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

November 2015
Ex-ante evaluation of the 2014–2020 ESF Programme for England

Summary

This report presents the findings of the ex-ante evaluation of the European Social Fund (ESF) 2014–2020 programme for England. The ex-ante evaluation was intended to ensure that the 2014–2020 Operational Programme meets the requirements of the ESF Regulations and is fit for purpose in terms of implementation. In accordance with the guidance on the ex-ante evaluation of the European Union (EU) Structural Funds, five specific areas were explored:

- **Programme Strategy** – the strategy set the context for the programme well and provided a firm basis for the programme, underpinned by robust analysis and structured to illustrate the flow between analysis, strategy and activities (i.e., the intervention logic). The Priority Axes and Investment Priorities provided the required coherence and clarity to the programme, and illustrated the contribution to a range of EU and national policy objectives.

- **Management and delivery** – the management and governance structure replicates many features of the 2007–2013 programme. It will, however, be implemented through a new delivery infrastructure, which offers both threats and opportunities, and ensuring sufficient resources for delivery will be key.

- **Indicators, monitoring and evaluation** – the target setting methodology underwent several revisions, with the evaluation concluding that the methodology used was reasoned and the assumptions made appropriate. The indicators and targets set were also found to be sensible, pragmatic and encapsulating the characteristics of the target groups and intended results.

- **Financial allocations** – the overall ESF allocation of €3,468 million is concentrated in IPs 8.i, 9.i and 10iii, with 59 per cent being allocated to PA 1 and 38 per cent to PA 2. The evaluators consider that this distribution is appropriate given the aims and focus of the programme. The financial allocations met the requirements of the ESF Regulations, e.g., regarding concentration.

- **Equality analysis** – the Equalities Impact Assessment showed no cases of negative, and several positive, impacts in terms of advancing equalities, and the programme met the requirements of the 2014–2020 regulations. However, involvement of equalities organisations in programme development was limited, and efforts to establish appropriate relationships should be prioritised.

Overall, the evaluators concluded that the programme, as expressed in the Operational Programme, is **fit for purpose and meets the necessary regulatory requirements**.
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We would also like to thank the representatives of the co-financing organisations, and wider ESF stakeholders, who were interviewed as part of the evaluation.
The Authors

This report was prepared by Richard Lloyd, Peter Dickinson and James Kearney of ICF International, with additional inputs from colleagues including George Barrett, Dr. Adrian Healy, Paul Jeffrey, Richard Smith and Colin Howat.
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<th>Definition</th>
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<tr>
<td>BAU</td>
<td>Business as usual</td>
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<tr>
<td>CFO</td>
<td>Co-financing organisation</td>
</tr>
<tr>
<td>CLLD</td>
<td>Community-led Local Development</td>
</tr>
<tr>
<td>CPP</td>
<td>Commission Position Paper</td>
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<tr>
<td>CPR</td>
<td>Common Provision Regulations</td>
</tr>
<tr>
<td>CSF</td>
<td>Common Strategic Framework</td>
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<tr>
<td>CSRs</td>
<td>Country Specific Recommendations</td>
</tr>
<tr>
<td>DCLG</td>
<td>Department for Communities and Local Government</td>
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<tr>
<td>DWP</td>
<td>Department for Work and Pensions</td>
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<tr>
<td>EAFRD</td>
<td>European Agricultural Fund for Rural Development</td>
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<tr>
<td>EC</td>
<td>European Commission</td>
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<tr>
<td>EHRC</td>
<td>Equalities and Human Rights Commission</td>
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<tr>
<td>EMFF</td>
<td>European Maritime and Fisheries Fund</td>
</tr>
<tr>
<td>ERDF</td>
<td>European Regional Development Fund</td>
</tr>
<tr>
<td>ESF</td>
<td>European Social Fund</td>
</tr>
<tr>
<td>ESIF</td>
<td>European Structural and Investment Funds</td>
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<tr>
<td>ESOL</td>
<td>English for Speakers of Other Languages</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>FE</td>
<td>Further Education</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GOs</td>
<td>Government Offices</td>
</tr>
<tr>
<td>HE</td>
<td>Higher Education</td>
</tr>
<tr>
<td>HMRC</td>
<td>Her Majesty’s Revenue and Customs</td>
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<tr>
<td>ICT</td>
<td>Information and Communication Technologies</td>
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<tr>
<td>IOs</td>
<td>Information Obligations</td>
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<tr>
<td>IP</td>
<td>Investment Priority</td>
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<tr>
<td>ISCED</td>
<td>International Standard Classification of Education</td>
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<table>
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<tbody>
<tr>
<td>JSA</td>
<td>Jobseeker’s Allowance</td>
</tr>
<tr>
<td>LEPs</td>
<td>Local Enterprise Partnerships</td>
</tr>
<tr>
<td>LTU</td>
<td>Long-term Unemployed</td>
</tr>
<tr>
<td>MA</td>
<td>Managing Authority</td>
</tr>
<tr>
<td>MFF</td>
<td>Multiannual Financial Framework</td>
</tr>
<tr>
<td>NEET</td>
<td>Not in Employment, Education or Training</td>
</tr>
<tr>
<td>MI</td>
<td>Monitoring information</td>
</tr>
<tr>
<td>NINOs</td>
<td>National Insurance Numbers</td>
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<tr>
<td>NOMS</td>
<td>National Offender Management Service</td>
</tr>
<tr>
<td>NRP</td>
<td>UK National Reform Programme</td>
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<tr>
<td>OP</td>
<td>Operational Programme</td>
</tr>
<tr>
<td>PA</td>
<td>Priority Axis</td>
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<tr>
<td>PMC</td>
<td>Programme Monitoring Committee</td>
</tr>
<tr>
<td>RDAs</td>
<td>Regional Development Agencies</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
</tr>
<tr>
<td>SCOs</td>
<td>Simplified Cost Options</td>
</tr>
<tr>
<td>SEP</td>
<td>Strategic Economic Plan</td>
</tr>
<tr>
<td>SFA</td>
<td>Skills Funding Agency</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium-sized Enterprises</td>
</tr>
<tr>
<td>STEM</td>
<td>Science, Technology, Engineering and Mathematics</td>
</tr>
<tr>
<td>TO</td>
<td>Thematic Objective</td>
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<tr>
<td>YEI</td>
<td>Youth Employment Initiative</td>
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</table>
Glossary of terms

Category of areas: less developed, transition, more developed

European Union (EU) regions are divided into three funding categories based on their regional gross domestic product (GDP) per head compared to the EU average:

• Less developed regions (whose GDP is below 75 per cent of the EU 27 average) – applying to one region, Cornwall and the Isles of Scilly, who benefited from Convergence funding in the 2007–2013 European Social Fund (ESF) programme;

• Transition regions (whose GDP is between 75 per cent–90 per cent of the EU 27 average) – accounting for nine English regions; and

• More developed regions (who’s GDP per capita is above 90 per cent of the EU 27 average) – accounting for the remaining regions.

European Structural and Investment Funds

The European Structural and Investment Funds (ESIF) are provided for investment by member states of the EU to reduce differences in economic performance within and between the member states. The ESIF available to the United Kingdom in 2014–2020 comprise the:

• The European Regional Development Fund (ERDF) supports businesses to grow;

• The ESF supports people to gain skills and qualifications to gain employment and progress in work;

• The European Agricultural Fund for Rural Development (EAFRD) supports rural areas; and

• The European Maritime and Fisheries Fund (EMFF) (called the European Fisheries Fund in 2007–2013) supports areas linked to the maritime economy.

Ex-ante evaluation

The ex-ante evaluation process is intended to support the process of developing a policy programme, by assessing whether needs have been diagnosed correctly; the strategy and objectives proposed are relevant to those needs; the approach proposed is coherent and consistent with EU policies and guidelines; and the assumptions concerning expected results and impacts are realistic and in line with the resources available.
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**Intervention rate**
The percentage of total intervention funding sourced from Structural Fund monies, with the remainder being drawn from national sources (i.e. match funding). An intervention rate of 80 per cent means that 80 per cent of project funding is drawn from ESF or other structural funds, and 20 per cent from national government, private or third sector sources.

**Investment Priority**
Each Priority Axis of the Operational Programme (OP) is made up of Investment Priorities (or Measures in the case of EAFRD and EMFF). The Investment Priorities are set out in the Commission Regulations governing ESIF and set out more specific areas of activity. Each Investment Priority will have its own financial and non-financial targets. All activity funded by ESIF must contribute to delivering one of the Investment Priorities.

**Match funding**
ESIF investment contributes to the costs of delivering activity at set percentage rates, the balance of the costs must be met by the organisation receiving the funds, this balance of funding is known as match funding.

**Opt-in organisation**
National, government-funded programmes are a key source of match funding for ESIF funds. In the 2007–2013 ESIF programmes almost all of the ESF activity has been managed by national public bodies that have used their own budgets to provide match funding for ESF and procured provision. For the 2014–2020 period, government has decided that automatically top-slicing ESIF to match national programmes will be minimised. Instead local LEP Area ESIF Committees will be given the opportunity to allocate some of the ESIF allocation to their area to national bodies who will provide match funding and work with the committee to agree how this is spent to best meet local needs. This process is known as an ‘opt in’.

**Priority Axis**
The OPs are made up of Priority Axes, these set out the detail of the priorities for ESIF investment, the types of activities that will be supported, the resources available and the specific targets to be achieved. Priority Axes are aligned to the objectives set out in European Commission regulations that govern ESIF. Each Priority Axis will have its own targets and targets for the achievement of outputs and results. All activity funded by ESIF must contribute to delivering a Priority Axis.
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Technical Assistance

The European Commission acknowledges that managing programmes of the size of ESIF is both complex and resource intensive. It allows a small proportion of the overall budget to be used to contribute to the costs of the managing authorities in running the programmes and servicing the Programme Monitoring Committee (PMC). It also allows, in certain circumstances, funding to be made available to partners to contribute to the costs of work they do which is essential to the delivery of the programmes. This funding is known as ‘technical assistance’.

Thematic Objective

Eleven investment priorities established for the 2014–2020 European Structural and Investment Funds to focus regional policy funding on areas that deliver the highest benefits to citizens, creating synergies between the funded projects and avoiding an excessive fragmentation of funding. Referred to as Thematic Objectives, they are:

1. Strengthening research, technological development and innovation.
2. Enhancing access to, and use and quality of information and communication technologies (ICT).
3. Enhancing the competitiveness of small and medium-sized enterprises (SMEs).
4. Supporting the shift towards a low-carbon economy in all sectors.
5. Promoting climate change adaptation, risk prevention and management.
6. Preserving and protecting the environment and promoting resource efficiency.
7. Promoting sustainable transport and removing bottlenecks in key network infrastructures.
8. Promoting sustainable and quality employment and supporting labour mobility.
10. Investing in education, training and vocational training for skills and lifelong learning.
11. Enhancing institutional capacity of public authorities and stakeholders and efficient public administration.
Ex-ante evaluation of the 2014-2020 ESF Programme for England

Summary

Introduction
ICF was commissioned in February 2014 by the Department for Work and Pensions (DWP), the Managing Authority (MA) for the European Social Fund (ESF), to undertake the ex-ante evaluation of the 2014–2020 ESF programme for England.

The ex-ante evaluation aimed to ensure that the 2014–2020 Operational Programme (OP) meets the requirements of the ESF Regulations, and is fit for purpose in terms of implementation. In accordance with the guidance on the ex-ante evaluation of the European Union (EU) Structural Funds the study was structured around five components:

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

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

Methodology
The study methodology featured:

- The review of successive drafts of the OP and supporting documentation, providing feedback to the MA through a series of three formal reports, several thematic papers and less formal communications;
- A programme of qualitative interviews with OP authors, contributors and wider stakeholders – including over 25 individuals in organisations across the public, private and civil society sectors; and
- The review of relevant evaluations/research from the 2007–2013 ESF programme to capture lessons/good practice.

