London ESF 2014-2020 ‘Phase 1’ Programme Evaluation

A final report to the Greater London Authority
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Annex One: Programme theory of change and evaluation framework

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## List of abbreviations

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<tr>
<td>AEB</td>
<td>Adult Education Budget</td>
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<tr>
<td>BAME</td>
<td>Black and Minority Ethnic</td>
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<td>BLF</td>
<td>Big Lottery Fund</td>
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<tr>
<td>CFO</td>
<td>Co-Financing Organisation</td>
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<td>DWP</td>
<td>Department for Work and Pensions</td>
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<td>EPMU</td>
<td>European Programmes Management Unit</td>
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<td>ESF</td>
<td>European Social Fund</td>
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<td>ESFA</td>
<td>Education and Skills Funding Agency</td>
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<td>ESIF</td>
<td>European Structural and Investment Fund</td>
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<td>EU</td>
<td>European Union</td>
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<td>GLA</td>
<td>Greater London Authority</td>
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<td>HMPPS</td>
<td>Her Majesty's Prison and Probation Service</td>
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<td>IB</td>
<td>Intermediate Body</td>
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<td>JSA</td>
<td>Jobseeker's Allowance</td>
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<td>LEAP</td>
<td>London Economic Action Partnership</td>
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<td>LEP</td>
<td>Local Enterprise Partnership</td>
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<tr>
<td>MA</td>
<td>Managing Authority</td>
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<tr>
<td>NEET</td>
<td>Not in Education, Employment or Training</td>
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<td>OP</td>
<td>Operational Programme</td>
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<td>PBR</td>
<td>Payment by Results</td>
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<td>RDA</td>
<td>Regional Development Agency</td>
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<td>VCS</td>
<td>Voluntary and Community Sector organisation</td>
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Executive summary

This summary presents the key findings from an evaluation of ‘phase one’ of the 2014-2020 London European Social Fund (ESF) programme. The evaluation was commissioned by the Greater London Authority (GLA), whose European Programmes Management Unit (EPMU) is the Intermediate Body (IB) for ESF in London. It was undertaken by Ecorys between November 2017 and April 2018. The summary briefly outlines the aim of the evaluation and the methodology used to implement it, prior to detailing the main findings of the research. These findings are arranged thematically in four main sections covering, in turn, initial programme development, design features, management and governance, and implementation to date. Concluding remarks and recommendations arising from the evaluation activity are then offered.

Evaluation aims, approach and methodology

The overall aim of the evaluation was to assess the significant investment the 2014-2020 London ESF evaluation represents, whilst also providing lessons for current and future activity. Within this, it sought to focus on the key design features of the London programme, including the decision to target specific customer groups with dedicated provision, the aim of enhancing the influence of local areas within London, and encouraging the integration of ESF provision with other local services. Similarly, the study also sought to review and gain insights from the different delivery models and approaches within the programme, including the use of national ESF co-financing provision, local ESF co-financing provision and Direct Bid provision awarded by the GLA. Emerging evidence on implementation to date was also gathered in respect of the key strands of the programme, covering the adult employment and adult skills programmes within it. The London ESF Youth Programme is subject to a separate evaluation and is therefore outside the scope of this study.

Addressing the above aims and focus of the evaluation involved several methodological elements. A review of key documents was complemented by an additional targeted literature review, focused on evidence concerning devolved approaches to the delivery of employment and skills policy and initiatives. Alongside the desk research outlined, evaluation fieldwork comprised two main groups of interviews. The first, comprising 20 key stakeholder interviews, involved consultations with representatives from the GLA, including the EPMU, national and local co-financing organisations (CFOs), Local Enterprise Partnerships (LEP), the ESF Managing Authority (MA), and other local stakeholders. The second involved visits to a selection of 10 ESF projects. Each visit involved interviews with a representative of managerial staff at the provider concerned and a member of delivery staff directly involved in providing support to ESF participants.

Key findings

Initial programme design and development mechanisms

The mechanisms and processes established to support the initial design and development of the London ESF Programme were widely viewed as efficient, effective and as having successfully engaged an appropriate range of stakeholders. This latter dimension was welcomed in particular and was seen as having helped ensure that the programme focused on the correct issues, whilst also facilitating an approach able to add value through avoiding duplication. A minority view was that engagement could have been broadened, or could be so in future, and that there could be more of a focus on maintaining engagement right through to the final design of specifications. However, the need to balance broad engagement with efficiency was also recognised, as was that fact that the EPMU ultimately had to finalise and be responsible for the design of provision. The key challenge faced in the design and development phase related to the view that a need to compromise in light of the wider programme architecture had diluted the original locally
designed vision. This was seen by some as indicating a need for greater levels of local autonomy in the context of the future delivery of national initiatives.

**Key design features of the programme**

There was widespread agreement across stakeholders in respect of the key design decisions that informed the overall shape of the 2014-2020 programme. Targeting specific groups, enhancing the influence of local areas, and integrating ESF provision with local services were all seen as design elements that were appropriate, sensible and have the potential to enhance positive outcomes. Evidence from visits to ESF providers indicates that some of these presumed benefits are also being recognised or emerging, particularly in respect of the approach of providing targeted, tailored provision designed to meet the needs of individuals from specific customer groups. Some concerns were raised, however, around the potential for this approach to be affected by the shifts in labour market patterns since provision was procured, with stakeholders highlighting the potential need for flexibility in implementation to help address this.

There is also emerging evidence around the benefits of enhancing the influence of local areas, with the sub-regional contracting approach likewise being seen as a suitable scale at which to design and deliver provision. Evidence suggests that the local approach is helping to engender a sense of ownership amongst local stakeholders and has benefits in terms of promoting provision to participants and securing their engagement. As with the targeting of particular customer groups, however, there was also a view that it was too early to fully assess the effects of this local approach in terms of concrete outcomes and results. The same is true of the intention to integrate ESF provision with local services, though in this case there was more acknowledgement that progress at the delivery level is proving challenging and that a renewed focus on encouraging and incentivising providers to develop linkages with other services would be beneficial. Accepting this, there was also a widespread recognition that securing the benefits of such integration will take time, requiring ongoing culture change amongst the provider base.

**Programme management and governance**

The management and governance arrangements for the programme were widely recognised as being well designed and appropriate. In particular, stakeholders welcomed the role of the London ESIF Committee (LEC) in informing the strategic direction of the programme and engaging a wider stakeholder group to inform this, along with commenting positively on the experience and expertise of those involved. The composition of the Committee was also felt to be appropriate and it was seen as performing well in discharging its core functions. The role and functioning of the EPMU was similarly seen as beneficial and effective. Having a London based function for programme management was particularly welcomed in the context of meeting the challenges of ESF delivery in the Capital, and in helping to ensure, along with the LEC, that the programme was focused on being responsive to and meeting local needs. While a minority of interviewees felt that responses to programme guidance queries could be dealt with in a more timely fashion, it was also acknowledged that this was not necessarily down to the EPMU itself and also that it reflects challenges encountered across the national programme as a whole.

**Programme implementation to date**

While delivery of the 2014-2020 ESF programme is progressing broadly as anticipated, there have been a number of challenges in respect of each of the delivery strands and approaches within it. Although the initial procurement and contracting of provision was generally seen as working well, there have been some common challenges faced across the adult employment and skills programmes. Lower than anticipated referral numbers and engagement levels and, particularly for Direct Bid projects, delays in confirming participant eligibility in some instances, were the most frequently referenced issues. In addition, some of the nationally co-financed elements of the adult skills provision have taken some time to get fully up to speed, in part due to out of date data (caused by contextual changes since the data was drawn) making
planning provision and profiling the numbers it aims to engage more challenging. A further issue raised was the perceived change in Jobcentre Plus priorities since the procurement of the adult skills contracts, the view being that this has led to an increased focus on getting people into work rather than developing their skills as part of a pathway to sustained employment.

Despite such challenges, there is evidence at the provider level that delivery is working well in many cases with some positive indications concerning the outcomes being achieved for participants. In particular, the case managed, tailored, and holistic approach being taken to supporting individuals is seen as an effective approach, as is ensuring a range of support for participants to meet their varying needs. Where these approaches seem to be working well, the ability to engage, and refer to, partners with specific roles and expertise was seen as being significant. In terms of supporting effective delivery, the payment by results (PbR) approach common across much of the programme was similarly seen as being beneficial in focusing attention on the desired results of support and in ensuring that its policy intent is met.

Accepting the generally positive impression of progress, it was also widely acknowledged that more result data is needed to fully assess the relative performance of the different elements of the programme. This is true of the different strands of activity (adult skills, adult employment, and youth provision) as well as the different delivery approaches that the programme comprises: national co-financed provision, locally co-financed provision, and direct bid provision. In respect of these approaches, stakeholders identified some key advantages and disadvantages to each, though none was seen as being clearly or significantly better than the other. While locally co-financed and direct bid provision were widely seen as beneficial in the London context by way of addressing the Capital’s specific needs in a targeted way, given the scale of the London programme, the additional complexity and management requirements of the direct bid approach in particular were also acknowledged. Likewise, national co-financing was seen as a key component of the programme given the need to secure match funding, and its advantages concerning the ability to more easily deliver at the sort of scale required for a London-wide programme were also recognised.

Concluding remarks and recommendations

The evidence gathered for this evaluation of phase one of the London 2014-20 ESF programme strongly suggests that many of the design features developed for the programme are well suited to the London context and have successfully achieved wide stakeholder buy-in. The local focus, attempts to integrate provision with local services, and specific targeting of provision all appear appropriate and correct in this context, while the use of PbR and the focus on sustaining employment outcomes are widely seen as helpful and required aspects to delivery.

Implementation has progressed well in general, accepting that some elements of programme delivery have scope to be further developed and improved. In particular, there is a need to explore how referral and engagement numbers can be increased, along with further encouraging, broadening and deepening the extent of ESF provider integration with local services. Further data is required to assess performance, outcomes and impacts, though the understanding is that this will be available for future evaluation activity and monitoring.

Building on these reflections, the following key recommendations are presented for consideration by the GLA:

1. The key design features and overall shape of the programme should be maintained for the ESF delivery period remaining, while undertaking regular reviews and engagement with delivery partners and other stakeholders to explore whether and where further enhancements can be made.
2. Evidence on the emerging benefits of local inputs to programme design should be leveraged as part of lobbying for a devolution settlement that offers London the autonomy needed to maximise beneficial outcomes, both within the context of a potential successor programme to the ESF and in respect of the AEB.

3. Renewed efforts should be made through communications and engagement at strategic levels to stress the importance of greater and more consistent integration between ESF provision and local services, both in respect of ESF providers and local service leads.

4. Attention should be paid to potential ways of increasing referral and engagement numbers over the remainder of the current ESF programme including, in particular, strategic engagement with Jobcentre Plus and communications to providers aimed at promoting a diverse approach to engagement including effective outreach activity.

5. ESF providers should be further encouraged to see the value in greater collaboration and cross referral with other providers, and consideration should be given in any future specifications and payment models to any mechanisms that might help advance this.

6. Future evaluation activity should be considered focused on the results and impacts of the ESF programme, including consideration of the potential for research with ESF participants and the use of data to facilitate impact evaluation approaches.
1.0 Introduction

This report presents the findings from an evaluation of ‘phase one’ of the 2014-2020 London European Social Fund (ESF) programme. The evaluation was commissioned by the Greater London Authority (GLA), within which the European Programmes Management Unit (EPMU) acts as Intermediate Body (IB) for the ESF programme. It was undertaken by Ecorys between November 2017 and April 2018. The findings presented in the report are arranged thematically in chapters two to five. These cover, in turn, initial programme development, design features, management and governance, and implementation to date. Chapter six considers lessons for future programming along with presenting some concluding thoughts in respect of the evaluation findings. This introductory chapter sets the context for the analysis that follows by first detailing the background to the 2014-2020 London ESF Programme, before setting out the aims and objectives of this ‘phase one’ evaluation. A summary of the methodology adopted for the study is then outlined.

1.1 Background and context to the 2014-2020 London ESF Programme

The London ESF programme forms part of the delivery of the 2014-2020 ESF programme in England. The ESF is one of the European Structural and Investment Funds (ESIF), a series of European Union (EU) funds intended to help reduce disparities between the levels of social and economic development across the EU. The ESF functions as the EU’s main instrument for supporting citizens to access and progress in employment, and to promote social inclusion. Within EU Member States, ESF implementation is guided by Operational Programmes (OP) that can operate at national or regional levels. England has a single national OP, implementation of which is overseen by the Department for Work and Pensions (DWP), acting as the Managing Authority (MA) for the programme in England. As with all ESF provision, funding allocated by the EU must be complemented by domestic match funding. In terms of the London programme, £294 million of ESF, and an equal amount of match funding, has been committed to be spent primarily between 2016 and 2019.

In the London context, the EPMU at the GLA is responsible for managing the 2014-2020 London ESF Programme. As the only IB in England with fully devolved management functions, the GLA is responsible for the award, management and administration of the ESF in London under delegated powers granted by the ESF MA. In line with the focus of the 2014-2020 programme in England on ensuring local inputs through giving local enterprise partnerships (LEPs) a strategic influencing role, the strategic direction and priorities for the programme are set by the London Economic Action Partnership (LEAP, formerly known as the London Enterprise Panel), the LEP for London. LEAP oversees the use of the ESF to support the skills and employment themes set out in London’s ESIF Strategy¹ and the priorities outlined in LEAP’s 2013 Jobs and Growth Plan.² Both of these key documents recognise the need to focus on employment and skills by way of enhancing opportunities for all Londoners to compete for and sustain employment, whilst also tackling poverty and social exclusion to address the income and opportunity gaps that exist in the Capital.

In terms of employment and social exclusion, as outlined in London’s ESIF Strategy, the city has a particularly polarised income distribution between rich and poor, along with a higher level of worklessness than the rest of the UK. The strategy outlines a scenario of significant levels of under-employment,

alongside unemployment and economic inactivity rates being higher than national averages. While levels of young people not in employment, education or training (NEET) were slightly below the national average, the years leading up to the Strategy’s publication in 2016 saw a sharp rise in numbers of young people claiming the main unemployment benefit, Jobseeker’s Allowance (JSA), and youth unemployment rates were higher than the national average. Lower female employment rates relative to male employment also illustrated the significant gender gap across London’s labour market. A similar gap was also evident between employment rates for Black, Asian and Minority Ethnic (BAME) people and their white counterparts, while employment rates for those with disabilities were around 25% lower than their able-bodied counterparts as well as being below the UK average.

Along with the challenges faced around employment and social inclusion, the skills context in London also informed the focus of the 2014-2020 ESF programme. As the city’s ESIF strategy outlined at the time of its publication, while more than half of the Capital’s jobs were estimated to require level 4 qualifications as a minimum (55%), less than half of the population (47%) were qualified to this level. Equally, while skill levels have improved in recent years, just over 8% of the working age population had no qualifications with well over half of this group being workless (61%). Skills gaps were also significant in several sectors, including managerial occupations, administrative and clerical staff, sales and customer services staff, and elementary staff.

