impact evaluations can also use *quasi-experimental* designs (QEDs), which use analytical techniques, not randomisation, to create a comparison group, or in some cases, non-RCT experimental designs.

Chapter 3

Funding

3.1 £37.5 million in funding has been earmarked for the Labour Market Evaluations and Pilots Fund across 2023-24 and 2024-25, of which approximately £20 million still available as of September 2023. Projects will be expected to fund evaluation from their initial award.

3.2 Departments can bid for both RDEL to fund expenditure on day-to-day resources and administration costs, and CDEL which is the expenditure on investment and things that will create growth in the future.

3.3 Timings on when successful bids will receive funding will be communicated to relevant departments.

3.4 There are no minimum or maximum bid caps. However, the following are indicative ranges for each suggested project type:

- Synthesis of existing evidence- **£50,000 to £150,000**
- Secondary analysis of existing programmes- **£100,000 to £750,000**
- Evaluations- £150,000 to £1.5 million
- Pilots (new policies, or scaling up existing ones)- **£1 million to £10 million**
- Admin funding will not be baselined and will instead be ring-fenced and time-limited for the duration of the project.

3.5 Bids should identify the method of funding provision that has been agreed by all participating departments in their bid template. HM Treasury particularly welcomes bids for projects that are part-funded by departments.

3.6 Bids should also identify how accountability will work, in line with Managing Public Money, Green Book and Magenta Book principles.

Chapter 4

Application Process

- 4.1 Departments are encouraged to carry out an internal prioritisation process when considering how many projects to bid for.
- 4.2 Bids should be submitted through the bid template, which was supplied to departments alongside this guidance. The template is used to ensure that the relevant information is provided for the purposes of the Labour Market Evaluations and Pilots Fund. Departments should still follow their usual procedures in line with Managing Public Money, Green Book and Magenta Book guidance.
- 4.3 The Labour Market Evaluations and Pilots Fund team will run training webinars to support departments in developing their bids. Please contact LMevalpilotfund@hmtreasury.gov.uk to request an invite to these.
- 4.4 Bids should be submitted by the relevant Finance Director to HMT's Labour Market and Evaluation and Pilot Fund team at LMevalpilotfund@hmtreasury.gov.uk.
- 4.5 Bids should be signed off by the Finance Directors and Director of analysis of all contributing departments.
- 4.6 Timings on the deadline for applications in each bidding round will be communicated to departments.

Decisions

- 4.7 The HM Treasury and Evaluation Task Force (ETF) Labour Market Evaluations and Pilots Fund team and relevant spending teams will assess each bid template against the bid criteria (a detailed description of which can be found in Annex A).
- 4.8 The final decisions about successful pilot projects will be made by a panel of HM Treasury and ETF labour market and evaluation experts.
- 4.9 The HM Treasury and ETF Labour Market Evaluations and Pilots Fund team will aim to get timely decisions to departments.

Chapter 5

Evaluation and Reporting

5.1 Funding will be conditional upon regular, short, updates to HM Treasury on project progress on a period basis. For successful bids HM Treasury and the ETF will confirm how regularly progress reports will be required on a project-by-project basis. Evaluation updates and final evaluation reports will need to be provided to HM Treasury and to the ETF. This will include a preference for reporting interim and early findings where feasible to do so.

Annex A

Labour Market Evaluation and Pilots Fund: Bid Assessment Criteria

A.1 Bids received by HM Treasury will be assessed by both the HM Treasury Labour Market Evaluation and Pilots Fund team and the relevant HM Treasury spending teams. Assessment will be made in line with the Green Book methodology and Better Business Case guidance. As part of the assessment process for the Labour Market Evaluations and Pilots Fund, particular attention will be paid to the following assessment criteria found below.

Table A.1: Evaluation Criteria

Key Criterion	Requirements to meet criterion
Labour market context	<p>A clear description of the labour market rationale for carrying out the project.</p> <p>A clear rationale setting out why the policy intervention in question should reasonably be expected to have an impact on labour market participation, progression, or productivity. For projects examining AI, a rationale must be provided for why the proposed project should reasonably be expected to impact broader labour market outcomes.</p> <p>For new pilots, a clear description of why the approach taken is novel, including information about similar projects or research that have been previously undertaken, and why this pilot project does not duplicate previous or current work.</p> <p>For existing pilots, a clear rationale for why lengthening or expanding the scheme will improve the quality of the resulting</p>

	<p>evidence, including information about similar projects or research that have been previously undertaken, and why this pilot project does not duplicate previous or current work.</p> <p>For evaluations, rapid evidence assessments, and longitudinal studies, bids should clearly set out how the project in question will expand the government's evidence base on what works to increase labour market outcomes..</p>
Evaluation	<p>Clear outline of the questions hoping to be answered.</p> <p>Plans outline how going to measure the policy's success in improving labour market outcomes.</p> <p>Pilots should be designed to support the evaluation of their impact on labour market outcomes.</p> <p>Clear evaluation design, approach, methods, and rationale. Including plans for development and delivery of the evaluation, which partners and stakeholders will be involved.</p> <p>Evidence that the bid has considered the Public Sector Equalities Duty when developing the pilot.</p>
Delivery Plans	<p>A clear outline and explanation of how the project will be delivered effectively, including delivery and monitoring plans for each year of funding.</p> <p>Clear details of how the department will ensure the required evaluation/research expertise is available throughout the project (within the department, partner organisations and/or any externally commissioned support).</p> <p>Plans for how pilot locations and/or cohorts will be selected, if applicable.</p> <p>Outlining how pilots could be scaled up, if successful.</p> <p>Plans for the conclusion of the project after the funding period has ended.</p>

Governance	<p>A description of the governance plans for the project, including named individuals where possible.</p> <p>Explanation of why the proposed governance structures are appropriate to drive forward the project.</p>
Equalities	<p>Evidence that the bid has considered the Public Sector Equalities Duty when developing the pilot.</p>

A.2 Not all these criteria have equal weighting, and HM Treasury and the ETF retains the ability to alter these criteria.

HM Treasury contacts

This document can be downloaded from www.gov.uk

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