Other tasks included the review of the data used and analysis undertaken for the Strategy section, attendance at the consultation event held for the ESF and European Regional Development Fund (ERDF) OPs in March 2014, and the review of a sample of responses received.
The 2014–2020 ESF Programme

The ESF is one of the five European Structural and Investment Funds (ESIF) intended to promote the Europe 2020\(^1\) objectives to promote smart, sustainable and inclusive growth, and specifically the achievement headline targets relating to employment, education and poverty reduction. For the 2014–2020 programme a new approach was proposed to increase the effectiveness and efficiency of investments, foster social cohesion and create more and better jobs, and help ensure sustained social and economic benefit. Key features of this approach include:

• A more integrated approach to the planning and delivery of the Structural Funds – through the 2014–2020 Multiannual Financial Framework (MFF), a Common Strategic Framework to deliver common objectives, and the concentration of investment on a smaller number of investment priorities closely linked to the Europe 2020 strategy;

• An enhanced focus on results and monitoring progress – with clear intervention logics for proposed investments, the simplification of delivery and reduced administrative burdens;

• The introduction of the requirement for a partnership agreement for each Member State – which brings together a nation’s commitments to European Commission (EC) objectives and targets;

• Making the release of additional funds dependent on performance – and the potential for funding to cease if financial guidelines are violated;

• Simplifying administrative procedures, digitised where possible – with eligibility rules for EU funding being harmonised to reduce costs; and

• Establishing three categories of areas: less developed regions (whose gross domestic product (GDP) per capita is below 75 per cent of the EU average); transition regions (GDP between 75 per cent–90 per cent); and more developed regions (GDP above 90 per cent).

A new ESF infrastructure

The 2014–2020 programme has been planned and will be implemented in the context of a different infrastructure to the 2007–2013 programme. Changes since 2007 include the abolition of the English Government Offices for the Regions (GOs) and Regional Development Agencies (RDAs), the establishment of the 39 Local Enterprise Partnerships (LEPs), and an increased emphasis on ‘local’ policy interventions to spur economic growth and combat social exclusion.

The LEPs comprise a combination of public, private and civil society partners, and were responsible for developing ESIF strategies for their areas. For the 2014–2020 programme activities will be commissioned through three routes: direct bids (submitted to the Managing Authority (MA) and accounting for approximately 30 per cent of funding); opt-in/co-financing organisations\(^2\) (similar to those followed in the previous programme, and accounting for 70 per cent of funding), and Community Led Local Development (CLLD, to support small community projects and commissioned by direct bidding).

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

Component A: Strategy and Contribution

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

The analysis underpinning the strategy in the current and successive iterations of the OP was also reviewed, and found to be robust, to have used the relevant data sources and to have been interpreted correctly. Overall the evaluators considered that the strategy section set the context for the programme well, with the structure adopted for the most recent version improving on the previous versions. Indeed the flow between analysis, strategy and Priority Axes (PAs)/Investment Priorities (IPs) (i.e. the intervention logic) is now clearer than in previous iterations, and responses had been made to previous comments from the evaluators.

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

Priority Axes and Investment Priorities
The programme PAs and IPs were reviewed as they developed, with the final structure of the programme remaining broadly similar to the early drafts, as summarised below.

Table 1 Summary Priority Axes

<table>
<thead>
<tr>
<th>Priority Axis/Investment Priority</th>
<th>Summary</th>
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<tbody>
<tr>
<td><strong>Priority Axis 1 – Inclusive Labour Markets</strong></td>
<td></td>
</tr>
<tr>
<td>IP 8.i – Access to employment for jobseekers and inactive people</td>
<td>Helping those closer to the labour market enter, progress and sustain employment – targeting the unemployed, inactive, in-work at risk and older workers.</td>
</tr>
<tr>
<td>IP 8.ii – Sustainable integration of young people</td>
<td>Helping young people aged 15–24, particularly those not in employment, education or training (NEET), participate in the labour market and learning – in Youth Employment Initiative (YEI) and non-YEI areas.</td>
</tr>
<tr>
<td>IP 8.ii – Youth Employment Initiative</td>
<td></td>
</tr>
<tr>
<td>IP 9.i – Active inclusion</td>
<td>Helping those further from the labour market and facing single or multiple disadvantage progress towards, into or sustain work.</td>
</tr>
<tr>
<td>IP 9.vi – Community Led Local Development (CLLD)</td>
<td>Community-based activity to promote employment through local projects.</td>
</tr>
<tr>
<td><strong>Priority Axis 2 – Skills for Growth</strong></td>
<td></td>
</tr>
<tr>
<td>IP 10.iii – Enhancing equal access to lifelong learning</td>
<td>Improving skills through training and advice to support the economy – for those in work, disadvantaged at work or facing barriers to in-work progression.</td>
</tr>
<tr>
<td>IP 10.iv – Improving the labour market relevance of education and training systems</td>
<td>Projects to increase employer engagement in learning to improve responsiveness, and improving partnerships, capacity and systems</td>
</tr>
<tr>
<td><strong>Priority Axis 3 – Technical Assistance</strong></td>
<td>To support national/local implementation</td>
</tr>
</tbody>
</table>
Ex-ante evaluation of the 2014-2020 ESF Programme for England

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

The evaluators concluded that:

• The PAs, and their constituent IPs, represented a reasoned interpretation of the needs and opportunities set out in the analysis and the parameters of the ESF programme 2014–2020.

• The improved logical flow of the document also allows the PAs and particularly IPs to be more clearly differentiated, and provide a clear and consistent response to the issues raised.

• The PAs and IPs presented are sensibly grouped to provide the required coherence and clarity to the programme – while also allowing a degree of flexibility to allow the programme to respond to unanticipated needs or changes in circumstance.

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

Component B: Management

Component B explored the arrangements for the management and delivery of the programme, with a focus on the structuring of roles and responsibilities and resource availability, the potential effectiveness of measures to reduce administrative burdens, and the adequacy of measures to promote sustainable development. As the report described, the 2014–2020 programme will be implemented through a new delivery infrastructure for ESF in England. This includes an increased emphasis on ‘localism’ embodied by the creation of a network of 39 Local Enterprise Partnerships (LEPs).

The management and governance structure proposed replicates many features of the model followed in the 2007–2013 programme, with a national Programme Monitoring Committee (PMC) and national thematic sub-committees. For this programme closer links will be established at the PMC level with the ERDF programme, reflecting the ambition for closer working between the two funds. The DWP will remain as the MA for the programme.

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

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

**Component C: Indicators, Monitoring and Evaluation**

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

The **target setting methodology** underwent several revisions during the development process, and faced a series of issues including the availability of suitable data upon which to develop forecasts for 2014–2020, and where not available the development and testing of suitable assumptions. In response to comments from the Commission, a degree of stretch was introduced to the targets set originally, and as the target setting process was developed further. Overall, the evaluators conclude that the **methodology applied is reasoned, and that in the absence of a complete evidence base the assumptions made are appropriate**.

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

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

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

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

This distribution reflects the priorities of the programme – emphasised further when allocation at the IP level is considered (e.g. 19 per cent focused on IP 9.i and 6 per cent and 9 per cent focused on young people NEET under IPs 8.ii and 8.iii(YEI)). The evaluators consider that this distribution is appropriate given the aims, objectives and focus of the programme.

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

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

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

Component F: Equalities Analysis

The programme was reviewed in terms of its compliance with the relevant equalities legislation and its potential impact across different equalities groups. The programme follows a dual mainstreaming approach, where equalities issues are considered across the PAs and IP and activities supported under them, as well as specific projects to promote equality and combat discrimination.

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

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

A target for female participation was included in the most recent OP, which is some way above that achieved in the 2007–2013 programme. It will be important that any guidance produced emphasises the important of this target, and close monitoring of performance will be required to ensure it is achieved.
Finally, one area of disappointment was the limited involvement of equalities organisations in the development of the programme. This was not due to lack of effort on the part of the MA, but rather resource constraints elsewhere. The evaluators conclude that the content of the OP has not obviously suffered from this omission (with MA staff having considerable experience of the equality and diversity agenda), but that commitment and buy-in could be enhanced by their engagement. More recently the EHRC have re-engaged with the programme, and it will be important that this relationship is developed further, as with other local and national organisations with an equalities remit, if the equalities objectives of the programme are to be achieved.

**Overall conclusion**

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

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

ICF was commissioned by the Department for Work and Pensions (DWP) in February 2014 to undertake the ex-ante evaluation of the 2014–2020 European Social Fund (ESF) programme for England. This report represents the final output of the ex-ante evaluation, and builds upon a series of previous reports, papers and comment provided on successive drafts of the ESF Operational Programme (OP), and supporting documentation, throughout the commissioning period. It focuses on the most recent version of the OP circulated on 29 June 2015.

This section introduces the evaluation – first describing the evaluation aims, objectives and the methodology followed, followed by a summary of the context within which the 2014–2020 programme is set.

1.1 Study aims and objectives

The Common Provision Regulation\(^3\) requires each Member State to undertake an ex-ante evaluation of their proposed ESF programmes, encapsulated in their OPs, as part of their development process. The aims of the evaluation are to help ensure that programming for the 2014–2020 ESF funding period meets the requirements of the regulation, following the guidance issued on ex-ante evaluation\(^4\), and to ensure that the resulting programme, and the OP document, are fit for purpose in terms of implementation.

The study objectives, and the requirements of the ESF legislation, included appraising the extent to which the OP:

- shows clearly how the programme will contribute to the European Union (EU) 2020 strategy for smart, sustainable and inclusive growth;
- is coherent both internally and in terms of other relevant policies and programmes;
- provides a rationale for the provision supported, and how their outputs will contribute to results;
- has allocated the resources allocated to it on an optimal basis, that the allocation of financial resources are consistent with the objectives of the programme;
- features indicators to measure the outputs and results which are relevant, clear and measurable, and the extent to which the targets set for them are realistic and achievable;
- describes appropriate and robust procedures and systems for monitoring and evaluation, including the suitability of milestones selected for the performance framework; and

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

- contains adequate measures to promote the horizontal themes of equal opportunities between men and women and to prevent discrimination, promote sustainable development, and to reduce the administrative burden on participants.

In so doing, the ex-ante evaluation must look beyond the review of the OP and associated documentation to ensure:

- that the lessons from the delivery of the previous ESF programme delivery in England are considered and built upon in the 2014–2020 programme;
- that the OP is based on robust evidence of the effectiveness of the activities it funds and the management approach followed;
- consistency with the UK Partnership Agreement and the ERDF Operational Programme for England; and
- linkages with other employment, training and social programmes.

The study specification, and the guidance on ex-ante evaluation for the 2014–2020 ESF programme, identified six specific components to be addressed, namely:

- Component A. Programme strategy and contribution to Europe 2020 strategy;
- Component B. Management;
- Component C. Indicators, Monitoring and Evaluation;
- Component D. Consistency of Financial Allocations;
- Component E. Assessment of Financial Instruments; and
- Component F. Equality Analysis.

These components were followed in structuring the evaluation method as described below.

1.2 Evaluation methodology and approach

The methodology followed was developed to meet the requirements of the guidance on the ex-ante evaluation of ESF OPs for the 2014–2020 programme period, structured around the components above. As no financial instruments were proposed for the 2014–2020 programme for England, Component E was not required.

More detail on the methodology followed is provided as Appendix A, but it was based upon:

- the review of successive drafts of the OP and associated documentation (including methodological papers), and providing comment to the Managing Authority (MA) for consideration in subsequent drafts;
- a literature review – focusing on evaluations from the previous ESF programme round and other sources to ensure lessons/good practice are captured and considered – and the review of the data sources used and analysis undertaken for previous drafts of the OP; and

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

- a programme of interviews with OP authors, contributors and wider stakeholders (including representatives of the opt-in/co-financing organisations, participating Government Departments, third sector organisations and local authorities) to support the appraisal, explore the process of developing the OP and discuss the key issues for implementation.