As outlined in the ESIF Strategy, the ESF is intended to address the challenges outlined above through promoting sustainable employment opportunities, careers progression, and progression in learning, whilst also supporting business start-ups, entrepreneurship and business growth skills training. The Strategy outlines the need to focus on targeting support for skills and employment growth at some of the most deprived parts of London, reflecting the fund’s concern with promoting social inclusion. The need for specific targeting of particular groups is also highlighted in the context of supporting those most likely to be affected by the Government’s welfare changes, including the introduction of Universal Credit (UC). As part of supporting the long term unemployed and inactive most likely to be affected, the ESIF Strategy also outlines the need to concentrate on supporting the low-skilled, young people, disabled people, women, BAME groups, lone parents and disadvantaged families or workless households in particular.

Delivery of the 2014-2020 London ESF Programme supports the LEAP’s three skills and employment themes:

- promoting sustainable employment and progression outcomes through greater freedoms, flexibilities and better funding incentives;
- ensuring individuals and employers are better informed to drive the skills and employment system; and,
- engaging with London’s businesses to help drive growth in the Capital.

Drawing on insights from the previous 2007-2013 ESF programming period, the development phase for the 2014-2020 programme took place during 2014 and 2015. LEAP’s predecessor, the London Enterprise Panel (the LEP), through the GLA, London Councils and other local partners, developed a range of ESF provision to meet local needs. In developing these programmes, the LEP looked to learn lessons from the 2007-2013 London ESF programme and applied these lessons to programme design. This included examining unit costs for delivering support to a range of groups to ensure the right amount of money is invested in supporting particular groups of customers. The LEP convened several task and finish groups, each bringing together a range of stakeholders, including ESF Co-financing Organisations (CFOs),3

3 CFOs are public bodies that bring ESF and domestic funding for employment and skills together so that ESF complements national-level programmes.
boroughs, voluntary and community sector (VCS) organisations, providers, researchers and others. This process resulted in ‘programme commissioning templates’ covering the three sets of programmes that sit within the overall London programme: Youth Programmes, Adult Employment Programmes and Adult Skills Programmes.

These programmes are delivered through national CFOs, under what’s known as the Opt-in model. The Opt-in model represented a new approach for the 2014-2020 ESF programme, with local partners (through the LEP) having far greater influence over nationally co-financed delivery than was the case in previous programming periods. Essentially, the opt-in model was developed to reflect the concern of the 2014-2020 programme to give local areas more influence over the design of provision that, in the context of national co-financing, had previously been designed at national level. The majority of provision in the London ESF programme (£180m) is designed locally through the process outlined above, but delivered through the national CFOs/Opt-in Organisations: DWP, the Education and Skills Funding Agency (ESFA), and the Big Lottery Fund (BLF). Her Majesty’s Prison and Probation Service (HMPPS) is also a CFO but they operate at national level with a single agreement with the MA.

In addition to the national CFO programme, there is an investment of £114m in locally co-financed or directly funded projects. Provision under the latter route is directly managed by the EPMU within the GLA. In the London context there are five local CFOs: GLA (who became a local Co-Financing Organisation in 2016), and four sub-regional partnerships of London boroughs led by the London Boroughs of Ealing, Croydon, Redbridge and City of London Corporation, responsible for delivering the Work & Health Programme in London.

Helping to frame the focus of this evaluation, there are a number of distinctive features to the design and implementation approach taken in respect of the 2014-2020 London ESF Programme. Following the focus outlined in the London ESIF Strategy, and learning from the previous ESF programme, provision within the programme is targeted at specific customer groups, rather than combining support for different groups into one programme. This builds on a recognition that broader programmes do not always provide the tailored support that particular customer groups need, the assumption being that smaller, targeted programmes will create opportunities for specialist providers to deliver services, and encourage delivery models tailored to the needs of individuals. In addition, support is being delivered through sub-regional contracts based on existing borough sub-regional partnerships, the intention being to promote better coordination of activities and integration with local borough services whilst also ensuring value for money.

As also reflected in the ESIF Strategy, the London programme has a particular focus on in-work progression and poverty. ESF provision thus includes support for low paid workers, particularly parents, as well as incentivising providers to support people into well-paid, sustainable work where possible. There is also a focus on integrating ESF provision with other local services, including those providing support for families and individuals with common mental health conditions. As part of this, for example, the new ESF Troubled Families programme has been designed by London Councils in partnership with boroughs, who have developed a model to facilitate better integration compared to previous similar programmes. Finally, within the context of the ESF programme the LEAP has looked to pilot new approaches to supporting people into work and out of poverty. Examples include a programme working with gang members, commissioned by the ESFA, and integrated ‘back to work and in-work progression’ provision to combine support for entry to employment with assistance to progress within work.
1.2 Evaluation aims, objectives and scope

Reflecting the above context, and the significant investment the 2014-2020 London ESF programme represents, the evaluation aimed to assess this investment while providing lessons for current and future activity. Such activity in this context includes future allocations of ESF funding in the current programme, alongside the development of future domestic provision that may replace the ESF post-Brexit and the planned devolved implementation of the Adult Education Budget (AEB) from 2019-2020. To shape the focus of the evaluation, the specification for the study presented a series of research questions. These were developed to explore the following areas of investigation:

- What have been the pros and cons of London’s approach to programme design, such as programmes targeted at particular disadvantaged customer groups, integration of services and sub-regional contracts?
- What have been the major factors in determining how well London’s ESF programme has performed?
- The 2014-20 programme gave considerably more power to local areas than the 2007-13 programme to determine what support is commissioned in their area. What have been the effects of this change on provision? Has this led to better coordination of services or not? Has it led to programmes that better reflect the needs of London, particularly given the choices that had to be made given the limited number of programmes London could procure? What lessons can be learned for the future?
- Various different approaches to joint working between local and central government have been tested in this programme. The main, national CFO programme has been locally designed with central procurement & management, whilst the Work and Health Programme flips that with, broadly, central design and local procurement & management. London’s direct bids and local CFO programmes reflect local design, procurement & management with limited central involvement. The 2007-13 ESF programme used a slightly different model, as local areas had considerably more match funding available than the current programme, primarily through Regional Development Agencies (RDAs). What are the pros and cons of each approach in terms of their ability to meet local labour market needs? Which is likely to be most effective going forward and why?  
- What lessons from the commissioning of programmes can be learned by London. In particular, what lessons from the commissioning of ESF skills programmes are there in terms of providers’ ability to manage payment by results (PBR) contracts and collect evidence of outcomes, views on whether PBR has driven performance, ability to target support at the most in need, ability to link up with other existing mainstream and non-ESF services to ensure wrap-around support, and views on the most appropriate size, length and value of contracts etc.
- What have local stakeholders’ strengths been in designing and delivering ESF programmes? And what should they do to improve their performance?
- EPMU, based within the GLA, manages ESF for London. In other regions, the function is carried out by regional delivery teams based within DWP. Are there any strengths and weaknesses of devolved management of funding in this way?

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4 It should be noted that the Work and Health Programme was not yet delivering when fieldwork for the evaluation was scheduled; it was therefore not a specific focus as such, other than in respect of broad discussions over its intended design.
The above areas of investigation informed the development of an evaluation framework, setting out high-level research questions and a series of operational/sub-questions relating to them. The framework, acting as a guide to the focus and implementation of the evaluation, is included at Annex one for reference. Following the guidance in the specification for the study, the framework reflects the focus of the evaluation on the adult employment and adult skills programmes being delivered within the overall London ESF programme. The Youth Programme that sits alongside these programmes is subject to a separate planned evaluation and hence is outside the scope of this study. Given the relatively early stage of implementation of much of the London ESF programme, and limited management information on results available to date, the focus of the evaluation was also defined as being largely on process rather than impact. Having defined the evaluation aims, focus and scope, we now turn to outline the evaluation methodology adopted.

1.3 Evaluation methodology

The focus on process rather than impact influenced the qualitative orientation of the research methodology adopted for the evaluation. To frame the data collection and analysis, a theory-based evaluation approach was adopted, with this informing the development of evaluation hypotheses and research questions through which to examine the implementation of the ESF programme to date. This approach also encompassed the development of a theory of change for the London ESF programme, so as to understand the rationale for the intervention, the key activities involved, and its intended outcomes. The evaluation framework containing the hypotheses and research questions developed, along with the programme theory of change, are included in Annex one of the report.

Implementing the qualitative, theory-based approach involved several research elements. A review of key documents concerning the programme contributed to the development of the evaluation framework and theory of change, with these elements in turn informing the development of research tools for the qualitative fieldwork undertaken as part of the study. An additional literature review was also undertaken, focused on evidence concerning devolved approaches to the delivery of employment and skills policy and initiatives. The intention behind this was to help contextualise and add to the findings and lessons for devolved delivery of employment and skills policy in the London context.

Alongside the desk research outlined, the evaluation fieldwork comprised two main groups of interviews. The first, key stakeholder interviews, involved consultations with relevant stakeholders. Interviewees included representatives from the GLA, including EPMU, national and local CFOs, LEPs, the ESF MA, and other local stakeholders: for example, VCS and Jobcentre Plus representatives. Interviewees were purposively sampled, with the key criterion being their knowledge of the London ESF programme and/or related employment and skills policy and initiatives. A total of 20 key stakeholder interviewees were engaged through the evaluation. The second fieldwork element involved visits to a selection of 10 ESF projects. Each visit involved interviews with a representative of managerial staff at the provider concerned, for example the coordinator or manager of the provision, and a member of delivery staff directly involved in providing support to ESF participants. Projects were purposively sampled to offer a selection drawn from the adult employment and skills programmes in scope for the evaluation, as well as reflecting variation in terms of covering those delivered through different CFOs along with the direct bid route.

Evidence gathered from the above activities was analysed thematically to address the key research questions established for the evaluation, reflecting on the evaluation framework and theory of change produced. The findings drawn from this process are presented in subsequent chapters of the report, starting with those relating to the initial development and design of the 2014-2020 London ESF Programme.
1.4 Report structure

The remainder of the report is structured as follows:

- **Section 2** analyses views on the initial programme design and development mechanisms.
- **Section 3** examines views on the key design features of the programme.
- **Section 4** assesses views on the management and governance of the programme.
- **Section 5** considers programme implementation to date.
- **Section 6** looks at lessons for future programming and any concluding remarks.
2.0 Initial programme design and development mechanisms

This chapter examines the effectiveness and appropriateness of the design and development mechanisms established to inform and develop the 2014-2020 London ESF Programme. It first considers the extent to which these mechanisms facilitated effective stakeholder engagement to inform programme design, in addition to examining the effectiveness of the mechanisms more broadly. Key challenges and lessons learned in respect of the initial design and development mechanism are then considered prior to summarising the key findings emerging.

2.1 Extent and role of stakeholder engagement

Ensuring effective stakeholder engagement to inform the design of the 2014-2020 programme was a key consideration in terms of its initial development. A variety of stakeholder groups were engaged during this phase, including CFOs, London Councils, boroughs, VCS organisations, providers, researchers and other local stakeholder organisations. Successfully ensuring a range of stakeholder representation was widely cited in consultations as a key positive feature of the initial programme design phase. Equally, the inputs provided through stakeholder engagement mechanisms were seen as helpful in informing and shaping the programme. The mechanisms to facilitate these inputs included Planning groups, made up of key strategic partners which convened regularly throughout the development phase, and one-off Task and Finish groups, involving wider stakeholders such as representatives of target groups and providers. The latter were convened on a one-off basis to gather broader inputs. The approach to stakeholder engagement was also seen as important in encouraging ‘ownership’ of the programme from this perspective; as one interviewee outlined:

“The idea was to get ownership of the kinds of programmes that we would want to run. Sometimes someone from the borough would hold the pen, or someone from the GLA, or someone from the volunteer sector…And it worked.” (EPMU stakeholder)

Where interviewees commented on the specific representation achieved, this was generally seen as appropriate, accepting that such engagement needed to be managed carefully to avoid any potential conflicts of interest (particularly in terms of engaging existing/potential ESF providers).

Subsequent stakeholder engagement in the task and finish groups, established to develop the programme concept templates into more detailed programme designs, was similarly seen as a positive feature of the programme that could usefully be utilised in similar contexts in future. Several interviewees also noted that the initial engagement of a range of stakeholders helped to support the intention to learn from, and build on, insights from previous experience in general, and the 2007-2013 ESF programme in London in particular. The role of such engagement through the task and finish groups mentioned was also seen as important in informing the development of the specifications used to specify the ESF provision to be procured. As well as commenting positively on the engagement of stakeholders and the role they were able to play in informing the programme, interviewees generally felt that the mechanisms established for this purpose functioned effectively and were appropriate.

While views on the extent and role of stakeholder engagement were generally positive, a minority of interviewees did feel that aspects of this might have been improved and/or could potentially be enhanced in the future. A couple of interviewees felt that representation and insights from ESF participants could be
considered as part of stakeholder engagement, while one interviewee cited that more representation from academics might have been beneficial. Another interviewee felt that while engagement was initially strong and positive, from their perspective this lessened over time in terms of a lack of ability to comment on and influence the final specifications produced. In this case it was acknowledged, however, that the EPMU was ultimately responsible for and charged with producing the final specifications.

2.2 Role and effectiveness of programme development mechanisms

Interviewees were also asked about the effectiveness of the programme design and development process more generally. Again, views were generally positive, particularly in the context of the size of the London ESF allocation and the need to ensure an effective strategic approach to informing resource allocation and programme implementation. As one stakeholder noted, a growing population, skills shortages and an unemployment rate that remains challenging makes skills and employment funding especially relevant, with the ESF representing an important component of this. In line with this, the design phase of the programme was seen as important, particularly in terms of deciding how best to allocate ESF funding and avoid duplication with any provision already in existence.

The prevailing view was that an efficient design and initial development process had been established and the mechanisms utilised to support this worked effectively. In particular, the effective use of labour market intelligence, and learning from previous ESF programmes, were seen as beneficial. The following comments capture this and are illustrative of the general view that the processes established were well designed, effective, and helped facilitate the strategic approach to programme design and resource allocation required:

"The process was sound. We had an idea that this is what this provision would look like and then how to make that fit in taking all views on board." (EPMU stakeholder)

"I think that process of design that they [GLA] embarked on was thorough. It was relatively theoretical, academic, and analytical, so it had a range of different inputs. I would say it was one of the more credible design processes that there has been, they have obviously built on a lot of evidence of past programmes... they took on board some of the lessons [from previous evaluations]." (LEAP stakeholder)

More generally, the key themes that emerged concerning initial design and implementation can be summarised as follows:

- **Diversity** - While public procurement considerations required careful stakeholder engagement to avoid conflicts of interest, as noted earlier, the process was seen as successful in bringing a diverse set of representatives to the table. Stakeholders involved were keen to stress that the level of expertise in the working groups was sufficient to ensure that a range of useful views could be captured to inform initial programme development and design.

- **Refinement** - With regard to the task and finish groups established, interviewees viewed this aspect of the process as being effective in helping refine the programme from a vision to something that was more concrete and deliverable on the ground. It was acknowledged, however, that this involved making compromises in respect of some of the initial design concepts produced at the initial design template stage of the programme: for example, in response to DWP concerns around the risk of not having enough referrals. This process of refinement and compromise was cited by some stakeholders as leading to changes to the programme that, to some extent, diluted the original vision developed.
• **Adding value** - The development process was also viewed positively in terms of its role in helping to establish the key issues for the ESF to focus on and to identify gaps in relation to the provision being planned. This included developing a greater understanding of what mainstream programmes are already delivering, and where efforts should be focused in order to help ensure the programme had the potential to meet the additionality requirements reflected in the ESF Operational Programme guidance.

• **Efficiency** - Stakeholders also noted that the process included a useful and important focus on how greater levels of efficiency could be achieved; for example, through enabling consideration of the types of provider and the potential size and length of contracts, as well as facilitating discussion of unit costs and how value for money might be ensured. These discussions were viewed as significant in influencing and confirming the design decision to focus on particular target groups and to allocate funding in line with the different unit costs likely to be required to support them effectively.

2.3 **Key challenges and lessons learned**

The need to compromise and adapt the initial programme vision, particularly when translating this to the level of project design, represented the principal challenge raised by interviewees around the design and development of the London ESF programme. In part, this was seen as a consequence of limitations imposed by the ‘opt-in’ national co-financing model, particularly the need to agree provision with the national CFOs that could be commissioned within their respective frameworks. Interestingly, one national CFO representative similarly felt that, in turn, their programme was restricted by the overall ESF programme framework and the requirements established by the ESF MA. This illustrates that this theme emerged at different levels of the ESF programme architecture. Equally, while some interviewees felt that this was inevitable given the need to meet ESF regulations and requirements, it was also evidently a cause of some frustration for a minority of stakeholders. As one interviewee commented concerning the overall ESF programme:

“The programme has been done to us; we’re told what it is and what it will look like.” (CFO stakeholder)

An EPMU stakeholder stated that while the national opt-in model did offer significant levels of influence to local areas, compromises needed to be made, particularly in the latter stages of the development process. This was largely due to national parameters not being made clear until after the process had already begun, meaning many key elements of contracts such as unit costs, key performance indicators (KPIs), targets, project length, payment models and referral routes had to be revised. It was argued that this meant that learning and insights gained during the development phase could not always be fully reflected in the final procured specification.

From the perspective of future devolved approaches to designing and delivering employment and skills policy, several interviewees felt that this experience indicated a need for greater autonomy and ‘true devolution’ in the London context. This reflects a wider common consideration in the literature on devolved employment and skills delivery, in particular around the need to develop approaches that successfully balance (local) autonomy with (national) control in a way that enables sufficient flexibility to reflect and meet local needs.⁵ Whilst stakeholders generally felt that the commitment to locally informed design was not compromised to the extent that this was likely to significantly reduce the effectiveness of the programme.

⁵ See, for example, Atkinson, I. (2010), *Governance structures and the devolved delivery of employment outcomes*, DWP Research Report no.678
overall, limitations to autonomy were nonetheless raised as a concern and the issue of ensuring this in delivering national programmes was commonly stressed.

In addition, the point was made that any successor programmes to the ESF would need to ensure that local actors, in particular LEPs, can effectively inform their design at an early stage. Without this it was felt that the kind of compromises required, and potentially reduced effectiveness of local devolved delivery, would also be evident in future programmes. In respect of the current programme, for example, one interviewee argued that, despite efforts, a lack of local knowledge and detail influencing the national design of the ESF programme meant that local project design and delivery is now having to be ‘retro-fitted’ into the guidance.

As noted, the design and development processes for the London ESF Programme were generally felt to have worked well; hence, few other challenges and issues were raised. The only other suggestion around lessons learned from the process involved the view that engagement could be widened to include participants and that attention could usefully be given to this in future.

2.4 Summary of main findings

As the above findings indicate, the mechanisms and processes established to support the initial design and development of the London ESF Programme were widely viewed as efficient, effective and as having successfully engaged an appropriate range of stakeholders. This latter dimension was welcomed in particular and was seen as having helped ensure that the programme focused on the correct issues, whilst also facilitating an approach able to add value through avoiding duplication. A minority of interviewees felt that engagement could have been broadened, or could be so in future, and that there could be more of a focus on maintaining engagement right through to the final design of specifications. However, the need to balance broad engagement with efficiency was also recognised, as was that fact that the EPMU ultimately had to finalise and be responsible for the design of provision. The key challenge faced in the design and development phase related to the view that the need to compromise in light of the wider programme architecture had diluted the original locally designed vision to some extent. This was seen by some as indicating a need for greater levels of local autonomy in the context of the future delivery of national initiatives and of devolved employment and skills policy more generally.
3.0 Key design features of the programme

Building on the prior discussion of the initial design and development of the ESF programme, this chapter examines some of the key design features of the programme that resulted from this process. It first considers the decision to focus provision on particular customer groups, rather than combining support for different groups into one programme. The success to date of the aim of enhancing the influence of local areas is then assessed, prior to examining progress in seeking to integrate ESF provision with local services. The chapter concludes by summarising the key findings arising from this analysis.

3.1 Focusing provision on specific customer groups

A key aspect of the London ESF Programme’s design concerns the decision to focus on specific customer or ‘target’ groups in developing provision, rather than offering more generic support delivered to multiple groups. This aspect of the programme was informed, in part, from lessons from the previous ESF programming period and has several underlying aims. In particular, the approach seeks to ensure that provision is better tailored to the needs of particular customer groups, building on a recognition that broader programmes do not always provide the tailored support that such groups need. As one interviewee commented:

“It was about supporting those people who were coming through in large volumes. The generic provision was finding it difficult to support and engage these groups in sufficient numbers. These were lessons we learned from the Work Programme.” (GLA stakeholder)

The assumption behind this design is also that smaller, targeted programmes will create opportunities for specialist providers to deliver services, and enable improved tailoring of delivery models to the needs of individuals.

While those interviewed commonly felt that it was still too early to assess the outcomes of this design decision fully, and felt more result data was required to make a firm judgement, it was equally apparent that the approach was felt to be a good idea in principle and was widely supported by local stakeholders. Amongst those offering positive views concerning the approach, its perceived flexibility and the ability to tailor the design of provision in line with the nature and needs of the customer group concerned were commonly highlighted. For example, the point was made by several interviewees that designing bespoke, tailored provision allows costs, pricing and payment models to be more flexible, alongside support being designed in line with the needs of the customer group in question. The view was that this should support providers to meet such needs more efficiently and effectively than might be the case with more generic provision.

Evidence gathered through the visits to ESF providers indicates that some of these presumed benefits are also being recognised or emerging at the level of delivery. For example, ‘designing-in’ the assumption that unit costs will be higher for individuals from certain groups from the outset, especially those further from the labour market and likely to need more intensive support, was seen as beneficial from the provider perspective. In particular, this was welcomed from the perspective of recognising the particular challenges inherent in supporting some customer groups, as well as in the sense of supporting the planning and costing of delivery.

The opportunity to more specifically design and focus support in the context of the current programme was similarly seen as being a positive development amongst a number of provider representatives interviewed.
In particular, this was seen as supporting the effective recruitment of participants and enabling the effective deployment of specific knowledge and expertise on the part of delivery staff. In terms of recruitment, several interviewees at the project level felt that the defined and targeted nature of provision made it easier to communicate the purpose and potential benefits of the provision to participants. From this perspective, it was felt that focusing provision in this way meant that participants have a specific and clear reason for engaging. Related to this, the approach was seen as particularly advantageous for encouraging referrals from organisations such as Jobcentre Plus, whereby work coaches or equivalents may have contact with potential participants requiring specific support such as developing computer skills or English language assistance. Clearly targeting provision was seen as helping communicate its benefits to potential referrers as well as participants therefore.

Targeting provision at particular customer groups was also commonly cited at the project level as enabling providers to mobilise their specific knowledge and expertise. It was noted that this approach better enables delivery staff with detailed knowledge and experience of supporting specific groups to be effectively deployed. This was felt to offer improved delivery compared to a scenario whereby staff support a more diverse range of groups, some of which they may have limited experience of working with. Specific examples of this were offered, including in the context of ESOL provision utilising experienced and qualified tutors along with an experienced coordinator responsible for inputting to and revising course materials. In other contexts, such as in the creative and cultural sector, it was argued that more specialised and tailored support appears to be generating benefits in terms of helping achieve intended outcomes for participants. However, it should be noted that, as with higher-level stakeholders, those at the delivery level commonly felt that evidence for these benefits was emerging but it was still relatively early to offer a definitive view and/or one backed by quantitative results data.

Similarly, this was the case with another theme emerging from discussions around the targeted approach adopted – namely the widespread view that, in theory, such an approach should also encourage effective delivery in the London context in particular. As several stakeholders argued, London is characterised by variation within certain demographic groups and densely populated geographical areas. Being able to tailor provision in the way anticipated in the programme design and specifications was thus seen as key, both in terms of meeting the varied needs of individuals even within particular groups and in reflecting particular local geographical variations and contexts. Again, however, the general view was that while the approach is right in principle from this perspective, more evidence is needed of its ultimate effects in terms of results and impacts.

Despite the general support for the targeting concept, and some emerging evidence of its benefits, some practical challenges and issues were also raised. It was noted that targeting provision at particular groups at the design and procurement stage is more prone to being affected by shifts in the labour market context than might be the case with more generically targeted provision. In particular, the example was offered of improving labour market conditions leading to challenges in participant recruitment as some groups, particularly the long-term unemployed, have become more difficult to find. In this case increasingly flexible working patterns, including a greater prevalence of part time work and ‘gig-economy’ opportunities, was seen as combining with higher employment rates to make recruiting and supporting the numbers anticipated challenging. Some provider representatives also cited particular difficulties working with older workers, who they felt were harder to engage and more likely to disengage once engagement had been achieved. It was also felt that getting older people (for example, those above 50) into work or apprenticeships was more difficult than for younger people.

There were also some concerns raised over the potential for the approach adopted to lead to some people missing out on provision if they did not ‘fit’ with the target group focus of particular projects being delivered locally. It should be noted, however, that such perspectives may relate to a frustration at not being able to
boost recruitment numbers in contexts where engagement is proving challenging. Equally, programme level stakeholders argued strongly that the expectation is for providers to refer any individuals not suited to their provision to other, more suitable, provision that is available. It was acknowledged, however, that such referring on may represent a culture change to some providers and hence take time to become fully embedded; this theme is returned to below in respect of other design aspects to the programme.

3.2 Enhancing the influence of local areas

Another aspect of the programme involves the focus on ensuring greater influence is given to local areas relative to previous ESF programming periods. GLA stakeholders stressed that this was a key area of the programme, particularly following the 2007-2013 programme which, as one interviewee noted, could be seen as being “really a ‘take it or leave it’ approach” from the local area perspective. As with targeting particular customer groups, the prevailing view amongst wider stakeholders was that, in principle, giving greater influence to local areas was a good decision. The following common themes, concerning presumed and emerging benefits, were cited:

- **Partnership working** - From the LA perspective, it was noted that greater involvement enables them to know which providers are working with their residents and in what fields, leading to greater levels of partnership working and collaboration between LAs and providers. Similarly, an improved level of knowledge around the availability of local support and how provision offered through the LA could be combined with this was cited as a related likely benefit.

- **Engagement and retention of participants** - Several stakeholders felt that having a localised system of provision gave participants “more of a feel of support” and potentially attachment to the provision offered. This view was reiterated by project level stakeholders who felt that having support based within the local area, designed with local concerns in mind, helped to promote and sustain engagement.

- **Engagement of local organisations** - There was a view among some stakeholders that having national contracts in the previous programme meant that the design of provision felt remote from the local area and prevented local, often smaller, organisations delivering to the extent that they might have been able to. Project level stakeholders also commented that this aspect of the programme helped them to refer participants to other local and specialist organisations, such as debt management or substance misuse advisory groups, when necessary. Combined with the effects on participant engagement and retention noted, this was seen as contributing to a more holistic and potentially more effective support offer at the local level.

- **Using local and more relevant evidence** - A further advantage cited concerning the more local approach in the current programme was the clearer potential for provision to be more focused on local needs, drawing on local data and intelligence rather than national evidence. Stakeholders felt that drawing on such evidence enabled projects to target provision in the geographic and thematic areas most required locally. This was also seen as helpful at the project level in terms of identifying and seeking to engage with participants.

- **Local knowledge** - Stakeholders felt that offering greater influence to those who have a better understanding of the provision available in their area, as well as a greater understanding of how different services can integrate effectively on the ground, was also likely to be beneficial in terms of delivery as well as planning and design. Project level interviewees similarly cited that the approach is helping provision to be more responsive to local needs, more ‘relevant’ to the local area, and to have a greater understanding of particular local contexts and issues that can feed into delivery approaches.
While, as suggested above, the local focus of the programme was seen as offering smaller and more specialist organisations the opportunity to deliver ESF provision, hence benefitting the local ‘offer’ as a whole, there was also acknowledgement that such providers can face practical challenges. For example, it was noted that such providers can struggle, in particular, with the administrative burden of the ESF. As one stakeholder commented:

“This [the administrative requirements of the ESF] is particularly an issue for smaller organisations and it’s hard to find the balance between expertise and specialist organisations and organisations with enough capacity to cope with the admin.” (CFO stakeholder)

While this issue did not appear to be precluding the engagement of such providers within projects, it was noted that, combined with lower than anticipated referrals in some cases, it did have the potential to discourage continued engagement if and when the ‘costs’ of such involvement outweighed any benefits for the organisations concerned. Some issues were also reported in cases where projects typically work at a micro-local level, within boroughs. It was noted that in some contexts where projects operate at a cross-borough scale, such providers have sometimes struggled to adapt to work flexibly across boroughs due to lack of capacity.

However, in many cases examined even smaller organisations were used to working at a cross-borough, sub-regional level, and generally most projects did not report such issues. Indeed, stakeholders at both project and higher levels felt that the sub-regional contracting approach typifying the local provision within the programme was at the right scale, and that even where organisations were very local they could effectively operate as part of the wider partnership within a project.