Other tasks included attendance at the consultation event held for the ESF and ERDF OPs in March 2014, and the analysis of the responses received.

The ex-ante evaluation followed an iterative process throughout the development of the OP, starting with the review of initial drafts of the Strategy and Priority Axes sections on commissioning in February 2014. Subsequently comment was provided on successive iterations of the OP, and supporting materials, with key outputs summarised in Table 1.1 below.

In addition to these more formal outputs, comment was provided on a more informal basis throughout the evaluation period on specific aspects of the programme through telephone, email and face to face meetings.

Table 1.1 Summary of key ex-ante evaluation outputs

<table>
<thead>
<tr>
<th>Output</th>
<th>Date</th>
<th>Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reports and substantive papers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Update Paper</td>
<td>Dec. 2014</td>
<td>Comment on the updated version of the OP, with comment on financial allocations and draft targets.</td>
</tr>
<tr>
<td><strong>Comment on Specific Content and Methodologies</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comment on revised Priority Axes</td>
<td>April 2014</td>
<td>Comment on revised Priority Axes and Investment Priorities</td>
</tr>
<tr>
<td>Comment on the target setting methodology</td>
<td>From July 2014 on</td>
<td>Review of target setting methodology and, as developed, early draft of target indicators and values.</td>
</tr>
<tr>
<td>Comment on draft evaluation strategy</td>
<td>Dec. 2014</td>
<td>Comment on the draft evaluation strategy with a view to further development following OP adoption.</td>
</tr>
<tr>
<td>Comment on the performance framework and methodology</td>
<td>June 2015</td>
<td>Comment on the proposed values in the framework, including to 2018, and the method followed.</td>
</tr>
</tbody>
</table>
1.3 Study context

Here we briefly set the context for the evaluation, summarising the key structural and legislative requirements of ESF 2014–2020 falling within the remit of the ex-ante evaluation, providing an overview of the ESF programme, and introducing changes in the organisational infrastructure which has supported previous ESF programmes in England.

1.3.1 ESF 2014–2020

The ESF is one of the five European Structural and Investment Funds (ESIF) which are intended to promote the European Commission (EC) objectives to promote smart, sustainable and inclusive growth. The funds are key contributors to the achievement of the Commission’s cohesion policy objectives, and for ESF in particular the achievement of the Europe 2020 headline targets relating to employment, education and poverty reduction.

For the 2014–2020 programme period a new approach was proposed to help increase the effectiveness and efficiency of investments to raise Europe’s economic competitiveness, foster social cohesion and create more and better jobs, and help ensure that long lasting social and economic benefits result.

The EU investment framework 2014–2020

The EC published a new approach to the use of the Structural Funds in the form of the 2014–2020 Multiannual Financial Framework (MFF) in June 2011, with subsequent proposals being produced detailing how Cohesion Policy and the EU Structural Funds will operate post 2013. The proposal stated that all EU countries and regions will benefit from structural policy interventions, and that the new arrangements will bolster social investment and empower people to face future labour market challenges.

The new arrangements aim to concentrate policies on a smaller number of investment priorities closely linked to the Europe 2020 strategy, with an enhanced focus on results and the monitoring of progress towards agreed objectives, and efforts to simplify delivery. This emphasises the need for programming to be tightly aligned with the policy priorities of the Europe 2020 strategy, close linkage with national or regional strategic frameworks relevant to the type of investment; efficient institutional and administrative structures; thematic concentration to ensure sufficient scale and performance incentives to encourage more effective spending.

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6 The other funds are the European Regional Development Fund (ERDF), European Agricultural Fund for Rural Development (EAFRD), the European Maritime and Fisheries Fund (EMFF) and the Cohesion Fund.

7 Europe 2020 is the EU’s 10 year growth strategy, see http://ec.europa.eu/europe 2020/ index_en.htm

The new approach is intended to increase the effectiveness and efficiency of structural fund investments by:

- Establishing a governance structure, and a Common Strategic Framework (CSF), for the five Structural Funds – which will ensure the integrated use of the funds to deliver common objectives;
- Introducing the requirement for a partnership agreement between the EC and each Member State – which sits above the OPs for each of the structural funds and brings together all of a nation’s commitments to European objectives and targets;
- Requiring countries to demonstrate that they have satisfactory strategic, regulatory and institutional frameworks in place – to help ensure that the funds are used effectively;
- Making the release of additional funds dependent on performance – with steps being taken to ensure that effectiveness is not undermined by unsound macro-fiscal policies, and with funding being ceased if Member States violate EU financial guidelines;
- Simplifying administrative procedures, and digitised where possible – with eligibility rules for EU funding being harmonised with the aim of reducing costs;
- Establishing three categories of regions eligible for support, as shown in Figure 1.1, and illustrates the distribution of the three categories of area across England. Different ESF intervention rates applied to each area which are defined as follows:
  - Less developed regions (whose gross domestic product (GDP) is below 75 per cent of the EU 27 average) – applying to one region, Cornwall and the Isles of Scilly, who benefited from convergence funding in the 2007–2013 ESF programme;
  - Transition regions (whose GDP is between 75 per cent–90 per cent of the EU 27 average) – and accounting for nine English regions; and
  - More developed regions (who’s GDP per capita is above 90 per cent of the EU 27 average) – and accounting for the remaining regions.

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9 Tees Valley and Durham, Cumbria, Lancashire, Merseyside, East Yorkshire, South Yorkshire, Lincolnshire, Shropshire and Staffordshire, and Devon.
The regulatory framework within which the ESIF are set has been established by the Commission, including the ‘Common Provision Regulations’ and specific regulations governing the use of the individual funds. Given the intention to increase alignment between the individual ESIFs, a CSF has been developed for the 2014–2020 programme, with the view to supporting ‘multi-fund’ programming leading to improved coordination and more integrated delivery.
Some 11 thematic priority areas and objectives have been set for the ESIF, closely linked to Europe 2020. The ESF programme for England draws on three of these thematic priorities, namely:

- **8** – Promoting employment and supporting labour mobility – including to achieve high levels of employment, and improve job quality;
- **9** – Promoting social inclusion and combating poverty – including promoting equality and enhancing social cohesion; and
- **10** – Investing in education, skills and lifelong learning – facilitating high levels of education and training.

The new arrangements for the 2014–2020 programme have a series of implications for the study, which are reflected in the Commission’s guidance on ex-ante evaluation and include:

- **Contribution to Europe 2020** – as cohesion policy is expected to be the main ‘delivery vehicle’ for the Europe 2020 goals and priorities (although the UK has only signed up to some of the targets), the programme’s contribution to 2020 must be assessed, alongside wider regulatory requirements such as for thematic concentration.

- **Increased focus on results** – a key objective for 2014–20 is to improve the ‘quality of spending’ to maximise results. In practice, this includes:
  - taking a different approach to programming with an emphasis on the use of ‘intervention logics’ in justifying objectives; and
  - monitoring arrangements including common/cross-Fund and country-specific performance measures, set within monitoring and evaluation frameworks capable of identifying results and progress towards objectives.

- **Integration of Funds** – finally, the EU also has the ambition of ensuring greater integration, or at least strategic coordination, between ERDF and ESF, and with the other Funds. Critical to this will be the opt-in to DWP, Skills Funding Agency and Big Lottery, and continued role of NOMS, in providing Government match.

At the same time, the programme must be implemented in an environment where economic recovery remains fragile across the EU, and while economic prospects in many Member States are improving others continue to fall behind. Achieving an appropriate balance between encouraging growth and tackling disadvantage will be a particular challenge. The programme is also being implemented in an environment of financial constraint in the public sector. Nevertheless, the 2014–2020 programme offers the opportunity to support economic recovery across the EU, with ESF having the potential to help ensure that those facing disadvantage in the labour market are also able to benefit from the recovery.

### Delivery and governance arrangements – a new ESF infrastructure

In addition to being set in a different economic context, the 2014–2020 programme has been developed and will be implemented within a changed ‘ESF infrastructure’ (detailed in Section 3). Key changes include:

- The abolition in 2011 of the English Government Offices for the Regions (GOs) and Regional Development Agencies (RDAs), who were responsible for the delivery of Government policy in the regions and for supporting employment, skills, regeneration, business competitiveness and sustainable development.
The establishment of a network of 39 Local Enterprise Partnerships (LEPs), announced in June 2010, and paralleling an increased focus on ‘localised’ policy interventions in England to help spur economic growth. Comprising a combination of public, private and civil society participants, LEPs are not always formally constituted bodies, and were responsible for the development of ESIF strategies for their areas.

A shadow national Programme Monitoring Committee (PMC) has been established, which will be formalised once the OPs have been agreed, and which will reflect the procedures established for the 2007–2013 programme.

Activities under the programme will be commissioned through three routes:

- Direct bids to the Managing Authority – approximately 30 per cent of funding allocated;
- Via opt-in/co-financing organisations – following a similar co-financing approach to the previous programme, the 2014–2020 programme allows LEP areas to ‘opt-in’ to these arrangements to deliver key local priorities. For the proposed programme four organisations (the DWP, the Skills Funding Agency, the Big Lottery and the National Offender Management Service) will act as co-financers, which is expected to account for 70 per cent of funding allocated; and
- Community Led Local Development (CLLD) – to support small area projects developed and operating at the community level (within the allocation for direct bidding).

1.4 Report structure

The remainder of this report is structured as follows:

- Section 2: Component A. Programme Strategy and Priority Axes;
- Section 3: Component B. Management;
- Section 4: Component C. Indicators, Monitoring and Evaluation; and
- Section 5: Component D. Consistency of Financial Allocations and
- Section 6: Component F. Equality Analysis.

The document also contains an appendix, which provides additional detail on the evaluation methodology.
2 Component A: Strategy and Priority Axes

2.1 Introduction

This section presents the findings from the ex-ante evaluation in terms of:

- The programme strategy;
- The Priority Axes (PAs) and Investment Priorities (IPs) selected; and
- The contribution of the programme to relevant European Union (EU) and national strategies and policies.

The section focuses on the rationale for, and structure of, the PAs and IPs, with comment on funding allocations and targets for performance being provided in Sections 5 and 4 respectively.

The programme architecture, and Thematic Objectives drawn upon, are summarised as Table 2.1 below.

Table 2.1 Summary programme architecture

<table>
<thead>
<tr>
<th>Priority Axis</th>
<th>Investment Priority</th>
<th>Thematic Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority Axis 1</td>
<td>Inclusive Labour Markets</td>
<td>8 (Employment) and 9 (Social inclusion)</td>
</tr>
<tr>
<td>IP 8.i – Access to employment for jobseekers and inactive people</td>
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<tr>
<td>IP 8.ii – Sustainable integration of young people</td>
<td></td>
<td></td>
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<tr>
<td>IP 8.ii – Youth Employment Initiative (YEI)</td>
<td></td>
<td></td>
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<tr>
<td>IP 9.i – Active inclusion</td>
<td></td>
<td></td>
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<tr>
<td>IP 9.vi – Community Led Local Development (CLLD)</td>
<td></td>
<td></td>
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<tr>
<td>Priority Axis 2</td>
<td>Skills for Growth</td>
<td>10 (Skills)</td>
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<tr>
<td>IP 10.iii – Enhancing equal access to lifelong learning</td>
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<tr>
<td>IP 10.iv – Improving the labour market relevance of education and training systems</td>
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<td></td>
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<tr>
<td>Priority Axis 3</td>
<td>Technical Assistance</td>
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First the programme strategy, and the analysis that underpins it, is reviewed; the PAs and IPs are then described; before the programme’s fit with, and contribution to, key national and EU policies and priorities is assessed.
2.2 Programme strategy

Section 1 of the Operational Programme (OP) describes the programme strategy, setting the context for the OP and its place within the ESIF Growth Programme for England. Specific reference is made to the framework provided by the Europe 2020 objectives (and the focus of the programme on the inclusive growth aspect) and the UK National Reform Programme priorities. The latest version of the OP also refers to the 2014 Country Specific Recommendations (CSRs) for the UK, and how the programme will contribute towards them, and updates the previous versions which referred to the 2013 CSRs.