As one interviewee argued, for example:

“This [sub-regional level partnership] strikes me for these types of initiatives to be the right sort of scale, in London, given the size and the spatial geography, the ways in which the boroughs interact with one another - the close proximity between boroughs makes it easier for them to work together.” (CFO stakeholder)

3.3 Integrating ESF provision with local services

The design of the London ESF Programme also aims to facilitate the integration of ESF provision with other local services where possible, for example with the Troubled Families Programme. As with providing greater influence to local areas, stakeholders tended to agree with this approach in principle. As one commented:

“The advantage is that if you have DWP or a big government department trying to develop programmes, they don’t necessarily do it in a way that is locally consulted and therefore don’t have so much local buy in, even if delivery body engages with local stakeholders. They found this with the previous TF programme.” (GLA stakeholder)

In particular, the potential for such an approach to bring benefits, both in terms of enhancing overall outcomes from the ESF and for improving the experience of individual participants, was widely noted among stakeholders, including those at the project level. Common themes emerging in respect of presumed benefits of the approach included:

- **Enhancing positive impacts** - There was a widespread view that the delivery of local support tends to have more of a positive impact when local groups, providers and services work together in a more integrated fashion. Such local arrangements were seen as offering the ability to offer more holistic,
integrated and wraparound support focused on better meeting participants’ needs. Addressing related barriers and issues that participants may face, and linking them into local support services they may otherwise be unaware of, were similarly noted from this perspective. In turn, these factors were seen as being likely to have a positive impact on sustained employment, progression and ultimately fiscal benefits for government, though stakeholders frequently added caveats around it being too early to assess the extent to which such impacts are being enhanced in practice.

- **Engagement of participants** - Both provider representatives and other stakeholders similarly noted that, from the participant perspective, integration of support with services that are nearby, more accessible, and more familiar, means people more likely to attend and engage with the overall assistance provided. The opportunity to develop cross referral routes and protocols and enhance the holistic and wraparound assistance for participants noted above was also often cited from this point of view.

Despite the widespread agreement on the theoretical advantages of integrating ESF provision with local services, it was apparent from the consultations that some issues had emerged with achieving integration in practice. While, as noted, both project level and other stakeholders felt it was difficult to fully assess this design feature as yet, there were also indications that achieving the presumed benefits in practice is proving challenging. Some stakeholders with an insight into implementation at the delivery level felt that providers tend to concentrate primarily on their own core delivery, with making linkages with local services being something on the agenda but sometimes challenged by time and resource considerations. GLA stakeholders similarly acknowledged that developing such partnerships and integration takes time and, as noted in respect of improving cross referrals between provision, requires somewhat of a culture change amongst the provider base. As another stakeholder noted when discussing this theme for example:

> “...generally the integration of ESF provision with other services depends on the motivation of the provider - it’s hard to join up provision, it takes a lot of time and effort, and if providers aren’t motivated then they won’t do it.” (London ESIF Committee stakeholder)

Related to this, it was also noted that beyond encouragement to do so, ensuring integration in practice can be difficult due to the lack of (contractual) levers available. For example, from a programme design perspective, one interviewee commented that it is difficult to write ‘relationship building’ into contracts and to attach a monetary value, or reward, to the process. Other practical difficulties encountered included a high level of ‘churn’ in terms of staff within providers and local services, meaning that a large number of personal relationships (which can be essential for the integration of services) are lost. Likewise, it was noted that a greater focus on this area in designing and setting expectations for providers could be beneficial. Similarly some interviewees highlighted a perceived need to better ensure that messages to providers on the benefits of integration are clear and that programme design effectively promotes such a focus, for example through mechanisms to incentivise providers to focus on integration including, potentially, through payment mechanisms. As one stakeholder commented in discussing these issues:

> “In future projects, providers need to be given more time to develop relationships, and need to be supported by a programme that will be more effective for them if they do it.” (London ESIF Committee stakeholder)

While provider representatives gave some examples of linkages and partnerships with local services, across the visits as a whole the impression was that such developments were patchy and in some cases quite limited. The evidence available at the project level thus tended to confirm the impression that this element of the programme design was proving challenging to implement, and the contention of several stakeholders that more could be done to encourage and incentivise this approach in future. It should also
be noted, however, that a number of stakeholders pointed out that the responsibility for ensuring effective integration also applies to local services as well as ESF providers. For example, one interviewee outlined that the level of engagement of local Jobcentre Plus offices with ESF providers, for example in terms of making referrals, can vary significantly. From this perspective, therefore, more could be done both on the part of providers and on services offering support locally.

Overall, therefore, despite some promising examples of relationships being developed and working well, the evidence suggests that there is still scope to further enhance efforts towards integration with local services.

### 3.4 Summary of main findings

There was widespread agreement across stakeholders in respect of the key design decisions that have informed the overall shape of the 2014-2020 programme. Targeting specific groups, enhancing the influence of local areas, and integrating ESF provision with local services were all seen as design elements that were appropriate, sensible and have the potential to enhance positive outcomes achieved through the programme. Evidence gathered through visits to ESF providers indicates that some of these presumed benefits are also being recognised or emerging at the level of delivery, particularly in respect of the approach of providing targeted, tailored provision designed to meet the needs of individuals from specific customer groups. Some concerns were raised, however, around the potential for this approach to be affected by shifts in labour market patterns since provision was procured, with stakeholders highlighting the potential need for flexibility in implementation to help address this.

There is also some emerging evidence around the benefits of enhancing the influence of local areas within the programme, with the sub-regional contracting approach likewise being seen as a suitable scale at which to design and deliver provision. Evidence suggests that the local approach is helping to engender a sense of ownership amongst local stakeholders and has benefits in terms of promoting provision to participants and securing their engagement. As with the targeting of particular customer groups, however, there was also a view that it was too early to fully assess the effects of this local approach in terms of concrete outcomes and results. The same is true of the intention to integrate ESF provision with local services, though in this case there was more acknowledgement that progress in ensuring this at the delivery level is proving challenging and that a renewed focus on encouraging and incentivising providers to develop linkages with other services would be beneficial. Accepting this, there was also a widespread recognition that securing the benefits of such integration will take time, requiring as it does somewhat of a culture change amongst the provider base.
4.0 Programme management and governance

This chapter examines the management and governance of the 2014-2020 London ESF Programme. It first considers the functioning of the London ESIF Committee (LEC) in terms of its role around setting the strategic direction for the programme. The functioning of the EPMU is then examined, with a focus on its role in managing and overseeing the 2014-2020 London programme. Key findings are then summarised.

4.1 Role and functioning of the London ESIF Committee

Interviewees were asked for their views on the effectiveness of the LEC in setting the strategic direction for the programme. The prevailing view among stakeholders was positive. The following themes emerged which reflect the general view that the role and functioning of the LEC was appropriate and effective:

- **Appropriate composition** - Interviewees generally felt that the composition of the Committee was appropriate in terms of having the right balance of individual and organisational representation, including from the LEAP, LA, GLA, VCS and central Government. As well as reflecting the key bodies that interviewees felt should be engaged in informing the strategic direction of the programme, those consulted also commonly cited that the individuals involved represented a broad and appropriate range of experience and expertise.

- **Engagement of wider stakeholders** - Building on the expertise of those directly represented on the Committee, the LEC was viewed as having effectively gathered wider stakeholder inputs to inform the development and strategic direction of the ESF programme. Interviewees commonly cited that the LEC had done well in engaging with a suitable variety of stakeholders from the outset. This was seen as beneficial in particular in ensuring that a range of views and intelligence could be gathered and mobilised by way of effectively developing the programme.

- **Passionate and engaged representation** - It was also noted that Committee members were very engaged with the process, personally committed, and valued ESF as an important part of the employment and skills landscape in London.

While broadly reflecting the positive views outlined above, there was a view expressed by a minority of interviewees that, with hindsight, the Committee could have done things slightly differently, or ensured a different or expanded focus to the programme. For example, one stakeholder argued that there could have been more of a focus on inequalities and wages running through the programme design. Inequality was seen as a major issue in London and a perceived lack of programmes targeting wage gain was raised in this context. However, it should be noted that such a focus is more compatible with ESF Priority 2 which does contain a sizable in-work progression programme targeting those in low paid work, although this priority has a lower funding allocation than Priority 1 overall. Hence, programmes focused on wage inequality would be less prevalent overall compared to other forms of ESF provision.

Although EPMU stakeholders stressed that both Further and Higher Education were represented, another stakeholder felt that the Committee could have had more representation from academic quarters. However, as noted, these were minority and individual views; in general, views on the effectiveness of the Committee were positive. The following comment typified the views expressed:
“It has the right balance of actors and stakeholders who should be consulted, it’s good to see the LEP involved, and good to see representation from a local leading counsellor, representation from the EPMU, from GLA; and…central government” (LEC stakeholder)

While the project visits offered the opportunity to explore views on the Committee’s role at the delivery level, interviewees generally cited that they had either no, or insufficient, contact with the Committee to be able to offer an informed view. However, it is worth reflecting that the positive provider views on the key design features of the programme in the preceding chapter tends to add to the evidence that the strategic direction of the programme, the setting of which was core to the LEC’s function, was appropriate and well received.

4.2 Role and functioning of the European Programmes Management Unit

Interviewees were also asked for their views on the effectiveness of the EPMU in its role managing and overseeing the programme in London. Again, the overall consensus was positive. The following themes emerged concerning specific aspects of the EPMU’s role and their perceived benefits:

- **Dedicated central coordination function** - It was widely cited that having a dedicated central coordination function in London means the programme can maintain a continued focus on local needs, rather than be reliant on a potentially more distant national ESF function elsewhere in the country. It was also noted that London is unique in that it has 33 elected boroughs, a directly elected mayor, and a wide variety of stakeholders. Therefore, the view was that having a dedicated regional function to coordinate programme management is more efficient and effective than having it coordinated at the national level, given the unique complexity, geographical density and features of the Capital.

- **More local influence** - In a similar way, several stakeholders noted that the model of devolved management of ESF funding in London means that decisions about the development of specific forms of provision, and what is funded, can be made closer to the local areas. This was also raised from the perspective of ensuring ongoing and effective oversight. As one interviewee outlined: "I think that it's [EPMU] closer to the source of the intervention. I think that because some of the interventions are relatively complex, and interdependent with a range of factors, including the local labour market, skills levels, a diverse provider base, and multiple providers, I think that it makes more sense for it to be designed locally, where you're in touch with everything on the ground and you have a good oversight, at a level where you can actually make a change.” (LEAP stakeholder)

- **Well informed and experienced** - Several stakeholders also cited that the EPMU team appear well informed and involved with the process of programme development and implementation. It was similarly noted that the team is experienced, with high levels of capability and the capacity to do the work in a sometimes difficult environment. In the London context, given the scale and complexity inherent to delivering ESF in the capital, this experience was seen as important in ensuring that the programme was developed and delivered effectively, but also that it benefitted from a specific London focus and dimension.

While views were generally positive concerning the role given to EPMU as well as its functioning, a minority of interviewees did raise some issues in respect of EPMU’s functioning. Generally this related to issues around communications, particularly in the context of changing requirements concerning the administration or delivery of provision. At the provider level, for example, some confusion was reported around evidence requirements, the perception being that questions in respect of this can sometimes take time to be answered.
However, in many cases similar comments were made concerning CFOs, in particular in respect of the national CFO provision being delivered within the London programme. Such issues were seen by some interviewees as an ESF wide concern therefore, stemming from the often complex guidance inherent to the fund, rather than an issue with the functioning of the EPMU per se. It was also evident that some providers were unclear as to whether delays in responses were linked to a CFO, to the ESF MA, or to the EPMU, and also tended to assume any questions raised with CFOs were passed to the EPMU when in fact that may not be the case. Equally, some provider representatives acknowledged that some of these issues may relate to the ESF MA or a CFO, and hence be beyond the control of the EPMU, though nonetheless stressed that delays in clarifying the guidance has had an effect on the functioning of their project.

Generally, however, these issues were the exception rather than the norm in terms of the provider visits and, overall, positive views concerning the EPMU typified interviewees’ responses.

4.3 Summary of main findings

The management and governance arrangements for the programme were widely recognised as being well designed and appropriate. In particular, stakeholders welcomed the role of the LEC in informing the strategic direction of the programme and engaging a wider stakeholder group to inform this, along with commenting positively on the experience and expertise of those involved. The composition of the Committee was also felt to be appropriate and it was seen as performing well in discharging its core functions. The role and functioning of the EPMU was similarly seen as beneficial and effective. Having a London based function for programme management was particularly welcomed in the context of meeting the particular challenges of ESF delivery in the Capital, and in helping to ensure, along with the LEC, that the programme was focused on being responsive to and meeting local needs. While a minority of interviewees felt that responses to programme guidance queries could be dealt with in a more timely fashion, it was also acknowledged that this was not necessarily down to the EPMU itself and also that it reflects challenges encountered across the national programme as a whole.
5.0 Programme implementation to date

This chapter presents findings concerning the implementation of the 2014-2020 London ESF Programme to date. It briefly examines procurement processes, before turning to consider evidence on the implementation and functioning of the adult employment and adult skills programmes that form key strands within the overall ESF programme. As noted in the report introduction, the third main strand of the ESF programme, the Youth Programme, is not considered directly here given that this is the subject of a separate evaluation. The chapter subsequently examines the use of outcome-based payment mechanisms within the programme (also known as ‘payment by results’). It then reflects on the different approaches to joint working with local and central government evident within the programme across the national co-financed provision, local co-financed provision and direct bid provision involved. Key findings from the above analysis are then summarised.

5.1 Procurement of provision

Provider level stakeholders were asked about the extent to which procurement and contracting processes had supported the effective implementation of the programme. Not all interviewees were able to offer views as in several cases the particular member of staff who was responsible for this process had left the organisation. Equally, in the case of one provider, the bidding process was out-sourced to an external organisation. Accepting this, the prevailing view among providers was that there were no significant problems with the process, which was described by one interviewee as ‘clear and transparent’.

While views were generally positive, a minority of provider representatives did raise some, relatively minor, issues. In one case, a representative involved with the delivery of an ESOL contract felt that the data that had been used to inform the original specification was out of date, which had meant that the basis on which the provision was procured was slightly inaccurate. However, in this instance it was acknowledged that the context had shifted relatively quickly and that the significance of this was only really fully evident in hindsight. As the interviewee concerned outlined:

“The data was gathered in 2015 to say x amount of ESOL requirement in London. That had changed by the time the contract was out for procurement, and by the time they awarded and delivery commenced the whole dynamic had changed. Brexit had a huge impact for ESOL. Many Europeans were too scared to come forward because they think they might be sent home if they are on radar. They don’t want to be on government funded programme” (Provider level stakeholder)

Again, this highlights the point made in chapter three that targeting provision at particular customer groups, or designing specific types of support, is vulnerable to wider contextual shifts and hence there is a need to build flexibility in where possible to take account of this over the ESF programming cycle.

The only other notable issue raised concerning the procurement processes adopted related to a perceived delay in confirming and issuing a contract for provision. In this instance the provider concerned felt that the time between confirmation of award and formal contracting could ideally be reduced in future, given that in this instance the hiatus was felt to have led to delays in starting provision and hence supporting participants. As noted, however, issues such as this were only raised in a couple of instances and the general view of procurement and contracting was positive.
5.2 Implementation and functioning of adult employment programmes

Stakeholders were asked for their views on how the adult employment strand of the programme has been performing to date. As outlined earlier in the report, in many cases interviewees felt it was too early to make strong judgements concerning progress and performance, particularly in lieu of hard data on which to base this. Equally, several stakeholders with roles more removed from delivery on the ground felt that the information they could offer was either limited or very anecdotal. Accepting this, the project visits did provide some insights, as well as confirming that the type of provision and support being delivered was in line with that anticipated in the relevant specifications developed as part of the procurement process. Equally, some higher-level stakeholders also felt able to offer some judgements on progress to date and issues arising, if not more directly on effectiveness and performance.

In terms of the latter group, there was a view among a number of stakeholders that this strand, along with the adult skills strand (see below) has not been as successful to date in terms of implementation as the Youth Programme. However, this view was not universal and, equally, other stakeholders pointed out that the Youth Programme has faced some significant challenges around ensuring effective functioning of the referral pathways established to support the ‘customer journey’ of young people. In cases where stakeholders raised issues or concerns around the adult employment strand, the most common theme emerging related to lower than anticipated numbers coming onto the programme and, linked to this, issues with referral processes and numbers.

One CFO stakeholder, for example, argued that organisations delivering adult employment provision had made overly optimistic assumptions with regard to the numbers of referrals that Jobcentre Plus would provide. It was noted that, in some cases, these assumptions have proved to be inaccurate. Linked to this, several interviewees felt that there had been an inadequate focus on effective outreach, stemming in part from these assumptions. While this was proving to be a challenge in some areas, it was also noted that the patterns of referrals from Jobcentre Plus varied, being high from some local offices and much lower from others. On the part of some interviewees, this was taken to indicate a need for providers to increase their relationship building efforts with Jobcentre Plus, though others felt that there needed to be renewed input at a more strategic level to try and ensure that all Jobcentre Plus offices were making referrals to provision where appropriate. Either way, the importance of awareness raising and promoting ESF provision, along with its potential role and benefits, was a common theme. As one interviewee argued:

“Jobcentre Plus have other referral mechanisms, if there’s no incentive for them to refer onto the ESF programme then they might not bother. More outreach work is needed.” (CFO stakeholder)

These views also reflected common themes that emerged in provider interviews with projects on this strand. In several cases, providers noted that actions had been put in place to try to enhance referral rates but that this would take time. For example, one interviewee outlined how their project had sought to overcome the challenge of lower than anticipated engagement levels in part by appointing ‘community champions’, drawn from participants who had been supported previously:

“They are people who have been through our provision. They go to community centres, libraries, job clubs and try to spread the word.” (Provider level stakeholder)

This approach was seen as a promising and potentially effective way of addressing the issue given the perceived power that ‘peer influencing’ can have.

Linked to the referrals and engagement challenges noted, a further problem highlighted by projects in this strand related to the eligibility checks required to confirm a participant on provision and to start delivering
support. This issue emerged in respect of the national CFO provision in particular, in terms of the length of time it takes to confirm eligibility and hence start support. Specifically in respect of projects commissioned through the DWP CFO programme, for example, it was noted that there is a 20 working day deadline for completion of this part of the engagement process but that this has, at times, taken up to 40 days. Several interviewees noted that such delays mean that their project is delayed in supporting participants, but also that this can sometimes cause potential participants to disengage entirely and hence not benefit from the support on offer. More broadly, delays in some elements of the adult employment strand in, as one interviewee put it, ‘getting up to speed’ was seen as an issue. This generally, though not exclusively, related to provision within the nationally co-financed Building Better Opportunities element of the programme that was felt by some interviewees to have had an overly elongated development phase.

While such issues and challenges were raised by provider representatives and others, interviews with project staff delivering support within this strand suggested that when participants are engaged and support is delivered that positive outcomes are being generated. Equally, in most instances provider staff argued that their provision is working well and the types of support on offer are meeting the needs of participants. In several cases representatives outlined examples of participants moving into employment and sustaining this employment, whilst those currently looking for work were pleased that the project was helping them to ‘move forward’ towards securing a positive outcome.

Providing participants with individually tailored support, based on a detailed assessment of their needs, emerged as a particularly strong theme when discussing aspects of delivery perceived to be working well with providers. Across the provision reviewed, providers commonly ensured participants had access to a dedicated ‘coach’ who, together with the participant, worked to identify the reason for the participant’s lack of secure employment. Frequent reasons emerging from such a process included a lack of skills, low self-confidence, lack of knowledge of the modern labour market (particularly in the case of older participants) or other concerns, such as housing. The engagement of specialist providers to meet particular needs was also discussed in this context. Supported by this, it was outlined how the coach would then work through the issues with the participant, eventually leading to job profiling activity, CV writing support, and interview techniques/practice, as well as addressing some of the specific barriers they may face due to wider issues such as substance abuse or insecure housing situations. This sort of holistic and tailored support was seen as a key feature and benefit of ESF provision in particular, and the opportunity to deliver it was commonly welcomed by providers.

While adult employment providers were also asked about aspects of delivery that were not working well, few specific examples were offered beyond the challenges outlined above; namely, those concerning referrals, engagement, and evidencing participant eligibility to ensure delivery of support in a timely fashion.

5.3 Implementation and functioning of adult skills programmes

As with the adult employment strand, a common theme raised by stakeholders (including those at the provider level) concerned the issue of a lack of referrals, particularly from Jobcentre Plus. A provider level stakeholder delivering within this strand expressed the view that Jobcentre Plus priorities have changed since the procurement of the adult skills contracts, reflected in an increased focus on getting people into work rather than developing their skills as part of a pathway to sustained employment. This was felt to be having an effect on delivery of some of their provision. As the interviewee concerned outlined:

“We have to deliver 60 learning hours on retail and ICT contracts. Since then the Jobcentre priorities have changed…they say they do not want someone to go on a course as they need them
to get a job, so the basis that they are referred is to find a job. So 60 learning hours is not always possible. We need some flexibility with this.” (Provider level stakeholder)

Another provider level stakeholder, however, did comment that having a targeted approach to delivery and offering specific forms of support, whether sectorally based or focused on ESOL support, has helped in gaining referrals from the Jobcentre. The perspective was that this helped make the provision on offer clearer to Jobcentre Plus Work Coaches and also supported them to address the particular needs of certain individuals, hence encouraging referrals. As the interviewee noted:

“We have a specific reason [for a referral], for example they need ESOL, they need ICT skills. It is easier to speak to referral sources and target a particular cohort than just being generic.” (Provider level stakeholder)

Other issues raised by providers included the view, discussed above, that the profiles and expectations for ESOL provision had been based on data later shown to be of limited use due to wider contextual changes, along with a perception in some quarters that individuals were coming onto the provision who were not interested in, or did not have a need for, more formal qualifications or longer term training. This latter point was raised by some interviewees in the context of discussing individuals who engaged on the provision but did not necessarily have the motivation or desire for a full qualification in some cases, or were perhaps only requiring more generic employability skills support in other instances. As one provider representative commented:

“A lot [of participants] are not interested in a course or qualification. They just want a job …employability training is okay, they are happy with CV help, interview skills etc. but a Customer Service Level 2 qualification they say no and engagement then falls.” (Provider level stakeholder)

This was noted as particularly problematic among participants over the age of 30 who associate taking part in a course or qualification as ‘going back to school’. Some providers that raised this issue noted that they are seeking to address it by managing participant expectations from the beginning, whilst ensuring that they understand the benefit of being upskilled. While raised as a concern by some providers, the cause of this issue in terms of whether inappropriate referrals and engagement were responsible, or a lack of interest or motivation on the part of participants, was the key problem was not always clear or consistent across the different cases concerned.

While provider representatives and other stakeholders raised the above issues concerning progress in implementing and delivering adult skills provision, it should also be noted that these problems were not universal across the projects reviewed. Equally, as with the adult employment provision, provider representatives in particular outlined that some aspects of delivery, and the support offered, were working particularly well. Common themes included the ability to, and benefits of, being able to work with a diverse range of partners, as well as the flexibility ESF provision was seen to offer in supporting individuals with their skills needs. In the case of one provider, for example, the approach adopted included engaging small independent theatres, fashion companies, textile training centres and charities through which to deliver learning opportunities. Having this diverse range of options was seen as enabling the provider concerned to tailor support based on individual needs and interests, along with what each partner was able to deliver. In addition, it was noted that:

“Learners could also jump between them [partners] depending on where their career path wanted to be.” (Provider level stakeholder)
The diverse range of support available within the provision was similarly cited by a number of interviewees as ensuring that participants get a more holistic form of assistance relative to, for example, just attending a single course. As with the adult employment provision, needs assessment and dedicated case workers were also cited as significant, alongside different forms of support being offered as part of the ‘participant journey’, ranging from mentoring, through employability and basic skills support, to assistance to gain specific job related skills and higher level qualifications.

5.4 Use of outcome based funding mechanisms

Stakeholders were also asked for their views on the Payment by Results (PbR) model being utilised across the majority of the 2014-2020 programme. Interviewees tended to express positive views on this aspect of the programme, both in principle and in practice, though this perspective was not universal – particularly at the provider level. In particular, higher level stakeholders felt that this approach was both correct and a key feature of the particular approach adopted by the London programme (along with the focus on ensuring sustained employment outcomes). A key theme from this perspective concerned the role that PbR was felt to be playing in encouraging behaviour change at the provider level compared to some experiences of ESF programming periods in the past. Specifically, there was a common view that PbR was successfully acting as a driver to focus delivery organisations on achieving outcomes.

It was likewise frequently noted that the model provides additional leverage from a programme management viewpoint. From a CFO perspective, for example, one interviewee discussed how PbR gives the ability to withhold payment where outcomes are not being achieved, and ensures an element of control in terms of management and compliance. Related to this, several interviewees also cited the PbR approach as being important in helping to ensure that providers focus on meeting the policy intent behind the design of the ESF programme, for instance in terms of helping to focus support on particular groups and to develop the outcome-based payment model in line with this.

More broadly, as one stakeholder commented, to some degree in order to reach the intended participants, it is necessary to incentivise providers with specific targets and ‘rewards’. The point was made that:

"There's always a risk that whilst [providers] might be well-intentioned, without the financial incentive, they tend not to really focus on the things that matter." (CFO stakeholder)

Related to this, the potential benefit of PbR in terms of participant outcomes was also cited in terms of its potential to incentivise providers to take extra measures to help people achieve outcomes. Likewise, the potential of such models to encourage innovation was also commented on, for example in cases where a particular approach has not created the desired results. In such contexts the view was that providers are forced to ‘think outside the box’ to meet the requirements of the payment models adopted, and ensure that delivery is successful while making sure that they are appropriately rewarded for their efforts.

While the prevailing view of the use of PbR models and their effects was positive, some interviewees did raise potential issues in respect of such models. The point was made that there is a danger that the focus becomes too concentrated on achieving outcomes ‘by the letter’, rather than offering a more holistic and rounded form of support. For example, a view was expressed by a provider representative that PbR ‘makes it black and white’ in terms of the need for this focus on outcomes, whilst not necessarily capturing and rewarding the range of support needed to achieve them. However, it should be noted that this was a minority view and the general perspective was that, in practice, the design of the PbR mechanisms being utilised was such that they did not preclude such holistic support, but rather that this might be required to achieve a (rewarded) outcome.
From this perspective, it was also noted that adequate controls are therefore required to ensure that the participant is still benefiting and outcomes are sustainable, as well as avoiding scenarios where providers are incentivised to focus on the easier to help. This was seen as a challenge for the design of outcome-based payment mechanisms in general, rather than necessarily being specific to the London programme. Equally, from a similar perspective, the point was made that PbR cannot always be successfully modelled in advance; as one interviewee commented:

“…There is a risk that boxes are ticked but that the effects aren’t really experienced. It’s an issue of the low-hanging fruit. You need to get the weighting right, but sometimes it’s only visible after the programme has started if the targets are too hard or too easy.” (EPMU stakeholder)

Some interviewees also raised the point that some of the providers delivering the programme, particularly more targeted or niche provision, often come from the voluntary and community sector. It was noted that cash-flow can be a major issue for these providers, as a result of which funding activities in advance (at their own risk) can be problematic. Stakeholders at the GLA, however, were keen to emphasise that the PbR model used in the London ESF context ensures that controls, measures and flexibility is in place to avoid that scenario. These controls included:

- The ‘harder to help’ a customer group is, the more money is paid up front
- Payment is attached to job progression/promotion, ensuring providers are focused on sustainable outcomes for participants
- Careful target setting has been used to mitigate potential issues.

A further issue raised by provider representatives in particular was the perceived ‘pressure’ relating to, and requirements concerning, the evidence required in order to receive payment. However, different views emerged in respect of this; indeed, one provider representative felt that this was a good thing:

“An element of pressure keeps the compliance team on its toes. The team inputs all data onto our database. We are very strict with evidence and would not process anything until evidence is in. We feel pressure to get evidence otherwise whatever we forecasted to [the CFO] will not come in.” (Provider level stakeholder)

On balance, most stakeholders agreed that, given the controls put in place, PbR remains an effective and more efficient approach to use for a programme of this size, as opposed to grant funding or similar. In some cases, it is also worth noting that this judgement was informed by the parts of the programme not using PbR approaches and the challenges being experienced in these areas. In particular, the heavy administrative requirements of aspects of the programme using grant-funded, ‘actual costs’ models were referenced from this perspective as imposing significant requirements on providers. This appeared to be the case in respect of provision delivered through the Big Lottery’s Building Better Opportunities programme.

5.5 Reflecting on the different approaches to joint working with local and central government

5.5.1 National co-financing provision in the London context

Stakeholders were asked for their views on how well the national ‘opt-in’ CFO element of the provision has been developed and is performing. While stakeholders generally agreed that this aspect of the programme
ensures that funds are available which otherwise would not have been, and that a good range of provision is available within it, there were still some challenges highlighted. In particular, these included:

- **Integration**- There was a view that some programmes have not integrated as well as hoped with locally designed provision, particularly in terms of referral processes across the available provision.

- **Local knowledge**- There was a perception that a lack of proper understanding of the local provider marketplace has limited CFOs during the implementation and delivery process. In particular a perceived lack of innovation was highlighted by one interviewee in this context:

  "If you really want to improve going forward, you need a really sophisticated understanding of the marketplace, and you need to encourage providers to be more innovative." (LEAP stakeholder)

- **Relationships and trust**- There was a view on the part of some stakeholders that national CFOs did not have sufficiently established relationships with providers. It was argued from the perspective of one provider representative that this has resulted in time being spent building relationships and trust before the project was able to start to deliver effectively.

As noted earlier, there was also concern on the part of some interviewees that elements of the adult employment national co-financed provision had been slow to start delivery, the view being that the development phase of the Building Better Opportunities programme in particular could have been reduced. Other issues raised related to the challenges faced, and perceived compromises required, when developing a project from its original vision to implementation. It was noted in particular that the scope and breadth of the initial intended offer through national co-financing routes had needed to be reduced, along with some compromises made in the specific design of provision (as discussed in chapter two above). Stakeholders generally felt that it was too early to assess whether these issues would compromise the programme and its outcomes significantly, but nonetheless felt that they indicated a potential need for more local control over future initiatives aiming at similar objectives to the ESF programme.