Several points are emphasised in the strategy section, namely that:

• Since the scale of funding offered is modest compared to national expenditure on employment, social inclusion and skills, investment will be concentrated in areas where it can make a difference; and

• ESF will be used only where there is evidenced need, there is potential for clear value added to result, and it will not duplicate existing provision.

The focus of the programme is on employment for those unemployed and inactive, in the context of the Europe 2020 objectives and national programmes, as the route away from poverty and as a contribution to achieving individual, and national potential. Those furthest from the labour market, and facing entrenched, and multiple, disadvantages in accessing it, will receive support to progress towards employment, and so contributing towards the programme’s social inclusion objectives. Enhancing female participation to address the gender employment gap will also be a focus, and the programme’s ‘skills’ priority, Priority Axis 2, will contribute towards the development of a skilled and adaptable workforce through addressing skills needs (so contributing to individual and national competitiveness).

The Strategy section of the OP has developed considerably since the evaluators first commented on the initial draft strategy and Priority Axes in March 2014. The current section is structured as follows:

• programme objectives;

• programme architecture and Priority Axes;

• for Thematic Objectives 8, 9 and 10:

  – analysis of need – set out by target group with reference to spatial concentrations;
  – review of relevant national policies and programmes relevant to each objective; and
  – use of the European Social Fund (ESF) – how ESF will be used to address the issues identified in the analysis, including examples of potential activities to be supported.

• comment on the programme’s potential contributions to wider Thematic Objectives

• a summary table describing the justification for the Thematic Objectives and IPs selected; and

• financial allocation – tables showing the allocation of funding between the three Thematic Objectives – including the degree of concentration in the three types of region.

The structure adopted for the most recent OP, and particularly the structuring of the analysis by Thematic Objective, is much improved over previous versions. Previous analyses were structured by topic, i.e. labour market; young people, social exclusion and poverty, skills and equal opportunities. Structuring by Thematic Objective allows the analysis of need, potential target groups and interventions, and EU and national policy contribution, to be focused by the policy areas of employment, social inclusion and poverty, and skills respectively.

2.2.1 Overview by Thematic Objective

Here the content and coverage of each of the Thematic Objectives is summarised, with findings on the needs identified and the ways in which ESF will be used to address them. A finer grain of detail in terms of activities and target groups is produced in Section 2 of the OP (see Section 2.3 in this report), which describes how the Thematic Objectives are cast across the programme’s Priority Axes and Investment Priorities.

Thematic Objective 8 – Promoting sustainable and quality employment and supporting labour mobility

The OP sets out the context and key issues for the Employment objective, which include:

- Setting the economic context of continued recovery and forecast for steady growth, with employment at its highest level since 1992, male employment rate at 82 per cent and female at 70 per cent, with progress made in reducing the gender pay gap.

- At the same time the rate of unemployment (and long-term unemployment) is falling – at 5.4 per cent in England, below the UK and EU averages. The rate of economic inactivity remains fairly stable, with 22.6 per cent of people aged 16–64 are inactive.

- Employment is however lower, and unemployment higher, for those facing labour market disadvantage, incl. young people, disabled people, some ethnic minorities, older people and those with poor levels of qualification and skills:
  - While most young people continue in education/ training after school, some ‘drop out’ or struggle to make the transition to work. The proportion of young people not in employment, education or training (NEET) in England rises sharply at age 18, and education/training participation rates vary by ethnicity and gender.
  - People with disabilities and health conditions face particular disadvantage, with low levels of those of working age being in employment. Most disabled claimants want to work, but few think they are able to, and they are over twice as likely to lack formal qualifications, and less likely to participate in adult learning.
  - Certain ethnic minorities face greater difficulties accessing work, with the lowest employment rate being for people of Pakistani or Bangladeshi origin. The rate for ethnic minority women is 53.1 per cent, and particularly low amongst women of Pakistani or Bangladeshi origin.
  - People over 50 face lower than average employment rates and difficulties re-engaging in the labour market if they become unemployed.
  - Overall a lack of qualifications and skills is a major barrier to work – with those facing additional disadvantage faring worst.
• Measures to **reform the welfare system** include ongoing policy to move claimants from ‘inactive’ to active benefits, which require claimants to actively seek work, with the new Universal Credit benefit being mentioned frequently.

• **Territorial variations** – measures to improve labour market participation are relevant across all of England, but in some areas the issues are more significant. For example, economic inactivity rates vary significantly across the country, and are lowest mainly in the southern Local Enterprise Partnerships (LEPs) and highest in areas affected by the decline of heavy industry.

**National policies** of relevance to increasing employment levels referred to include the National Reform Programme\(^\text{11}\), which describes national measures to help the unemployed secure work (including self-employment) and more focused interventions to address barriers faced by women (reforms to shared parental leave and flexible working arrangements, and enhanced childcare arrangements\(^\text{12}\)), young people NEET (e.g. the Youth Contract and legacy programmes, the raising of the participation age to 18 and traineeships) and enhanced careers guidance services.

The **potential uses** for ESF investment are described, following the logic that as the economy recovers it will be the most disadvantaged that will continue to struggle to find work. Consequently, and as described in subsequent sections of this report, objectives focus upon the long-term unemployed and those facing disadvantage (including those aged over 50, ethnic minorities, disabled people, lone parents and young people). This recognises that while national provision to help find work is available, individuals with the most entrenched difficulties often fail to benefit from them. ESF will therefore provide additional pre-programme support, aligned with and building on national programmes. The economically inactive will also be targeted, on the basis that while services are available for them take-up is low, and additional support may be needed to support their participation. Finally, recognising the importance of basic and wider skills development to employability, provision will be supported to both help individuals secure work and help address any emerging skill shortages.

**Thematic Objective 9 – Promoting social inclusion, combating poverty and any discrimination**

Current issues of relevance to social inclusion and combatting poverty and discrimination are set out in the document, including:

• The share of the population considered **at risk of poverty or social exclusion** was 24.8 per cent in 2013, according to the EU definition. However poverty is often a symptom of deeper, more complex problems, with the Government’s Social Justice Strategy\(^\text{13}\) describing the scale of the challenge and aspects of disadvantage including worklessness, family problems, low educational attainment, drug and alcohol dependency, and debt and crime. Disadvantages can be experienced both singly and serially, with specialist and intensive support often being needed to address their barriers. Workless households are more likely to be in poverty and be dependent on benefit, which can have a negative effect on children’s labour market outcomes.

\(^{11}\) UK National Reform Programme, HM Government, 2015.


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- **Offenders** have high levels of unemployment whilst on licence following release from prison or whilst serving sentences in the community, with 74 per cent of offenders making at least one claim to an out-of-work benefit following release and tending to spend longer on benefits than other Jobseeker’s Allowance (JSA) claimants due to the additional barriers they face.

In addition to the Social Justice Strategy, other **national policies** referred to include increases to the National Minimum Wage and increased personal tax allowances, support for childcare costs and a series of preventative/early intervention measures to support families on low incomes and facing challenges. Efforts to address poverty, strategies to improve the life chances of young people, the introduction of Universal Credit and increasing the scale of the national Troubled Families programme will also contribute.

The **use of ESF** under TO9 is firmly focussed on the most disadvantaged, including those experiencing serial disadvantage, the inactive and those furthest from the labour market. Consequently packages of integrated support are required to cover groups whose needs are not currently being met, framed around initial needs assessments and personalised action planning, which complement national programmes and reforms affecting those with complex barriers, and to support the 2014 CSR to enhance support to low income households.

**Thematic Objective 10 – Investing in education, training and vocational training for skills and lifelong learning**

The OP recognises the role of skills development in improving the productivity of the workforce and as a means of supporting social inclusion and combating disadvantage. Data shows a high degree of correlation between skills levels and key indicators of deprivation, namely income, employment, and health. Productivity is an area where the UK falls behind other advanced economies, and has shown limited improvement following the recovery from the crisis. Particular areas where the UK underperforms include intermediate and higher level skills, and ESF offers the opportunity to address skills gaps and potential shortages as the economy continues to recover and grow. Support for apprenticeships will respond directly to the CSR 2014, with young NEETs, the lowest skilled and the most disadvantaged will be a priority.

- **Basic and lower level skills** – literacy and numeracy skills have been weak for some time in England, and while recent improvements in literacy are welcome, England ranks 11th in literacy and 17th in numeracy out of 24 countries\(^\text{14}\). The skills of the youngest adults compare particularly badly – 16–24-year-olds in England rank 22nd in literacy and 21st in numeracy, but in 2012 9.5 per cent of 16–64-year-olds in England had no qualifications. Skill levels vary by territory, with school achievement being highest in southern areas (particularly the South East) and a likely net movement of graduates into London. Higher proportions of people with low/no qualifications are mainly concentrated in large urban and some rural LEP areas. National trends do however, mask considerable skills disparities within LEP areas, making the case for local solutions to address pockets of disadvantage and low skills.

\(^\text{14}\) International Survey of Adult Skills 2012.
• **Intermediate technical skills** are another area of weakness, with almost three in 10 vacancies with requirements for these skills being reported as hard to fill. Skilled trades show the greatest shortages, followed by machine operatives, managerial and professional roles, caring, leisure and other services. One in five manufacturers currently report experiencing skills gaps.

• **Higher level skills** – research shows the UK’s relative underperformance in terms of higher level skills, both vocational and technical. Particular areas for concern include science and engineering qualifications, with evidence that female participation in Science, Technology, Engineering and Mathematics (STEM) subjects remains low. While overall participation in Higher Education (HE) is relatively high (above the EU2020 target), in certain parts of the country it is much lower\(^\text{15}\), for example in certain rural, coastal and inner city areas, even when there is a university is nearby. There are also disparities in performance between different socio-economic groups, with students from disadvantaged areas tending to do less well in HE than those from more advantaged areas.

Provided it does not duplicate existing provision or displace individual or employer investment in education and training, **ESF can be used** for a range of skills development activities. Focusing on areas of market failure, ESF will be used to **improve basic skills**, the numbers of individuals with **technical and specific vocational skills**, and support **progression in the workplace**. In response to the 2014 CSR, ESF will also be used to support **higher level skills** where market failure exists, where support cannot be provided through mainstream arrangements, and where there is a clear contribution to growth. Qualifications at Level 3 and above are usually supported through existing mechanisms, although in exceptional circumstances, and if gaps are identified, ESF can be used to support the acquisition of skills, or units towards them for the most disadvantaged groups, in line with the 2014 CSR. In the single Less Developed Region, ESF will continue to support the development of higher education provision to fill a gap in the local infrastructure.

### 2.2.2 Previous comments and responses

As described above, the Strategy section of the OP has developed considerably since the evaluators first commented on it in March 2014. Comment was provided throughout the evaluation on the strategy section, including assessing compliance in terms of the ESF regulations and wider requirements and fit with the EU and wider national policy frameworks.

The data used and analysis in the Strategy section was also reviewed in terms of its:

• Accuracy and relevance – was the data used accurate, the most appropriate and the most recent – considering issues of availability by spatial area and time;

• Whether the most relevant data source was used, and referencing appropriate and clear; and

• Whether the analysis and interpretation in the narrative was appropriate – were the right conclusions and implications drawn.

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\(^{15}\) See the Cold Spot database published by HEFCE (October 2014).
Comment was provided on the analysis and data sources used to the Managing Authority, with potential changes being either accepted or challenged on a reasoned or reasonable basis. Comments made on the most recent review of the data in the Strategy section document have also been made to the evaluator’s satisfaction. The most recent version of the OP, in which several data sources have been changed to provide comparison at the EU level, has also been reviewed and found to be fit for purpose.

In terms of the link between the analysis and the strategy, a number of suggestions were provided to strengthen the evidence base, increase the emphasis in certain areas, and improve presentation throughout the study. Previous suggestions for change were reflected in successive versions of the OP, with key points being summarised in the box below.