### 5.5.2 Role and effectiveness of local co-financing

Stakeholders were also asked for their views on how well implementation of the local CFO element of the provision has progressed, as well as the perceived broader benefits or disadvantages of this approach to delivery. As reflected in the earlier discussion on the design of the ESF programme, a key advantage to locally developed and managed co-financed provision concerns its perceived benefits in terms of being able to target local needs. Relative to the national co-financed provision, the prevailing view was that this resulted in fewer compromises being required and an ability to mobilise knowledge of the local provider market more effectively. While not being seen as free of challenges and constraints, including the difficulty of securing adequate match funding to reflect the scale of London’s needs, local co-financing was generally welcomed as a positive component of the programme.

Linked to the above, in some cases interviewees felt that the increased responsiveness to local need, and fewer design constraints, meant that there was more scope to develop innovative provision through this route. However, views on the extent to which this had filtered through in terms of the provision ultimately procured tended to vary. In particular, some stakeholders felt that local CFO provision was lacking in ‘innovation’ relative to its potential to promote this, with many of the same types of providers from previous programmes and initiatives being awarded funding. From this perspective, it appears that methods and activities have largely remained the same as was the case in the preceding programme.

Accepting this, other interviewees felt that there would always be a balance between trying new things and building on practice previously established as effective. Likewise, it was noted that with the PbR approach
adopted providers themselves were responsible for innovation, if they saw fit, in order to achieve the results required. Equally, one stakeholder commented that if there is a lack of innovation in locally co-financed and other provision, this is likely to be reflective of the current provider market in London. As such, this situation was seen as being likely to remain a challenge even if a significant re-design of the programme, aimed at ensuring a greater prevalence of smaller and more innovative providers, were to be promoted.

Beyond these points, those stakeholders who felt able to comment on this aspect of the programme generally felt that local CFO provision was functioning broadly as anticipated. However, the view was that there is little hard evidence to date to get a more precise handle on performance relative to the other delivery models within the programme.

5.5.3 Role and effectiveness of direct bid provision

Stakeholders were also asked for their views on how well the direct bid element of the programme has been performing. Projects funded through the direct bid route are required to provide their own match funding and are directly funded and managed by the EPMU. A call was opened in 2015 by EPMU for large projects that complemented mainstream funding and Co-financed provision and 5 projects were awarded funding under this Call. A variety of activities are taking place with many different target groups. Projects in this element of the programme are large and have either used more traditional in-house delivery models, with the use of project partners to deliver support, or have delivered provision through sub-contractors, similar to the CFO model.

The following themes emerged:

- **Scale** - Stakeholders involved with direct award projects stated that the key advantages of this approach related to scale. As larger projects, stakeholders said they were able to deliver the provision and achieve outcomes at lower unit costs...

- **Engagement** - From this perspective, this means participants are more engaged in the locally designed and specifically targeted provision concerned, and are therefore more likely to stay on the projects concerned.

- **Flexibility** - Furthermore, in the opinion of some stakeholders, the perception was that direct bid projects can support participants in a more flexible and tailored way than was perceived to be the case in other programmes. From this perspective, therefore, direct bid projects were thus viewed as being more likely to successfully engage and support the harder to reach. One stakeholder noted, for example, that this form of provision is well suited to some of those further from the labour market:

  "There are issues in East London around economically inactive, people very far from the labour market so we have a big cohort in that sense." (Direct bid stakeholder)

It was also noted that knowledge of the local area on the part of those delivering direct bid provision has helped with opening up other services and working with other agencies. This, in turn, has other benefits. According to one stakeholder involved with a direct bid project, in general evidence shows that local services tend to have a more positive impact on outcomes such as sustained employment and progression. From the perspective of participants, the stakeholder stressed that they are more likely to engage (and remain engaged) when the provision is local, accessible and familiar. Again, however, it was acknowledged that further data is required to establish these contentions fully.

Despite the above discussion of potential and perceived benefits to the direct bid route, some practical difficulties in the context of direct bid projects were also raised, in part relating to the type of target group
they are working with. While not unique to the direct bid route, one direct bid stakeholder outlined challenges around having to meet the London-specific indicator on sustained employment, due to difficulty in tracking participants:

“We struggled. There was difficulty tracking people, most boroughs are confident they can get people into jobs but to be able to track that because people move, change number, lose touch. It is very difficult to demonstrate.” (Direct bid stakeholder)

As with locally co-financed provision, but possibly to a greater extent, the need to secure match funding was also raised as a particular challenge in the direct bid context. This was seen as leading to greater difficulties in getting the direct bid aspect to the programme up and running, as well as limiting the range and prevalence of provision it offers in theory. Furthermore, it was also noted that the direct bid route implies a heavier management and administration cost than nationally and locally co-financed provision. In part, this was seen as being due to the nature of direct bid provision, in terms of multiple individual projects being supported. Consequently, this model was seen as not offering the potential economies of scale characteristic of some co-financing approaches. As one interviewee outlined:

“The programme is so huge that we'd never be able to find all the match funding ourselves even if we wanted to. It's also impossible for people to manage hundreds of millions of pounds through directly funded projects. Co financing is the only sensible way to manage a programme of this scale in London.” (EPMU stakeholder)

It was also stressed by an EPMU stakeholder that meeting the diverse needs of a city the size of London would be very difficult through direct bid provision alone. In order to achieve the maximum impact, a balance therefore needs to be achieved between strategically targeting groups through locally co-financed, nationally co-financed and direct bid projects.

In general, therefore, while direct bid provision was felt to have some key advantages around the flexibility to precisely target provision and meet particular customer and geographical needs, there was also recognition that there are challenges and possible disadvantages to the approach. Nonetheless, the prevailing view of those discussing the direct bid aspect was that it formed a useful element of the programme and one that, as a couple of interviewees discussed, has some distinctive features that could prefigure, in part, future locally based approaches to meeting London’s needs.

5.5.4 Comparing the different models

As well as the insights gained from discussing the different individual approaches to delivery embedded in the programme, stakeholders were also directly asked for their views on how the different models compare to one another. Few stakeholders felt that one or other approach represented a clearly or significantly better use of funding than another. The prevailing view was that each model has its own benefits and limitations. Equally, interviewees commonly felt that the balance of the use of the different funding models for this programme has been broadly correct, and that there were advantages in combining the economies of scale and greater match funding available through the national Opt-in route, delivering provision designed by the LEAP, with the benefits offered by local CFO and direct bid provision.

Accepting this, the tension between the approach required to successfully design, implement and manage a programme of the scale of the ESF in London with the desire to meet very local needs through niche and targeted provision was frequently noted by interviewees. While discussing the benefits of local co-financing and the advantages of the direct bid model, for example, one stakeholder nonetheless reflected on some of the disadvantages and tension that arises in the following comment:
"To deliver provision that is very direct and relevant to that particular area, there are knock-on effects in relation to policing and compliance, of the provision as a whole. Once you start getting a range of very specific programmes focused in specific localities, everything becomes more complex because each contract has its own nuances and requirements, it makes it much more resource intensive to manage." (LEP stakeholder)

In terms of informing future provision, the above considerations were seen by some interviewees as suggesting the likely need, for example in any replacement programme to the ESF, to combine larger scale programmes with common delivery approaches across at least the sub-regional level with a more limited very locally targeted set of provision. The need to ensure adequate management resources at the centre in terms of GLA’s potential role was also highlighted from this perspective.

5.6 Summary of main findings

Reviewing the implementation of the 2014-2020 London ESF Programme to date highlights that, while delivery is progressing broadly as anticipated, there have been a number of challenges to each of the delivery strands and approaches adopted within the programme. Although the initial procurement and contracting of provision was generally seen as working well, there have been some common challenges faced across the adult employment and skills programmes. Lower than anticipated referral numbers and engagement levels, and delays in confirming participant eligibility in some instances, were the most frequently referenced issues. In addition, some of the nationally co-financed elements of the adult skills provision have taken some time get fully up to speed following a lengthy development phase.

Despite such challenges, however, there is evidence at the provider level that delivery is working well in many cases with some positive indications concerning the outcomes being achieved for participants. In particular, the case-managed, tailored, and holistic approach being taken to support individuals is seen as an effective delivery approach, as is ensuring a range of support for participants to meet their varying needs. Where these approaches seem to be working well, therefore, the ability to engage, and refer to, partners with specific roles and expertise is seen as being significant. In terms of supporting effective delivery, the PbR approach common across much of the programme is similarly seen as being beneficial in focusing attention on the desired results of support and in ensuring that its policy intent is met.

Accepting the generally positive impression of progress being made, it is also widely acknowledged that more result data is needed to fully assess the relative performance of the different elements of the programme. This is true of the different strands of activity (adult skills, adult employment, and youth provision) as well as the different delivery approaches that the programme comprises: national co-financed provision, locally co-financed provision, and direct bid provision. In respect of these approaches, stakeholders identified some key advantages and disadvantages to each, though none was seen as being clearly or significantly better than the other, at least in the context of the current ESF programme. While locally co-financed and direct bid provision were widely seen as beneficial in the London context by way of addressing the Capital’s specific needs in a targeted way, the additional complexity and management requirements of the direct bid approach in particular were also acknowledged. Likewise, national co-financing was seen as a key component of the programme given the need to secure match funding, and its advantages concerning the ability to more easily deliver at the sort of scale required for a London-wide programme were also recognised.
6.0 Lessons for future programming and concluding remarks

This final chapter considers the implications of the preceding analysis for future programming activity, specifically in relation to the remainder of the ESF programme, a potential domestic successor programme to the ESF post-Brexit, and in respect of the Adult Education Budget, devolution of which in the London context is expected to commence in 2018-2019. Views directly gathered from stakeholders are also integrated into the sections that follow, in addition to discussion of some insights from the wider literature on devolved employment and skills approaches. The chapter finishes by offering some concluding remarks on the programme as a whole, along with presenting some key recommendations arising for consideration by the GLA.

6.1 Implications for the remainder of the ESF programme

The preceding chapters indicate that there is widespread agreement with the overall design of the London ESF programme and the key components within it. As such there appears to be little need for significant changes to the programme as a whole for the remainder of its delivery. However, as reflected in stakeholder responses to being asked about lessons for the remainder of the current programme, there are both a number of successful elements that can be usefully built upon, as well as some areas that might require further or particular attention in the second half of delivery.

In terms of successful elements, the thoughtful and rigorous approach to programme design and development apparent, and its wide engagement of relevant stakeholders, should be mirrored as far as possible in developing provision through the remainder of the programme. Likewise, the local focus that runs through the programme was felt by interviewees to be important to maintain as far as possible, including, in particular, the focus on sub-regional delivery and contracting, along with engaging local providers with specific local knowledge. Alongside the national co-financing provision, itself LEP designed, and direct bid activity, this local co-financing aspect was seen as comprising a balanced programme as a whole, able to utilise the advantages of different delivery approaches whilst mitigating their disadvantages as far as possible. Again, therefore, stakeholders generally felt that the broad parameters of the programme, and the balance of provision between these elements, should be maintained.

Stakeholder views on key lessons to inform the second round of ESF commissioning closely reflected the points raised above in relation to successful programme aspects. Building on the processes and mechanisms established to date, including those relating to stakeholder engagement, governance and management, was therefore cited as important because it provided a solid basis for the development of future activity. Similarly, the approach of using PbR within contracts was generally seen as important to maintain, given its role in driving provider behaviour and improvement, along with the management and compliance levers it offers. The same was true of the programme focus on promoting sustained employment outcomes, around which there was a broad consensus that this represented the correct approach and should be further promoted in contracting and payment models as far as possible.

While recognising the constraints faced due to the need to provide match funding, and the resource requirements for programme management at the London scale, a number of stakeholders also argued that the compromises required in the context of nationally co-financed provision indicated a need to progress local design and devolved delivery further, where possible, over the remaining programme lifetime. As one such stakeholder argued, for example:
“If you want the full benefits of a local approach then it needs to be a fully local approach.” (GLA stakeholder)

Reflecting the themes of some of the previous chapters, stakeholders also felt that some elements of the programme require further attention to ensure that delivery works better and that the outcomes generated are as positive as they might be. Key issues raised in this context related to the need to reiterate the importance of integration with local services, both to ESF providers and where possible to services themselves. Linked to this, it was noted that discussions with Jobcentre Plus at a strategic level might be used to ensure that offices referred participants to, and accessed the benefits of, ESF provision in a more even and consistent way. Encouragement of providers to further develop links with local Jobcentre Plus offices, as well as with other services, was also commonly discussed in this context.

Other communications to the provider base were also raised as being potentially important to enhance the functioning of the programme. The need to further encourage culture change to ensure providers are more ready to cross-refer between provision in light of individual needs was discussed in this context, as was stressing the importance of ensuring a diversity of engagement mechanisms, including effective outreach, to increase the numbers able to benefit from ESF support. More broadly, stakeholders commonly cited that improving referral numbers and increasing engagement levels on the programme should be prioritised in the remainder of its delivery. Addressing the above issues were seen as ways to achieve this, but it was also felt that additional consideration and ideas on how to achieve this might be required. Finally, several interviewees felt that the EPMU should work with the ESF MA, providers and CFOs to address delays around evidencing and confirming programme eligibility, ensuring that this process is as streamlined as possible so as to avoid losing any individuals that may benefit from support.

6.2 Implications for the devolved Adult Education Budget

Stakeholders were also asked for their views on any lessons from the experience of ESF delivery that could help inform the future devolved Adult Education Budget (AEB). While many interviewees struggled to make direct links between the experience of the ESF programme to date and the AEB, or had limited knowledge of the context and plans for the latter, the following issues and suggestions were raised:

- **Engagement and communication**- It was felt that design and implementation planning needs to ensure similarly high levels of engagement and communication between all stakeholders as was apparent for the current ESF programme. This was seen as significant in terms of helping with clarity on whether stakeholders at different levels in the areas of skills provision are ‘on the same page’ as the policy makers, particularly in terms of its links to employment and employer needs, and that the design intent is able to be followed through ‘on the ground’. In the context of current uncertainty concerning the exact parameters of the planned devolution of the AEB, such engagement from an early stage was seen as key to making this work.

- **Data and evidence**- It was noted that the current ESF programme has been good at ensuring the direction of travel with policy is closely aligned to data and evidence, with each of these aspects informing the design of provision. It was therefore cited by several interviewees that it will be important to ensure that this continues in the context of the AEB.

- **Capacity building**- Some stakeholders felt that there is a need to build up capacity and capability amongst providers to ensure that they understand and access available and relevant evidence, and use such evidence to inform their delivery. This was seen in some quarters as being one of the more
challenging areas in the ESF programme, and one likely to require particular attention to ensured devolved AEB delivery is a success.

- **Strong and clear guidance** - The importance of developing strong and clear provider guidance, and effective communication of expectations to the provider level, was also seen as an important lesson from ESF. Again, this was seen as particularly important given the novelty represented by the plans for devolving the AEB, allied to the uncertainty of exactly how it will work at present.

- **Experience of national organisations** - There was a view that engaging and drawing on the experience of national organisations will be important in delivering devolved programmes, particularly in this context that of the ESFA. Developing and maintaining strong links at strategic and operational levels was also discussed in this context on the basis of insights from the role of the GLA as an ESF IB and the need to link in effectively with the national ESF MA.

In addition to the above points, a number of stakeholders stressed the importance of learning lessons from the adult skills and youth strands of the current ESF programme more generally. However, this was often raised alongside the view that, as yet, there is insufficient hard evidence around what works from the ESF programme to provide a solid basis for the AEB’s development. As such, some interviewees felt it would be equally important to consider any insights from research commissioned around adult skills, including that produced by the UK Commission for Employment and Skills (UKCES) prior to its closure as well as from the DfE.

### 6.3 Implications for a potential domestic successor programme to the ESF

Much of the learning and implications for a future domestic successor programme to the ESF identified by stakeholders closely mirrored that relating to the remainder of the current programme discussed above. Ensuring effective stakeholder engagement, effective referral and engagement mechanisms and routes, and the effective use of evidence and data were all commonly highlighted considerations in this context therefore. However, there was also a strong tendency for interviewees to stress the importance of the local dimension, and of the potential for enhanced devolution of powers and funding, to a greater extent.

The findings discussed earlier in respect of the relative advantages and disadvantages of the different delivery models used in the current ESF programme can thus be seen as particularly instructive in this context. In particular, if more thorough-going devolution becomes an option, then the importance of ensuring that strong and well-resourced management and governance arrangements are in place is likely to be key. Similarly, the need to combine at least some relatively standardised programmes alongside more tailored, smaller and niche provision may well be required, particularly in light of the likely volumes such a programme might support and its potential complexity.

Certainly, there was an evident appetite amongst many of the stakeholders consulted for increased devolutionary powers in the context of a future programme. In particular, the theme of local autonomy and its potential benefits emerged strongly, with interviewees noting that it would be important for any future programme to ensure and guarantee effective local autonomy, with as few as possible ‘strings attached’ to local funding. While the need for oversight was acknowledged, several stakeholders argued strongly that local areas need as much flexibility as possible to use funding around employment and skills to best meet their needs.

A locally based flexible and responsive approach was also seen as being important to promote the ability to respond to any economic shocks or issues that may arise during a period of programme delivery. It was
noted that a restrictive aspect of ESF is been the inability to change certain targets or indicators set years in advance in light of changing circumstances, in addition to the limited flexibility in changing the design of provision once commissioned. One idea here related to retaining part of a future programme budget for responding to changing economic contexts or local needs; as one stakeholder commented:

“We need flexibility to use [a] funding pot within reason to meet our needs.” (Direct bid stakeholder)

Adding to the argument for further devolution in any future programme, stakeholders were in agreement that the GLA, as an established regional actor, is a huge benefit to London. It was seen as putting London in a position where there is an authority to coordinate and, as one interviewee put it, “to fight our corner with national government” in a way that some regions do not have. This was seen as providing a solid basis for pushing for more autonomy; it was also noted that such a move in respect of a domestic successor programme would chime with broader devolutionary shifts at the policy level.

6.4 Additional insights from the wider literature

Given the themes emerging above around the potential for further devolution, and the considerations needed in respect of it, it is also worth considering some insights from the wider literature around devolving employment and skills policy and delivery. The need for careful balancing of central oversight with local autonomy runs through much of this literature, though the evidence base shows that the latter consideration is often given insufficient attention or value relative to the former, particularly in the UK context of a historically very centralised form of government. In advancing a case for greater autonomy in any successor programme to the ESF, therefore, there is a strong need to be clear over the parameters of this autonomy and to ensure as far as possible that it is sufficient.

Moreover, ensuring sufficient and effective autonomy needs to be a consideration at a range of levels, not only at the level of the organisation co-ordinating the devolved delivery of policy but also at the level of delivery. A number of evaluations of DWP initiatives pick up on this aspect; for example, an evaluation incorporating a review of the Flexible Support Fund (FSF) that was intended to offer more influence to local Jobcentre Plus offices to respond to local needs.6 As the report in question makes clear, the successful implementation of such initiatives requires an approach wherein those implementing approaches on the ground are given sufficient autonomy, and confidence, to do so effectively. Without this, such devolved approaches are prone to failure.

In the context of the AEB, this theme is picked up in an article published by the Association of Colleges which addresses questions of autonomy and devolution from the perspective of “…how much space, for whom, and exercised at what levels and through which mechanisms?”7 As the article notes, devolving skills policy through different levels faces two main dangers: “…too much localisation leading to fragmentation and incoherence (system disintegration); or the retention of too much central control leading to an anaemic model of policy design and delivery at local levels, and the continued over-reliance on the centre to create and superintend reform.”8 This again stresses the need to balance autonomy and accountability when devolving to the next level down; in the context of London and the AEB, this is of key relevance both to the shape of the devolved powers granted by central Government, and the role of the GLA in turn in effectively empowering local providers.

8 Ibid.
The same article highlights a further key consideration for devolution in the AEB context, namely the importance of effectively responding to demand through effective use of local labour market intelligence (LMI) and effectively assessing and capturing the needs of employers and the local economy. As the author notes in particular, “Localities that want to change the nature of their local economy and boost wages and productivity, rather than simply meeting an arbitrary skills supply target, will need to explore new ways of framing and delivering skills policies that move beyond the comfort zone of yet another attempt to simply boost skills supply.”

This stresses the need both for effective local LMI and an approach to delivering the AEB that is given the freedom to link the delivery of skills to local economic needs while supporting and enhancing partnerships between providers and employers. This latter theme is also reflected in several other sources, including the UKCES report ‘A New Conversation: Employer and College Engagement’ which highlights the need to put relationships between colleges and employers centre stage, and to focus on effective small and medium enterprise (SME) engagement in particular.

As well as more specific literature focusing on skills policy and the AEB, there is a wider body of work that can be used to provide more general lessons and guidance in the context of potential enhanced devolution. This is of relevance both to a future potential domestic successor to the ESF and to other approaches that seek to effectively deliver national initiatives such as the Work and Skills programme at the local level. The work of Clayton and McGough on employment and skills policies in the context of City Deals is worth considering here, in particular the six key elements they define for an effective demand-led local employment and skills system several of which pick up on the themes noted in the AEB context above.

These elements are:

1. Partnership arrangements to facilitate coordination and cooperation across sectors and localities
2. Effective employer engagement to ensure there is a direct account of local business needs, as well as encourage their involvement in the design and delivery of initiatives
3. High quality labour market intelligence (LMI) to inform the design and delivery of employment and skills policy
4. Shared objectives based on a shared understanding of the local labour market context and priorities for the city region
5. Alignment between delivery partners which may require service reform and integration at the local level
6. Performance management and evaluation to effectively hold partners to account and highlight where further changes to the system or individual programmes are required.”

Other work on devolved employment policy sets out further key challenges and considerations that need to be addressed in most devolutionary contexts. Of particular relevance in light of the implications and considerations outlined in the previous sections of this chapter are:

- The need to develop an explicit and clear demarcation of roles and responsibilities between central and local levels within the overall governance infrastructure.
- The importance of developing an effective co-ordinating role to ensure policy linkages between areas such as employment, regeneration and social inclusion are maintained at all levels within a devolved governance infrastructure.

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9 Ibid.
10 Clayton, N. and McGough, L. (2015) City deals and skills: How have City and Local Growth Deals supported the development of employment and skills policies that reflect local demand?
• Generating the right balance between formalising governance structures at the devolved level, to ensure they are fit for purpose, whilst ensuring they retain the flexibility to respond to changing needs, policies, expectations and external contextual factors such as economic conditions.
• The need to guard against potential conflicts of interest within devolved approaches, particularly where partners on strategic bodies represent agencies and organisations that also have the potential to engage in a delivery role.
• The need to balance on-going support and guidance to local partners as part of any potential moves towards progressing devolution, whilst maintaining the requisite distance to allow a culture of flexibility and devolved responsibility to become embedded in local delivery.
• Where innovation is seen as a desired outcome of devolved approaches, this requirement for active and ongoing intervention to maintain a focus on innovation as an explicit desired outcome, along with support and guidance to develop reciprocal trust between central and local levels, and the provision of recognition or rewards for innovation.11

While sources such as those noted above, and the lessons they offer for devolved approaches to employment and skills delivery, are useful reminders of the broad considerations at play, as the literature also makes clear the specific contours of any devolved employment or skills policy or initiative will require detailed consideration in developing an appropriate approach. This is of particular relevance for the AEB given current uncertainty over the shape and extent of devolved influence, but also for a successor programme to the ESF for similar reasons. At present, broad insights and guidance can be offered, therefore, but further consideration of the issues involved will be key once some of these uncertainties are resolved. What is clear is that, for London, there are insights available both from the current ESF programme and the wider literature that can start to inform thinking even at this stage. The above considerations seek to inform this.

6.5 Concluding remarks and recommendations

The evidence gathered for this phase one evaluation of the London ESF programme strongly suggests that many of the design features developed for the programme are well suited to the London context and have successfully achieved wide stakeholder buy-in. The local focus, attempts to integrate provision with local services, and specific targeting of provision at particular customer groups all appear appropriate and correct in this context, while the use of PbR and the focus on sustaining employment outcomes are widely seen as helpful and required aspects to delivery. Implementation has progressed well in general, accepting that some elements of programme delivery have scope to be further developed and improved. In particular, there is a need to explore how referral and engagement numbers can be increased and to develop actions to address this, along with further encouraging, broadening and deepening the extent of ESF provider integration with local services. Further data is required to assess performance, outcomes and impacts, though the understanding is that this will be available for future evaluation activity and monitoring.

Building on these reflections and the analysis undertaken in the preceding chapters, the following key recommendations are presented for consideration by the GLA by way of concluding this report:

1. The key design features and overall shape of the programme should be maintained for the ESF delivery period remaining, while undertaking regular reviews and engagement with delivery

11 Adapted from Atkinson, I. (2010), Governance structures and the devolved delivery of employment outcomes, DWP Research Report no.678
partners and other stakeholders to explore whether and where further enhancements can be made.

2. Evidence on the emerging benefits of local inputs to programme design should be leveraged as part of lobbying for a devolution settlement that offers London the autonomy needed to maximise beneficial outcomes, both within the context of a potential successor programme to the ESF and in respect of the AEB.

3. Renewed efforts should be made through communications and engagement at strategic levels to stress the importance of greater and more consistent integration between ESF provision and local services, both in respect of ESF providers and local service leads.

4. Attention should be paid to potential ways of increasing referral and engagement numbers over the remainder of the current ESF programme including, in particular, strategic engagement with Jobcentre Plus and communications to providers aimed at promoting a diverse approach to engagement including effective outreach activity.

5. ESF providers should be further encouraged to see the value in greater collaboration and cross referral with other providers, and consideration should be given in any future specifications and payment models to any mechanisms that might help advance this.

6. Future evaluation activity should be considered focused on the results and impacts of the ESF programme, including consideration of the potential for research with ESF participants and the use of data to facilitate impact evaluation approaches.
Annex One: Programme theory of change and evaluation framework
Programme theory of change

Introduction

The following sections articulate a high-level theory of change for London’s ESF ‘Phase 1’ programme. ‘Theory of change’ was used in this context to help develop the evaluation approach through defining the rationale behind the programme, how certain inputs and actions lead to a set of desired outcomes and finally the impact of those outcomes. More specifically, the theory of change fed into the evaluation framework produced to guide the study, hence providing a focus for the assessment of the programme through informing the key research questions articulated in the framework. The sections that follow present the theory of change developed through outlining the rationale for the programme, describing the inputs and activities developed, and then specifying the intended outcomes and impact of these inputs and activities. Following the description, the document ends by providing a summarised theory of change in diagrammatic form, tracing out this relationship between rationale, inputs/activities and outcomes.

Rationale for the London ESF ‘Phase 1’ Programme

The rationale for the intervention is multi-faceted. Key documents informing the programme rationale, including the London ESF 2007-2013 Programme report focusing on Priority 1 of the previous programme,\(^\text{12}\) the London European Structural and Investment Funds (ESIF) Strategy\(^\text{13}\) the Jobs and Growth Plan for London\(^\text{14}\) and the London Plan\(^\text{15}\) highlight a number of contextual challenges that London faces. Between 2011 and 2015, London’s population grew at nearly double the rate of the rest of the UK. Office for National Statistics (ONS) figures show that London’s population could reach 10 million by the middle of the next decade.\(^\text{16}\) With a younger and more ethnically diverse population, London’s demographic profile is also different from the rest of the UK. Therefore, with a growing population, the demand for public services, education, employment and training are likely to rise.

Furthermore, as the ESIF Strategy outlines, there is a particularly polarised income distribution between rich and poor in the city, along with a higher level of worklessness than the rest of the UK.\(^\text{17}\)

Alongside the challenges of a growing population and polarised income distribution, as the London ESF 2007-2013 report also highlighted, comes the challenge of rising employer demand and a more competitive labour market. Indeed, a recent working paper published by GLA Economics described how, over the last 30 years or so, London had specialised in ‘high value’ business services, such as finance, insurance, real estate and communications.\(^\text{18}\) These specialisations are projected to continue to increase. This continued trend towards more professional and senior roles is likely to be associated with increasing demand for higher-level skills and qualifications.\(^\text{19}\) By contrast,

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\(^{15}\) GLA (2016), The London Plan (available at https://www.london.gov.uk/what-we-do/planning/london-plan/current-london-plan)

\(^{16}\) Ibid.


\(^{19}\) Ibid.
the proportion of lower skilled jobs is projected to decrease, leading to challenges in the employment prospects of London’s lower skilled workforce and further challenging efforts to address the Capital’s polarised income distribution.

As the London ESF 2007-2013 report noted, the consequence of the above context is that those with low qualifications face a more competitive labour market and be over-represented amongst the unemployed and inactive. Qualifications and skills attainment are therefore increasingly important, not just for young people, but also for adults.\textsuperscript{20} Picking up on this theme, as the city’s ESIF strategy outlined at the time of its publication, while more than half of the Capital’s jobs were estimated to require level 4 qualifications as a minimum (55%), less than half of the population (47%) were qualified to this level. Equally, while skill levels have improved in recent years, just over 8% of the working age population had no qualifications with well over half of this group being workless (61%).\textsuperscript{21} The ESIF Strategy further outlines the need for intervention by describing a scenario of significant levels of under-employment, alongside unemployment and economic inactivity rates being higher than national averages.\textsuperscript{22} This scenario is further compounded by a growing number of people with multiple disadvantages making up a larger proportion of the unemployed, particularly the long-term unemployed.

As outlined in the ESIF Strategy, the ESF is intended to address the challenges outlined above through promoting sustainable employment opportunities, careers progression, and progression in learning, whilst also supporting business start-ups, entrepreneurship and business growth skills training. The Strategy outlines the need to focus on targeting support for skills and employment growth at some of the most deprived parts of London, reflecting the fund’s concern with promoting social inclusion. The need for specific targeting of particular groups is also highlighted in the context of supporting those most likely to be affected by the Government’s welfare changes, including the introduction of Universal Credit (UC). As part of supporting the long term unemployed and inactive most likely to be affected, the ESIF Strategy also outlines the need to concentrate on supporting the low-skilled, young people, disabled people, women, black and minority ethnic (BAME) groups, lone parents and disadvantaged families or workless households in particular.