Summary of previous comments – Programme Strategy

Key comments provided on earlier versions of the Strategy section are summarised below.

- An increased emphasis on in-work poverty (and the share of children living in poverty in families with one full-time worker), provision for those employed but with low or insecure incomes (to secure better paid and more stable jobs, and so escape poverty), and on intermediate and higher level skills (to respond to the need identified) – each of which were given more prominence in subsequent versions.

- An increased consideration of future opportunities and challenges, and on the growth agenda given the recovery in the economy – as earlier analysis and text tended to look backward rather than forward, with little emphasis on the implications for the labour market and the programme going forward. This has been amended to better set the context for the programme, and show how ESF can actively contribute to an ‘inclusive recovery’ through helping those facing disadvantage enter, and progress within, work.

- Additional detail on childcare – previous text set out the Government’s response to the 2014 CSR, emphasising the importance to the availability and affordability of childcare to enable participation in ESF provision. Consequently, the contractual requirement was introduced for providers to make a contribution towards childcare costs where these are a barrier to participation in the 2014–2020 programme.

- Further consideration and reference to specific groups facing disadvantage, such as those disabled and with limiting health conditions (including mental health), immigrant workers and the potential role of early retirees – as target groups for ESF in 2014–2020. Additional reference is now made in the Strategy section to a range of disadvantaged group and the potential use of ESF to meet their needs.

- Specific reference to the Country Position Paper – now included within the text.

- Improve the presentation and clarity of the links between analysis, need and ESF response, i.e. the intervention logic – raised by the evaluators and the Commission, and resulting in improvements to the text.

- Make more reference to lessons from the 2007–2013 programme – to emphasise examples of effective practice and demonstrate the impact that can result from ESF support.

- The inclusion of additional emphasis on the potential for more closely integrating ERDF and ESF funded activities – given the ambition for the two programmes to work more closely together – again more of a feature in the most recent document.
Other areas where the Strategy section was enhanced in more recent versions of the document included:

- An enhanced section on women, highlighting the differential employment and inactivity rates for women and men and how the gender employment gap in the UK has narrowed to remain broadly static at around 10 per cent since 2009.

- The gender pay gap previously received little attention in earlier versions of the document, while being a key interest for the Commission on the basis of responses to earlier drafts. While mainly a symptom of vertical and horizontal segregation in the labour market, the potential role of ESF is likely to be limited, with promotion and awareness raising activities with employers being unlikely to contribute to recognisable change at the national level. However, a series of specific actions were set out to help address the gender employment gap, and support more women progress towards, and within, work (e.g. through support to improve skills and confidence and allow women to compete more effectively for better quality and higher paid jobs). Interventions to help women enter non-traditional occupations and sectors are also proposed, recognising that they must sit alongside family friendly approaches, improved access to childcare and encouraging the sharing of caring responsibilities if they are to be successful.

### 2.3 Programme Structure – The Priority Axes and Investment Priorities

Section 2 of the OP described the structure of the programme in terms of Policy Axes and Investment Priorities. Three Priority Axes are described, with seven Investment Priorities (and a Priority dedicated to Technical Assistance). Like the Strategy section, Section 2 has evolved in terms of titling and detail, although the two Priority Axes, and the Investment Priorities within them, remain very similar in focus and content to those proposed at the outset of the study. The current structure is summarised in Table 2.2 and Table 2.3 below.

#### Table 2.2 Programme Structure – Summary of Priority Axes

<table>
<thead>
<tr>
<th>Priority Axis</th>
<th>Investment Priority</th>
<th>Main Target Groups</th>
<th>Thematic Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority Axis 1: Inclusive Labour Markets</td>
<td>IP8.i – Access to employment for jobseekers and inactive people</td>
<td>Unemployed, jobseekers and inactive individuals, including the long-term unemployed and those some distance from the labour market (but not the hardest to engage). Specific reference to those with disabilities and health conditions (including mental health), older workers, women facing labour market disadvantage, with caring responsibilities, lone parents, ethnic minorities, ex-service personnel, care leavers, those with chaotic lives, third country nationals and migrants with the right to work in the UK, people in isolated rural areas, and those in jobless households.</td>
<td>TO 8 (Employment) and 9 (Social Inclusion)</td>
</tr>
</tbody>
</table>
### Table 2.2 Continued

<table>
<thead>
<tr>
<th>Priority Axis</th>
<th>Investment Priority</th>
<th>Main Target Groups</th>
<th>Thematic Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>IP8.ii – Sustainable integration of young people</td>
<td>Young people aged 15–24, particularly those NEET, at risk of social exclusion and from marginalised communities. Specific reference to young lone parents, looked after children and care leavers, carers, ex-offenders, gangs and young people with learning difficulties and disabilities.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IP8.ii – Youth Employment Initiative (YEI)</td>
<td>Young people aged 15–29, in eligible areas¹, NEET or inactive, at risk of social exclusion and from marginalised communities. Reference to young lone parents, looked after children/care leavers, carers, ex-offenders, gangs, and young people with learning difficulties and disabilities.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IP9.i – Active Inclusion</td>
<td>People at greater distance from the labour market, including those with profound, complex and multiple disadvantages. Reference to workless households, communities with high levels of poverty/social exclusion, economically inactive ethnic minority women, people with caring responsibilities, disabilities and health conditions, care leavers, refugees and migrants, older workers, ethnic minorities and women, and prisoners in custody and on release.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IP9.vi – CLLD, Community-Led Local Development</td>
<td>Community-led local development strategies – additional localised support to people to tackle a broad range of issues and barriers to labour market participation in particularly deprived areas.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority Axis 2: Skills for Growth</td>
<td>IP10iii – Enhancing equal access to lifelong learning</td>
<td>Those in work, facing disadvantage in the workplace and in-work progression, and at risk due to skills deficiencies or facing redundancy.</td>
<td>TO 10 (Skills – indirect contribution to TO 8 &amp; 9)</td>
</tr>
<tr>
<td></td>
<td>IP10iv – Improving labour market relevance of education and training systems</td>
<td>Projects to improve employer engagement, partnerships, capacity and systems. Target groups referred to: students and graduates, small and medium-sized enterprises (SMEs), employees, employers, schools and pupils.</td>
<td></td>
</tr>
</tbody>
</table>

¹ Defined as NUTS 2 regions with youth unemployment rates over 25 per cent in 2012, and including in England: Inner London, Merseyside, Tees Valley and Durham, and West Midlands. In accordance with Article 16 of the ESF Regulations, 10 per cent of YEI funding has been allocated to an additional four regions with youth unemployment rates over 30 per cent in 2012, namely Kingston upon Hull, Nottingham, Leicester and Thurrock.
### Table 2.3 Priority Axes and Investment Priorities

<table>
<thead>
<tr>
<th>Investment Priorities</th>
<th>Objectives</th>
<th>Indicative activities</th>
<th>Examples of results</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Priority Axis 1: Inclusive Labour Markets</strong> – to increase participation in the labour market and thereby improve social inclusion and mobility. Thematic objectives 8 (employment) and 9 (social inclusion), and contributing indirectly to 10 (skills activities to tackle barriers to work and exclusion).</td>
<td>To improve the employability of long-term unemployed people, so that they can compete effectively in the labour market. To provide individuals from groups which face particular labour market disadvantage with additional support so that they can compete effectively in the labour market. To encourage inactive people to participate in the labour market and to improve their employability. To address the basic skills needs of unemployed and inactive people so that they can compete effectively in the labour market. To provide support for women at a disadvantage in the labour market, and particularly those who are currently inactive, to contribute to our efforts to reduce the gender employment gap.</td>
<td>Helping identify/address barriers to work. Providing additional support aligned to, and building upon national programmes. Helping those on inactive benefits tackle their barriers, provide advice and support their progress to the labour market. Supporting the unemployed and inactive through pre-employment, pre-traineeship and pre-Work Programme support. Support for the long-term unemployed after national mainstream provision, e.g. work experience, training, volunteering. Activities to increase female participation, in under-represented sectors/occupations. Wage subsidies/ incentives if additional. Actions to overcome the challenges of limited rural employment opportunities.</td>
<td>• Unemployed participants in employment, including self-employment, on leaving. • Inactive participants into employment or jobsearch on leaving. • Participants gaining basic skills, • Participants with childcare needs receiving childcare support.</td>
</tr>
<tr>
<td><strong>IP8.i – Access to employment for jobseekers and inactive people</strong> – including the long-term unemployed, so they can compete effectively in the labour market</td>
<td>To support the rise in the participation age through additional traineeship and apprenticeship opportunities. To engage marginalised 15–18-year-olds and support them to re-engage with education or training. To address basic skills needs of young NEETS to compete effectively in the labour market. To provide additional work experience and pre-employment training opportunities to unemployed 18–24-year-olds</td>
<td>Supporting additional measures to increase the number of young people in education, employment and training. Funding mechanisms to engage young people; and provision including customised training and volunteering opportunities. Supporting and building upon traineeships, through wrap-round activity, additional support and work experience.</td>
<td>Unemployed or inactive participants in employment or education/training on leaving. Participants gaining basic skills. Unemployed, long-term unemployed and inactive participants: completing a YEI intervention; receiving an offer</td>
</tr>
</tbody>
</table>
| **IP8.ii – Sustainable integration of young people** – in particular those NEET, at risk of social exclusion from marginalised communities, including through the Youth Guarantee | | | | Continued
### Table 2.3  Continued

<table>
<thead>
<tr>
<th>Investment Priorities</th>
<th>Objectives</th>
<th>Indicative activities</th>
<th>Examples of results</th>
</tr>
</thead>
<tbody>
<tr>
<td>IP8.ii – Youth Employment Initiative (YEI) – in particular those NEET, including young people at risk of social exclusion and from marginalised communities, including through the implementation of the Youth Guarantee.</td>
<td>To support young lone parents to overcome the barriers they face in participating in the labour market (including childcare).</td>
<td>Complementing apprenticeships by improving recruitment, assessment and training. Enhancing local careers guidance services for young people, including providing LMI Brokering opportunities with local employers to employ young people NEET and facing disadvantages.</td>
<td>of employment, education, apprenticeship or traineeship; in education/training, gaining a qualification, or in employment. Participants in continued education, training leading to a qualification, an apprenticeship or a traineeship six months after leaving. Participants in employment six months after leaving.</td>
</tr>
<tr>
<td>IP9.i – Active inclusion – including with a view to promoting equal opportunities and active participation, and improving employability.</td>
<td>To support people with multiple and complex barriers to participation to address these underlying issues and to move closer to or into the labour market. To support prisoners in custody and on release, and those without work who are serving sentences in the community, to improve their employability. To engage marginalised individuals and support them to re-engage with education, training, or in employment.</td>
<td>Addressing gaps in provision by adding value/complementing existing services, and including locally targeted provision. Promoting equal opportunities through support for inactive women from ethnic minority communities, carers and those facing multiple disadvantages, and for offenders in custody or on release.</td>
<td>• Unemployed participants in employment, including self-employment, on leaving • Participants in education/training on leaving • Inactive participants into employment or jobsearch on leaving • Share of those with childcare needs receiving childcare support.</td>
</tr>
</tbody>
</table>
Specific potential activities include:

- Basic skills and English for Speakers of Other Languages (ESOL) training;
- Support for pre-traineeship and pre-Work Programme provision;
- Financial and money management support and advice;
- Digital and internet training to support jobsearch and progress in work;
- Volunteering and training opportunities for individuals/communities in environmental sectors;
- Community Grant-type actions to support activity to reach target groups;
- Local networks, groups and peer support for jobsearch or learning;
- Soft skills development – e.g. motivation, assertion, etc.

Volunteering opportunities

Innovative activity to tackle multiple deprivation and specific barriers to work;
Individual pathways to integration and employment;
Combating discrimination based on gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation;
Reducing employment barriers linked to social and economic isolation;
Improving skill levels amongst young people NEET and adults;
Facilitating community participation and engagement;
Support for community and social capacity building, including social enterprise and investment in high growth start-ups.