**Inputs and activities**

Responding to the above rationale for intervention, the London ESF ‘Phase 1’ Programme aims to increase labour market participation, promote social inclusion and develop the skills of the future and existing workforce. In total, £294 million of ESF as well as an equal amount of match funding has been committed and will primarily be spent between 2016 and 2019. The London Economic Action Partnership (LEAP), the local enterprise partnership (LEP) for London, is responsible for setting the strategic direction and priorities of the ESIF for London between 2014 and 2020, with the ESF being one of these funds. In London, ESF is intended to support LEAP’s three skills and employment themes: promoting sustainable employment and progression outcomes, ensuring individuals and employers are better informed to drive the skills and employment system and engaging with London’s businesses to help drive growth in the Capital.

The European Programmes Management Unit (EPMU) at the GLA is responsible for managing the London ESF programme. As part of the Greater London Authority’s (GLA) ESF ‘intermediate body’ (IB) status, the EPMU is responsible for the award of contracts, along with the overall management and the administration of ESF in London. The day-to-day responsibilities of EPMU include developing calls for funding, performance monitoring and


\textsuperscript{22} Ibid.
management, carrying out pre and post-expenditure checks on projects and reclaiming ESF funds where necessary. Within LEAP, the London ESIF Committee (LEC) has the responsibility of overseeing the programme and ensuring it meets London’s strategic priorities. It does this by deciding both on the mechanisms by which ESF monies are committed and the types of programmes through which to invest the ESF allocation.

Informed and guided by the strategic and operational responsibilities discharged through the governance and management structures outlined above, delivery of the programme is undertaken through a combination of co-financing and direct bid awards. The four national co-financing organisations (CFOs) are the Department for Work and Pensions (DWP), the Education and Skills Funding Agency (ESFA), Her Majesty’s Prison and Probation Service (HMPPS) and the Big Lottery Fund (BLF). There are also five local CFOs: GLA (who became a local Co-financing Organisation in 2016), and four sub-regional partnerships of London boroughs led by the London Boroughs of Ealing, Croydon, Redbridge and City of London Corporation. The majority of provision in the London ESF programme is designed locally through the process outlined above, but delivered through the national CFOs. This accounts for £180 million of ESF funding plus an equivalent amount of match funding. In addition to the national CFO programme, there is an investment of £114m in locally co-financed or directly funded projects. Provision under the latter route is directly funded by the EPMU within the GLA.

As part of the development process for the programme, the LEP convened Task and Finish Groups to bring together a range of stakeholders, including CFOs, boroughs, voluntary and community sector (VCS) organisations, providers, researchers and others. This process resulted in ‘programme commissioning templates’ covering the three sets of programmes that sit within the overall London programme: Youth Programmes, Adult Employment Programmes and Adult Skills Programmes. These templates specify the broad types of activity procured by the programme. Specific activities procured are wide-ranging and varied, along with targeting a number of different customer groups. They include, for example, careers guidance, mentoring and/or coaching, confidence building, vocational tasters, language support, the development of employability skills, help with financial literacy, support to access traineeships and apprenticeships, support to develop vocational skills and gain qualifications; job-search assistance; and post-employment support intended to enhance the sustainability of job outcomes.

The above delivery approach and the range of ESF activities procured through it aim to lead to a series of outcomes that reflect the rationale for the programme and the need for intervention and investment. These include results often referred to as ‘soft outcomes’ such as improved confidence and enhanced self-esteem, as well as ‘hard outcomes’ such as gaining qualifications or job-entry. It is important to note that these soft and hard outcomes are not mutually exclusive; indeed, softer outcomes such as improved confidence are intended to help lead to hard outcomes such as finding and sustaining employment. Equally, improved employability and competitiveness in the labour market amongst those receiving support could be seen, for example, as an intermediate outcome somewhere between improved confidence and job-entry.

The outcomes presented in the diagram overleaf, which summarises the theory of change in diagrammatic form, are thus grouped into three main categories:
• immediate outcomes of support, including improved confidence;
• intermediate outcomes of support, such as improved employability skills; and,
• and ultimate outcomes of support, such as entry to employment and sustained employment.

Reflecting the principal focus of the ESF on generating outcomes for individuals, each of these broad outcome categories are described in terms of outcomes on those directly receiving support. The final column, ‘impacts’, reflects the more high level, structural and long term effects of the outcomes generated for individuals. These include an improved skills base amongst the existing and future workforce, increased labour market participation and progression, improved levels of social inclusion and, ultimately, improved economic growth as a consequence of these effects.

Given the focus of the ‘phase 1’ evaluation being primarily on programme processes and implementation to date, rather than outcomes and impacts, the theory of change was used principally to better understand the rationale and approach to programme delivery, rather than testing outcomes. However, the outline presented here could be used as a basis for any future evaluation focused on outcomes and impacts to a greater extent.
Diagrammatic representation of the theory of change

The aim of ESF is to increase labour market participation, promote social inclusion and develop the skills of the future and existing workforce. In total, £294 million of ESF, and an equal amount of match funding, has been committed and will primarily be spent between 2016 and 2019.

London Economic Action Partnership → European Structural and Investments Fund → European Social Fund (£294 million) → Match funding (£294 million)

London ESF ‘Phase 1’ Programme (£388 million)

Rationale
- Growing population
- Rising employer demand for higher qualifications
- More competitive labour market
- Large number of long term unemployed facing multiple disadvantages
- Insufficient skills base
- Polarised income distribution
- Significant pockets of poverty and social exclusion

Inputs
- London ESF Committee oversees programme and ensures it meets strategic priorities
- European Programmes Management Unit acts as ‘IB’, responsible for the award, management and administration of ESF
- CFO offers targeted at specific groups through sub-regional contracts, designed at local level and integrated with other local services
- Projects funded directly by EPMU and providing their own match funding

Activities
- Mentoring and/or coaching
- Confidence building
- Vocational tasters
- Language support
- Employability skills
- Financial literacy
- Support to access traineeships and apprenticeships
- Support to develop vocational skills
- Learning leading to qualifications
- Job-search assistance
- Post-employment support

Outcomes
- Immediate outcomes (including, for example, enhanced confidence and improved self-esteem)
- Intermediate outcomes (including, for example, improved employability and job-search skills, increased understanding of education and labour market options, improved vocational skills)
- Ultimate outcomes (including, for example, gaining qualifications, starting a traineeship or apprenticeship, entering employment, progressing in work, sustaining employment)

Impact
- Existing and future workforce have better skills
- Increased labour market participation and in-work progression
- Improved social inclusion
- Economic growth
Evaluation framework

The evaluation framework presented overleaf was developed to help guide the study through defining the key areas of investigation and research questions it sought to address. The framework was also used to inform the development of research tools through which to conduct the fieldwork undertaken to inform the evaluation findings.
### Evaluation framework for the London ESF 2014-2020 Phase 1 evaluation

<table>
<thead>
<tr>
<th>Evaluation criteria / area of investigation</th>
<th>Hypotheses</th>
<th>High level research questions</th>
<th>Operational / sub- research questions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Programme design</strong> – effectiveness of programme design and development processes</td>
<td>Developing mechanisms and processes to engage stakeholders and support the design of the programme and provision will improve the nature of this provision and the programme as a whole</td>
<td>How well did the mechanisms and processes established to support the design of provision function and why? To what extent did these mechanisms and processes support effective programme and provision design?</td>
<td>How well did the mechanisms established to support programme design work and why, specifically in terms of: a) Stakeholder engagement through working groups to inform programme concept templates etc.? b) The development of task and finish groups to take the initial design concepts forward? c) The production of programme commissioning templates? d) The development of specifications for provision? What challenges were encountered and how were these addressed? To what effect? Are there any ways in which stakeholder inputs might have been improved, either in terms of the mechanisms to capture them or in terms of the quality of inputs? What lessons can be drawn concerning the mechanisms and development processes established to support the design of the London ESF programme?</td>
</tr>
<tr>
<td><strong>Programme design</strong> – effectiveness of the overall programme design</td>
<td>Focusing provision on specific target groups will improve the support available and the results achieved</td>
<td>Does focusing on specific target groups, rather than delivering more generic employment and skills provision, offer advantages in terms of enhancing the effectiveness of support and its potential to deliver improved results?</td>
<td>How well has the decision to focus provision on specific target groups, rather than offering more generic employability and skills provision, worked to date and why? What are the key advantages of this approach (e.g. in terms of targeting, engagement and securing positive outcomes)? How far has this approach resulted in the engagement of smaller, more specialist providers to support particular target groups? Have there been any negative aspects to the approach and, if so, what? Have any challenges to this approach emerged and, if so, how have they been addressed? What lessons can be drawn from the experience to date?</td>
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| Providing local areas with more influence over the programme will improve its design, delivery and the ability to meet local needs | Does giving greater influence to local areas improve programme design and implementation, along with enhancing the potential to meet local needs? | What effects are evident from the greater influence given to local areas during the current programme in terms of programme design and implementation?  
How has this affected the type of provision offered?  
How well has the sub-regional contracting approach worked and why?  
To what extent has the approach taken led to improved programmes and why / why not?  
Has the approach taken had any influence on improving the coordination of services – in what ways and why / why not?  
What challenges have emerged in relation to the greater powers given to local areas compared to the previous ESF programme, and how have these been addressed?  
What lessons can be learned from this approach?                                                                 |                                                                                                                                                                                                                                                             |
| Integrating provision with local services will enhance the support on offer and outcomes for participants | What effects are evident in terms of the support offer and potential outcomes for participants in cases where attempts have been made to integrate ESF provision with local services? | What results are apparent from efforts to integrate ESF provision with other local services?  
What are the key advantages of this approach?  
Have there been any negative aspects to the approach and if so, what?  
Have any challenges to this approach emerged and, if so, how have they been addressed?  
What lessons can be drawn from the experience to date?                                                                 |                                                                                                                                                                                                                                                             |
| Different delivery models in terms of national and local co-financing, along with direct delivery, will provide lessons that can inform future programming in the capital | What results are apparent and lessons available from different approaches to programme delivery, including national ‘opt-in’ co-financing, local CFO models, and direct delivery? | How well has the ‘opt-in’ model for national co-financed provision worked in the London context and why? Within this model:  
a) To what extent have local actors been able to influence the specifications for provision and the procurement process?  
b) How far has this resulted in provision that meets London’s needs and those of the local labour market?  
c) What are the advantages of this form of procurement and programme design?                                                                                                                                                          |
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<td>d) Are there any negative aspects to this form of procurement and programme design and, if so, what? What challenges have arisen in respect of the ‘opt-in’ national co-financed model and to what degree have these been addressed? What lessons can be drawn for future programmes from the experience of the ‘opt-in’ national co-financed model? How does the national ‘opt-in’ model compare to the approach being taken of local design and procurement – for example, through local co-financing? What are the advantages of a local design and procurement approach, specifically how far has this resulted in provision that meets London’s needs and those of the local labour market? What challenges have emerged around local co-financing and how have these been addressed? Are there any disadvantages to local design and procurement and, if so, what? What lessons can be drawn for future programmes from the experience of this approach to local design and procurement? How well have direct delivery/award processes functioned to date? What challenges have emerged and how have these been addressed? What lessons can be drawn from the operation of direct award processes for future programmes?</td>
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<td>Use of specific funding models for provision, in particular PBR, will support provider improvement and innovation along with enhancing the efficiency and effectiveness of provision</td>
<td>What effects does PBR or outcomes-based funding have on provision relative to other funding models such as actual costs?</td>
<td>What effects has adopting a PBR approach to the contracting of provision had on those delivering it? To what extent and in what ways have PBR models encouraged innovation? To what extent and in what ways have PBR models supported the effective targeting of provision, including supporting those most in need? To what extent and in what ways have PBR models encouraged the development of linkages with mainstream provision and non-ESF services?</td>
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<td>Programme design and implementation – effectiveness of governance and management</td>
<td>Developing effective governance and management structures for the ESF programme will support effective design and implementation</td>
<td>To what extent have the governance and programme management structures established successfully informed the design of the programme, along with guiding and overseeing its implementation?</td>
<td>How effective has the London ESIF Committee (LEC) been in its role around setting the strategic direction and priorities of the programme? Have appropriate actors been included on the Committee? How successful has the Committee been in engaging broader stakeholders to inform priority setting? Are there any ways in which the role of the LEC could be improved? What lessons from the functioning of the LEC can be taken to inform future programmes in London? Has the European Programmes Management Unit (EPMU) functioned effectively in its role as the IB for the ESF programme? What are the main advantages to this model of devolved management of ESF funding? Are there any disadvantages, for example compared to the ESF Managing Authority being responsible? Are there any ways in which the functioning of EPMU as an IB could be improved? What lessons from EPMU's operation as the IB could inform future programmes?</td>
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<td><strong>Programme implementation</strong> – Effectiveness of delivery including key processes and infrastructure</td>
<td>Developing effective procurement processes will support smooth and effective programme implementation</td>
<td>To what extent have procurement and contracting processes supported the effective implementation of the ESF programme?</td>
<td>Were clear specifications for provision and guidance for providers developed to support effective procurement processes? What worked well in relation to procurement processes? What worked less well in respect of procurement processes? What lessons are there for procurement processes in future?</td>
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<td>Developing programmes of adult employment and adult skills provision, supplemented by an ESF youth programme, will help meet the needs of ESF participants and London as a whole</td>
<td>How well are the core components of the ESF programme in scope for the evaluation functioning and to what extent are they meeting the needs of participants and of the London labour market? What lessons can be drawn from the functioning of these components?</td>
<td>How well is the adult employment component of the ESF programme functioning, including the national co-financed provision, GLA co-financed provision and direct delivery provision within it? What lessons can be drawn from the adult employment programme? How well is the adult skills component of the ESF programme functioning, including ESFA co-financed provision, GLA co-financed provision and London Councils adult skills provision? What lessons can be drawn from the adult skills programme, particularly in respect of plans for the devolution of the Adult Education Budget?</td>
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<td><strong>Lessons for future programming</strong></td>
<td>Lessons from the experience of the current ESF programme can help to inform its ongoing implementation, as well as that of the devolved Adult Education Budget and any successor domestic ESF programme</td>
<td>What are the key lessons from the experience of programme design and delivery for: - The second half of the current programme - The devolved Adult Education Budget - Any future successor domestic programme to the ESF?</td>
<td>What lessons can be drawn for future programmes from the overall design and shape of the London programme – e.g. in terms of the balance of different types of provision, size of projects etc.? What lessons can be taken from the design and implementation of the ESF programme to date that might inform the second round of commissioning for the programme? What lessons can be taken from the current ESF programme that might inform plans for the devolved management of the Adult Skills Budget in London? What are the key lessons for London from the experience of the current ESF programme in terms of future domestic provision post-Brexit?</td>
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