- Unemployed participants in employment on leaving
- Inactive participants into employment or jobsearch on leaving
- Participants into education/training on leaving

**Table 2.3 Continued**

<table>
<thead>
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<th>Objectives</th>
<th>Indicative activities</th>
<th>Examples of results</th>
</tr>
</thead>
</table>
| IP9.vi – Community Led Local Development (CLLD) | To deliver additional, localised support to people in particularly deprived areas, so that they move towards or into employment. | Innovative activity to tackle multiple deprivation and specific barriers to work; Individual pathways to integration and employment; Combating discrimination based on gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation; Reducing employment barriers linked to social and economic isolation; Improving skill levels amongst young people NEET and adults; Facilitating community participation and engagement; Support for community and social capacity building, including social enterprise and investment in high growth start-ups. | • Unemployed participants in employment on leaving
• Inactive participants into employment or jobsearch on leaving
• Participants into education/training on leaving |
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Table 2.3  Continued

<table>
<thead>
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<th>Objectives</th>
<th>Indicative activities</th>
<th>Examples of results</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Priority Axis 2 – Skills for Growth</strong> – to deliver skills for growth, including intermediate and higher level skills. Thematic Objective 10 (investing on education and training), with indirect contribution to Thematic Objectives 8 and 9 (employment and social inclusion).</td>
<td>To address the basic skills needs of employed people, particularly in SMEs and micro businesses. To increase the skills levels of employed people from the existing level to the next level up, to encourage progression in employment. To increase the number of people with technical and job specific skills, particularly at level 3 and above and into higher and advanced level apprenticeships, to support business growth. To increase the skills levels of employed women to encourage progression in employment help address the gender employment and wage gap.</td>
<td>Basic and low level skills interventions for the existing workforce; Skills training to help individuals progress, increase pay/working hours or obtain better jobs and move out of poverty; Support for generic skills such as customer handling, team working, etc; Tailored training opportunities: for older people, in response to redundancies, and for workers to learn new low carbon skills; Skills support for traineeships and apprenticeships; Support for specific activities to promote equality and diversity, retention, progression and employability in FE and HE, and raising aspirations; Support for women to enter non-traditional sectors and for part-time female workers to upskill/progress; Advice and guidance to improve understanding of the local labour market. Support for intermediate, technical and advanced vocational provision for career progression; Funding outreach activity for under-represented groups; Financial support for under-represented groups, for course related costs; Increase participation in current or predicted skills shortage areas; Developing skills to meet future needs; Helping sustain employment, and support for those at risk/facing redundancy.</td>
<td>• Participants gaining basic skills • Participants gaining a Level 2 or below qualification, or unit towards one, on leaving • Participants gaining a Level 3 or above qualification, or units towards one • Employed females gaining improved labour market status on leaving.</td>
</tr>
</tbody>
</table>
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### Table 2.3  Continued

<table>
<thead>
<tr>
<th>Investment Priorities</th>
<th>Objectives</th>
<th>Indicative activities</th>
<th>Examples of results</th>
</tr>
</thead>
<tbody>
<tr>
<td>IP10iv – Improving the labour market relevance of education and training systems — facilitating the transition from education to work, and strengthening vocational education and training systems and their quality, including through mechanisms for skills anticipation, adaptation of curricula and the establishment and development of work based learning systems, including dual learning systems and apprenticeship schemes.</td>
<td>To promote improvements in the labour market relevance of skills provision through active engagement with relevant institutions and employers, particularly SMEs and Micro businesses.</td>
<td>Supporting projects, placements or other activities with SMEs giving students and graduates industry experience and skills; Building capacity in SMEs to provide project/placement opportunities, enhance the contribution of advanced skills to SME growth, and engaging the most disadvantaged groups or those facing barriers to utilising advanced skills; Brokering opportunities to encourage work experience, placements, traineeships, apprenticeships, and graduate placements through wider employer engagement; Promoting apprenticeships (especially advanced levels in manufacturing/priority sectors) in a supportive environment for employer engagement; and Developing better links between business and schools, FE, HE and other education partners to equip students with the skills to start and grow a business.</td>
<td>• Successfully completed projects (which increase employer engagement and/or the number of people progressing into/within skills provision).</td>
</tr>
</tbody>
</table>

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

Table 2.3 Continued

<table>
<thead>
<tr>
<th>Investment Priorities</th>
<th>Objectives</th>
<th>Indicative activities</th>
<th>Examples of results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority Axis 3 – Technical Assistance</td>
<td>Technical Assistance will facilitate robust governance, accountability and partnership engagement to support the efficient and compliant management and implementation of the ESF Operational Programme. It will help ensure that programme performance targets are achieved and that the delivery is compliant with EU regulations.</td>
<td>Activities include supporting: Programme management – including preparing, managing and monitoring OP implementation; Programme development and capacity building – technical advice and support for project development, training and development; Programme analysis, monitoring and evaluation – to comply with EU regulations; and Information and publicity – including ensuring all projects adhere to ESF publicity requirements.</td>
<td>• ESF Technical Assistance will contribute to the effective delivery of the programme so that it is compliant with EU regulations and is better able to deliver objectives and targets of the priorities.</td>
</tr>
</tbody>
</table>

As Table 2.1 and the previous section described, activities are concentrated within Thematic Objectives 8, 9 and 10, namely ‘promoting employment and supporting labour mobility’, ‘promoting social inclusion and combating poverty’ and ‘investing in education, skills and lifelong learning’, respectively.

The Priority Axes (PAs) and Investment Priorities (IPs) sections are structured in accordance with the Commission template for submission via the Structural Funds Computer (SFC)\(^\text{16}\), providing:

- An introduction to each PA, with text on each IP including:
  - The specific objectives and type of results expected – currently recently in table form;
  - A table setting out the relevant common results indicators;
  - Examples of actions to be supported under each IP – generally with a greater degree of specificity than in the Strategy section;
  - Guiding principles for the selections of operations – completed for IP8.i and 9vi, and discussed in Section 3 of this report; and
  - Tables featuring common and programme specific output indicators.

### 2.3.1 Previous comments and responses

The review of previous drafts of the PAs and IPs found that while they were sufficiently broad to encompass the main challenges and needs set out in the strategy section, and the priorities were consistent with each other, improvements to their presentation could be made. These included:

\(^{16}\) The SFC is the online system by which the MA transmits regulatory reports and data to the European Commission.
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- Reinforcing the links between the analysis in the strategy section, the investment priorities and intended activities – by improving the text to more clearly set out the intervention logic for the programme;
- Providing additional detail on the intended activities under each IP – to provide clarity for readers, support the appraisal of the programme and guide subsequent implementation;
- Providing clarity on the assessment process to be followed with project applications under direct bidding;
- Increased clarity on the specific target groups intended to benefit from activities under each IP – including the priority target groups identified in the analysis within the Strategy section and the equal opportunities targets, recognising that many individuals will fall into both groups; and
- Refining the proposed results measures to tailor more closely to the types of activities and target groups.

In the opinion of the evaluators, these points have been addressed appropriately in the most recent version of the OP, within the context of the word limits set for submission to the SFC.

2.4 Contribution to EU and national strategies and policies

The OP must describe how the programme is intended to contribute towards, and demonstrate coherence with, a series of Commission strategies and targets. Similarly 'strategic fit' with national policies should also be illustrated. As the previous text has described, the evaluation found that the issues of strategic coherence and contribution have been addressed clearly in successive iterations of the document, as summarised below.

2.4.1 Coherence with and contribution to Europe 2020

Coherence with, and contributions to, the Europe 2020 strategy and targets should be explicitly described in the OP for the ESF 2014–2020 programme. Europe 2020 is the European Union (EU) strategy for growth and jobs, launched in 2010 and taking a 10-year perspective to promoting growth and creating the conditions for smart, sustainable and inclusive growth.

The strategy intends to address both the short-term conditions associated with the economic crisis and the longer term need for structural reform. It sets out five headline targets to be achieved by the end of 2020, covering employment; research and development; climate/energy; education; social inclusion and poverty reduction:

- Employment – 75 per cent of all 20–64-year-olds to be in employment;
- Research and development – 3 per cent of the EU’s GDP to be invested in Research and Development (R&D);
- Climate change and energy sustainability – greenhouse gas emissions to be 20 per cent lower than 1990 levels, 20 per cent of energy to be sourced from renewable sources, and a 20 per cent increase in energy efficiency;
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• Education – reducing the rates of early school leaving\textsuperscript{17} below 10 per cent, with at least 40 per cent of 30–34-year-olds completing third level education; and

• Fighting poverty and social exclusion – at least 20 million fewer people across the EU in or at risk of poverty and social exclusion.

The employment, education and poverty/social inclusion targets are of specific relevance to the ESF programme. Although the UK has not formally signed up to their achievement, it is clear that the 2014–2020 programme is directed to contribute towards the achievement of the employment, education and poverty/social inclusion objectives, both by explicit reference in the strategy section and the subsequent priorities. For example:

• **Employment** – while the current England employment rate is cited as 73.8 per cent in early 2015, well above the EU average, unemployment rates continue to decline, reaching 5.4 per cent for February to April 2015 and well below the EU average of 9.7 per cent. However the number of long-term out of work benefit recipients remains high, and over 22 per cent of people in England aged 16–64 are inactive in the labour market. Individuals facing disadvantages however fare worse in employment terms – notably young people, the disabled, those from ethnic minority communities and older age groups – and both unemployment and inactivity rates vary considerably across England. The targeting of ESF towards unemployed and inactive participants is clear under Priority 1, and particular Investment Priorities 8.i and 9.i, and 8.ii and 8.ii (YEI) for young people.

• **Education and training** – skills deficiencies relate to the underperformance in competitiveness in the English economy, and to levels of unemployment and poverty amongst individuals. The share of the labour force with basic skill deficiencies and sub-secondary level qualifications in England are weaknesses, and the level of those with intermediate technical/"higher level" skills are also a weakness within a modern economy. As the distribution of workplace training is highly variable by sector, location and occupation, and is declining overall, the opportunity exists for ESF to complement and build upon national strategies on the basis of local need. Priority Axis 2 focuses on the development of skills amongst the existing workforce, with Investment Priority IP 10iii, through a combination of training, advice and support to individuals. Recognising the importance of employer involvement, Investment Priority 10.iv seeks to enhance employer engagement and involvement in the education and training system at the local level.

Activities to raise skills are also a feature of Priority Axis 1 and its constituent Investment Priorities, targeting the unemployed to help them progress towards and into work (depending on distance from the labour market), and others at risk of unemployment/without the necessary skills to sustain employment. Investment Priorities 2 and 3 target young people, particularly those NEET, through interventions to enhance their participation in, and integration with, the labour market.

• **Poverty and social exclusion** – almost one in four of the UK population were at risk of poverty or social exclusion according to the EU definition in 2013. Notably, being in poverty is not confined to households where no adult is in work – in 2011/12 around 30 per cent of children living in families with one full-time worker were living in poverty. Unemployment and poverty can also be symptoms of complex and underpinning issues and disadvantages, experienced both singly and serially, which themselves must be addressed if individuals are to progress forwards.

\textsuperscript{17} Described in the OP as early leavers from education and training.
Again, interventions to support those living in poverty and experiencing social exclusion are distributed across the two Priority Axes and Investment Priorities, with a concentration in the Investment Priority 4 which seeks to help those at some distance from the labour market and may be facing multiple barriers to their integration. Interventions suggested seek to help individuals move towards employment, or progress within it for those facing ‘workplace’ barriers, through complementing existing provision, providing skills training and other support and offering ‘holistic’ solutions to entrenched problems.

2.4.2 Consideration and consistency with CSRs, NRP and CPP

The document also makes reference to the consideration of, and response to, measures and recommendations set out in the 2014 Country Specific Recommendations, the UK National Reform Programme (NRP), and the Commission Position Paper (CPP, November 2012).

Country Specific Recommendations for the UK

The Council Recommendation of 8 July 2014\(^\text{18}\) made six CSRs for the UK, set within the context of the Europe 2020 targets and progress towards them, two of which are relevant to ESF, namely:

- Maintaining commitment to the Youth Contract – especially by improving the skills that employers need; ensuring employer engagement to address skills mismatches through more advanced and higher level skills provision and furthering apprenticeship offers; and reducing the number of young people with low basic skills; and
- Continuing efforts to reduce child poverty in low-income households – by ensuring that the Universal Credit and other welfare reforms deliver adequate benefits with clear work incentives and support services; and improving the availability of affordable quality childcare.

The document is clear in terms of the intent to address these recommendations as considered relevant, and describes where elements of the recommendations will not be implemented. Specific responses are also clearly set out in the Strategy section/under the ‘use of ESF’ sub-sections, with examples where explicit references including:

- The section on young people sets out how use of ESF and YEI funds will be used to address youth unemployment through the funding of additional basic skills provision, help disadvantaged youth access Traineeships and Apprenticeships, provide intermediate and advanced skills (Level 3 and above) where relevant, and helping young people make effective transitions between education and work.
- The section on Social Exclusion and Poverty describes how ESF will contributed to efforts to support low-income households and reduce child poverty, and while ESF will not be used directly to implement welfare reform it will focus on activities that complement ongoing reform (the introduction of Universal Credit is highlighted) and enhance services for individuals facing complex barriers to labour market engagement.

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The section also describes that ESF will not be used to address structural issues around simplifying the system of qualifications; supporting education in schools (although it will provide additional support to integrate those NEET/at risk of becoming so). The recommendation on childcare will also not be implemented under ESF, following recent government announcements, although ESF may be used to fund childcare provision where this acts as a barrier to participation in ESF provision, and for supporting measures such as training for childcare workers.

National Reform Programme
The UK National Reform Programme (NRP) sets out plans for structural reform to promote growth and employment, within the context of the Europe 2020 strategy and responding of the CSRs made by the Commission. Key areas for consideration under ESF are improving measures to raise the employability of young people (notably those NEET or with poor basic skills), and step up measures to facilitate the labour market integration of people in workless households.

The NRP is referenced directly (and links inferred) in the Strategy section, for example, in terms of measures put in place to help unemployed individuals return to work and address long-term unemployment, support skills development and help young people progress.

Community Position Paper
Reference has also been included, and links are implied throughout the document, to the recommendations of the CPP for the UK 2014–2020 (which reflect those in the CSRs).

Coherence and contribution to national strategies
Similarly Section 1 includes a specific section under each policy area which discusses national policies and programmes, and referring explicitly to programmes such as the Work Programme, Youth Contract and Universal Credit (and accompanying reform of the welfare system), and wider strategy documents such as ‘Building Engagement, Building Futures’ on youth unemployment and ‘Social Justice: Transforming Lives’ with reference to individuals and families facing multiple disadvantage.

Overall the reference to and consideration of relevant national strategies and programmes appears comprehensive and covers the main policies of relevance. In addition, the intent to avoid duplication, and for ESF to complement, and enhance, national provision are also stated clearly throughout.

It is also worth noting that the LEP European Structural and Investment Funds (ESIF) strategies were produced at the same time as their local Strategic Economic Plans, and so are aligned locally with a range of government policies and the recently announced Local Growth Deals. This should help ensure strategic coherence across a wide range of national policy agendas at the local level.

As the text above shows, the strategy and PAs show how the ESF is expected to be targeted towards individuals, areas of need and policy priorities. However the question remains over the extent to which these ambitions will be realised through project development and delivery at the local level. Both calls for projects and their subsequent appraisal will need to be cognisant of these expectations to help ensure they are met.
2.5 Conclusions and recommendations for implementation

This section has focused on Sections 1 (Strategy) and 2 (Priority Axes) of the OP, focusing on the strategy, structuring and focus of the PAs and IPs, with comment on funding allocations and targets for performance being reviewed in Sections 4 and 5 respectively.

2.5.1 Strategy

The most recent draft of the Strategy section shows considerable improvement over previous versions in terms of presentation, logical flow and feed into the subsequent Priority Axes section. While the overall sense of the section remains as was – i.e. the focus on employment, use of ESF only where adding value and not duplicating, and the idea of employment as the route out of poverty, the focus has improved through structuring by Thematic Objective and additional clarity on specific target groups. While the interplay between elements of disadvantage could be explored in more detail, it is recognised that such analysis could take up the space allowed for submission – with the examples provided being sufficient to make the point.

In terms of coverage and focus, the needs and responses described fit with the expectations for activities funded under ESF and in accordance with the relevant guidance. The opportunities to complement, and add value, to national programmes are clear, particularly for more disadvantaged groups and in the cases of pre-programme provision. The skills objectives of the programme also reflect the inclusion of a forward perspective to the programme, from the initial versions which were more attuned to an economy suffering a recession to one entering a period of sustained growth. This is recognised in presenting both opportunities and challenges – opportunities for increasing numbers of participants to progress into employment in a more buoyant economy, compared to the heightened challenges in finding work for those facing disadvantage when competition for work is high.

Overall, we consider that the analysis provided and conclusions drawn are robust, and provide an accurate portrayal of the main issues and relevant target groups, and so forms a firm basis for the strategy for the 2014–2020 programme. The strategy itself provides a reasoned response to the analysis presented, although it can only be meaningfully assessed in the context of the PAs under which it will be mobilised.

2.5.2 Priority Axes and Investment Priorities

Overall the PAs and IPs provide a clear and consistent response to the issues identified in the strategy section. The overall direction and focus of the Priority Axes and Investment Priorities have remained largely unchanged in recent versions of the document, with additional text being added to extend the potential actions under each IP and to provide additional clarity on the specific participant groups targeted under each. In the most recent version the revised structure of the Strategy section has also influenced the presentation and content of Section 2, with the effect of making it shorter and more precise – both positive developments.
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One area which remains outstanding is the limited reference to lessons from the previous programme, and while some have been included there is more that could be added. At this point in the OP’s development it may be that these are best included in any ‘citizen’s version’ of the OP, and in guidance materials to potential beneficiaries to help inform project development.

Overall, the evaluators conclude that the Priority Axes and Investment Priorities flow naturally from the analysis presented in the Strategy section, and are sensibly grouped to provide coherence and clarity to the programme.

2.5.3 Contribution to key EU and national policies and programmes

In the view of the contractors, the programme as described in Sections 1 and 2 makes clear the intent, and implies the contribution, towards the goals of the Europe 2020 strategy and National Reform Programme.

In terms of the CSRs, responses within the programme are also clear, with reasons being provided for specific examples (e.g. with reference to childcare provision) which will be addressed less directly by the programme. Indeed, in the case of childcare, the case is made that new commitments by the Government mean that direct ESF investment would duplicate their investment. However, project providers will be required to contribute towards childcare costs where these are a barrier to engagement, and ESF can contribute to enhanced childcare capacity by paying for the training of childcare workers (provided the ESF eligibility criteria are met).

Finally, it is worthy of note that the new programme has been developed, and will be implemented, within a new infrastructure for ESF. While this will be explored in more detail in Section 3 (Component B: Management), it will be important to consider how this new structure, and the new roles for the actors within it, are resourced, adequately informed and supported, and mobilised to deliver. It will be key that, at the local level, clear guidance is provided to LEPs and their local committees on all aspects of the project development, appraisal and monitoring process and ensure their alignment with the expectations set out in the OP.
3 Component B: Management

3.1 Introduction

This section reviews the management and delivery approach proposed for the 2014–2020 ESF programme, and the structures which underpin it, in terms of their adequacy and potential effectiveness. It draws upon the findings from across the evaluation period and a number of specific tasks, including a programme of interviews with the Managing Authority (MA) and wider stakeholders in the public and voluntary sectors, the review of a sample of European Structural and Investment Fund (ESIF) Strategies, and consultations with a range of stakeholders including representatives of the four proposed opt-in/co-financing organisations.

The review of management proposals is of particular significance for the England Operational Programme (OP) given the changes in the previous structures to administer the programme and provide support to intermediate bodies and projects since the instigation of the 2007–2013 European Social Fund (ESF) programme. This offers a combination of opportunities and challenges, as well as the potential risks associated with any new delivery infrastructure.

This section comprises a series of sub-sections, starting with a review of the new delivery infrastructure for ESF in England, steps to reduce the administrative burden associated with ESF for participants (a key theme for the 2014–2020 programme), and comment on the measures to promote sustainable development.

3.2 A new delivery infrastructure

As described in the introduction, the 2014–2020 ESF programme has been developed and will be implemented in a different environment to previous programmes.

3.2.1 The new infrastructure

In 2010 the new Coalition Government announced the abolition of the nine English Regional Development Agencies (RDAs), as part of a commitment to remove the regional tier of government in England, reduce bureaucracy and transfer power from central government to local authorities and communities, and give local authorities and businesses the power to form their own business-led ‘local enterprise partnerships’. The former RDAs were established to facilitate economic development within their regions through supporting employment, skills, regeneration, business efficiency and competitiveness, and sustainable development. The RDAs were wound up over a two-year period, with all ceasing to operate by April 2012.

Over a similar period the network of Government Offices for the Regions (GOs), which was established in 1994 and oversaw the interests of 12 Government Departments at the regional level, were also abolished (although the Departments retained a regional presence, but on a smaller scale). Their role previously focused on the delivery of government policy in the regions, with their broad remit including involvement in the regeneration of communities, addressing crime, tackling housing needs, public health, raising standards in education and skills, countryside issues and reducing unemployment. Following the Comprehensive
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Spending Review (October 2010), it was confirmed that the GOs would close on 31 March 2011, as part of a series of measures to reduce government spending in order to reduce the budget deficit and which included the abolition of the RDAs.

Both the RDAs and the GOs had played important roles in the delivery of ESF across the current and previous programmes. The GOs had previously had a central role in the planning and delivery of ESF in their regions, including an involvement in the assessment of proposals, providing advice and support to projects and potential beneficiary organisations, managing the claims process and monitoring implementation against expenditure and output targets. The RDAs had also taken a significant role, with some having a role as co-financers and others in influencing and driving programme activities, within the context of their Regional Economic Strategies.

With their closure, the GO role was transferred to the England Managing Authority, the ESF Division of the Department for Work and Pensions (DWP), and the RDA activities were also either wound down (as part of existing project lifecycles) or re-distributed for the second half of the programme.

The dissolution of both organisations has implications for the management and delivery of the future programme at strategic and operational sub-national levels, and for the scale and nature of support for beneficiaries as they prepare for the new programme and its implementation.

Local Enterprise Partnerships

To replace the RDAs, a network of Local Enterprise Partnerships (LEPs) was announced in 2010 and detailed in a white paper in October 201019, which set out the Government’s role in supporting locally driven growth, encouraging business investment and promoting economic development by shifting power to local communities and businesses. LEPs are non-statutory bodies and comprise partnerships between local authorities, businesses and other partners, who aim to play a central role in determining economic priorities, shape activities to drive economic growth and support the creation of jobs.

There are 39 LEPs, whose boundaries are intended to cover defined functional economic areas, and in some cases overlap and cut across local authority boundaries. The areas they cover have different characteristics in terms of their size and nature (in terms of geography and population); economic performance, strengths and weaknesses; and demographic make-up. Consequently, while many LEP areas will face similar challenges to growth and addressing issues such as unemployment, these challenges will vary in acuteness between them. For example, as the OP describes, the LEP areas vary in terms of levels of employment, unemployment and economic activity, measures of social exclusion and poverty, and the education and skills levels of their populations.

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In summary, the roles of the LEPs include:

- Setting out local growth strategies and key investment priorities, with government, through the preparation of Strategic Economic Plans (SEPs) for their areas – developed at the same time as the LEP ESIF strategies, which complemented SEP priorities, and vice versa;
- Coordinating proposals or bidding directly for the first four rounds of the £2.7bn Regional Growth Fund, receiving allocations under the Growing Places Fund, and eligible to apply for funds under the Single Local Growth Fund from 2015/16; and
- Contributing to the development of national planning policy and ensuring business is involved with strategic planning applications.

In the context of the 2014–2020 Structural Funds programme the LEPs will, working closely with their local and national partners, develop local ESIF strategies for their areas, prioritising investment proposals for their respective ESF and ERDF allocations.

### 3.2.2 The 2014–2020 Structural Funds programme

The new Structural Funds programme is itself following a new approach, with a single Multiannual Financial Framework and a Common Strategic Framework across the Funds, and moves towards more coordinated and integrated planning and delivery between European Regional Development Fund (ERDF) and ESF (the European Structural and Investment Funds Growth Programme for England).

As part of the development of the OP, local areas were invited in the summer of 2013 to develop strategies for the ESIFs which indicate their strategic priorities for investment, the needs these seek to address and how the Structural Funds will be used to achieve them. Their ESIF strategies also described whether the decision had been taken to ‘opt in’ to co-financed provision or otherwise, and if so how the opt-in provision would be accommodated. Guidance was provided by government for local partners to develop their strategies, with a set of priority activities to reflect the nature and scale of local need. This process was underpinned by the notion that the Government’s localism agenda encourages communities to take more control of the issues they face and their solutions. As successive versions of the OP have described, this emphasises the importance of ensuring that all local partners, including social partners, are involved in the planning and delivery of interventions to meet local needs and share the benefits of an ‘inclusive economic recovery’.

### Programme governance

The OP sets out the proposed arrangements for the management and governance of the 2014–2020 ESF programme, clearly setting out the roles and responsibilities of the relevant authorities and emphasising the continued lead role of the DWP – in accordance with the expectation in the Common Provision Regulations (CPR) that Government Departments would act as MAs.

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20 i.e. the Managing, Certifying and Audit authorities, and the body which will commission payments.

21 The Managing Authority for ERDF is the Department for Communities and Local Government (DCLG).
At the time of writing, and based on the content of the most recent OP, a shadow national ESIF Programme Monitoring Committee (PMC) has been established, which will be formalised following the adoption of the OP. The role of the PMC is to oversee the programmes in line with the requirement set out in the ESF and ERDF regulations, and in the context of the integrated nature of the funds. It will be chaired by the programme MAs and is intended to meet quarterly, with members drawn ‘from a wide range of partners across the public, private and voluntary sectors’. The remit of the MA will remain as the 2007–2013 programmes, namely to ensure that the programme is delivered in accordance with the appropriate legislation (being ultimately accountable to the European Commission), represent good value for money, and follow the principles of sound financial management.

The ESIF governance structure is summarised as Figure 3.1 below, which sets out the links between the PMC and the various sub-committees. The MA will be responsible for the management of the OPs, working collaboratively with partners. Partners are expected, and will be facilitated, to play an active role in programme development, implementation and progress reporting. The national governance structure includes a series of sub-committees to advise on policy and operation:

- Thematic sub-committees – with remits for innovation, small and medium-sized enterprises (SMEs), low carbon and skills, employment, and social inclusion;
- Cross-cutting thematic sub-committees with specific remits for equalities and diversity and for sustainability;
- Functional committees for communications, evaluation and other relevant topics;
- A sub-committee for technical assistance; and
- A performance and accountability sub-committee – to oversee delivery and hold partners and the MA to account.
To reflect the local focus of the programme, ESIF committees have been established in each LEP area. Chaired by a local partner, with the MA as Deputy Chair, they will include representation from business, public, environmental and voluntary sectors. In all cases their format and membership must comply with the ESF/ERDF regulations and the Code of Conduct on Partnership in the framework of the ESIF\(^\text{22}\) (stating that meaningful engagement with all stakeholders, including social partners, must be part of the prioritisation and investment of European Union (EU) funding process).

The remit of the partnerships includes promoting the ESIF activities and their benefits, alongside a leadership role within their areas – so while complementing the role and functions of the MA, the local ESIF committees will not be a substitute for it or its responsibilities under the EU regulations. Their role will include:

- Providing advice to the MAs on local development needs and opportunities to inform OPs and ESIF strategies;
- Working with sectors and the organisations they represent to understand and engage with the opportunities provided by the ESIF, to support OP objectives and local economic growth;
- Promoting active participation amongst local economic, environmental and social partners to help bring forward activities which meet local needs in line with the OPs and local ESIF strategies and Implementation plans;
- Providing practical advice and information to the MAs to assist in the preparation of local plans that contribute towards OP priorities and targets. Similarly, provide local intelligence to the MAs in the development of project calls decided by the MAs that reflect OP and local development needs as well as match funding opportunities;

• Providing advice on local economic growth conditions and opportunities within the context of OPs and the local ESIF strategy to aid the MA’s assessment at outline and full application stage; and

• Contribute advice, local knowledge and understanding to the MA to aid good delivery against spend, milestones, cross-cutting themes, outputs and results set out in the OP and local ESIF strategies.

The project selection process

The proposed approach to the selection of projects for ESF support is set out in the OP, and reflects the new ESF infrastructure, the increased local focus of the programme and the increased share to be commissioned through direct bidding. The ‘Guiding principles for the selection of operations’ in Section 2 for IP 8.i and IP 9vi (CLLD, also referenced in Section 4 – Integrated Approach to Territorial Development), describe the proposed process.

The programme will be delivered through co-financing arrangements (accounting for an estimated 70 per cent of the funds, and to which local areas have been invited to ‘opt in’) and direct bidding routes. Previous co-funding organisations were invited to reapply for selection, and were required to evidence that they met a series of criteria similar to those applied in the 2007–2013 programme. Three organisations from the previous programme, DWP, Skills Funding Agency (SFA) and National Offender Management Service (NOMS) will continue to operate as co-financing organisations in the 2014–2020 programme, and will be joined by the Big Lottery (who were required to comply with the selection requirements).

As the most recent version of the OP describes, criteria for the selection of projects to receive ESF support will be considered and approved by the PMC, and applied by the MA and the Intermediate Body in the appraisal of project applications. The criteria and process followed will comply with the CPR and consider the principles of sustainable development, equality of opportunity and non-discrimination. In all cases the appraisal process will focus on the broad needs identified in the OP, its strategic intent and local development requirements. Avoiding the duplication of provision will also be a key focus in any application decision making. The MA has developed a detailed business process and accompanying guidance documents which explain how project selection will work. The project selection criteria have been developed but will need to be formally ratified by the PMC after the OP is adopted.

3.2.3 Review of proposed management and project application arrangements

The role of the LEPs and partners in the ESIF process has been subject to considerable attention throughout the development of the OP and as attentions turn towards its delivery. The topic has been the focus of much discussion between the MA for England and the Commission, which at the time of writing is yet to be completely resolved. Concerns have focused on the LEP role in the context of the ESF Regulations, their position as legal entities,

23 Namely that they are ‘national public bodies or equivalent to national public bodies, fulfil their statutory functions in relation to one or more of the activities described in the OP, have sufficient match funding for an agreed duration within the time covered by the OP, have sufficient infrastructure and expertise to carry out their duties, and that providers receiving ESF funding are selected through open and competitive selection procedures’.
and the ability to ensure, and robustly evidence, the separation in the roles between the LEPs and the MA ranging from decision making to the management and implementation of the programme.

The proposed arrangements for the management of the ESF programme offers a combination of opportunities and challenges, as summarised in Table 3.1 below.

### Table 3.1  ESF Management Arrangements – Opportunities and Challenges

<table>
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<tr>
<th>Opportunities</th>
<th>Challenges</th>
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<tr>
<td>Providing a local focus to ESF activities – with a broad range of organisations and interests contributing to intervention development in the context of local needs and resources. The ability to inform the development of precisely targeted interventions by drawing on local intelligence, resources and experience across the public, private and civil sectors. Improving the effectiveness of local delivery by drawing on local intelligence and resources, and engaging the most relevant partners for the provision in question – including employers and voluntary sector partners. Supporting the growth agenda, and reflect national priorities, by identifying where the ‘growth’ and ‘social inclusion’ agendas can be mutually reinforcing. Empower local communities to respond to the challenges of unemployment, social inclusion and workforce development, with an increased level of ownership of the interventions resulting – of particular relevance to CLLD.</td>
<td>LEP partnerships are relatively new organisations, and maturing at different paces. Local capacity and capability – do the LEP partnerships have sufficient resources, and organisations with experience of ESF programmes, to support implementation? MA resources – will the MA be able to serve the 39 LEPs as envisaged – including: • Representation on local sub-committees. • Leading on direct bid/CLLD appraisal. • Providing ongoing support and guidance – e.g. on regulations, processes and compliance, and monitoring systems? • Monitoring progress and taking action where required? • Will the opt-in organisations have sufficient resources to play their part, and how will commissioning be scheduled across the 39 areas?</td>
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The interviews with programme stakeholders found that the potential to offer locally tailored approaches, built upon local intelligence, was widely seen as a positive benefit. However, the additional resource requirements envisaged for the programme, at MA and opt-in levels, were commonly raised as concerns.

Comment in previous reports of the ex-ante evaluation emphasised the importance of:

• Clarity in describing what is a new and potentially complex management and commissioning structure – including comment on the project selection process and the risk of duplication of effort between the LEPs and the MA.

• Clarity on how ESF and other Structural Funds can be used together – and the mechanisms envisaged to support this.

• The potential resource requirement, at the MA, opt in and LEP levels, to develop the programme, implement it and monitor its performance. Significant staff capacity, and capability, will be essential at all three levels – not least as the MA is expected to have an involvement in the 39 local ESIF committees, support local planning and commissioning, take a central role in the project application and review process.
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- Developing an appropriate approach to cross-LEP communications, which should be considered to facilitate the sharing of good practice and help formulate cross-LEP applications.

- Making reference to how the MA will work with partners (and potentially opt ins) to ensure activities are not duplicated, through the inclusion of a statement to this effect.

While changes have been made within the most recent version of the OP, reference or increased emphasis could be made to:

- The consideration of resource and capacity issues at the MA, given their central role, the need to engage with and support 39 local partnerships and the requirement for close monitoring of the new programme;

- Ensuring sufficient resources are available amongst the opt-ins to play their role – and how this will be ensured; and

- Ensuring that the LEPs and their local partnerships have sufficient capacity, and capability based on experience of previous ESF programmes, to engage effectively with the 2014–2020 programme.

Although resource issues emerged as a key issue for the management of the programme with key stakeholders, there were also grounds for optimism. First, there is considerable experience of the planning and implementation of ESF programmes across England, and a mature beneficiary base to draw upon to deliver provision across the Priority Axes and Investment Priorities. In addition the local partnerships are also building a track record for coordinating the implementation of the Regional Growth Funds.

Second, the experience of previous ESF programmes will be available to draw upon, if they have not done so already. In some cases interviewees described how some areas had made efforts to engage with ‘ESF experts’ for this specific purpose, in others knowledge of ESF from local authority and other partners had been used from the outset. It will be important that inclusive partnerships are developed to ensure this knowledge and experience is used (as well as ensuring the breadth of interest in the OP is reflected in the membership of the partnerships that will steer its implementation).

Nevertheless, it is likely that there will be the need for capacity development (or capacity ‘rounding’) within the local partnerships (and beyond). In this context, the allocation of Technical Assistance funding under Priority 3 across the areas of programme management, development and capacity building, and monitoring and evaluation will be essential.

During the course of the evaluation proposals were made for the ESF MA role to move from the DWP to the Department for Communities and Local Government (DCLG). However, it has since been confirmed that the MA role will remain with DWP, with DCLG retaining their role with regard to ERDF.

It is recognised that the programme’s more localised approach to delivery will require additional resources, and DWP estimates that the implementation of the new programme will require approximately twice the number of staff compared to the current programme. As the ESF MA does not currently claim Technical Assistance to cover staff costs, it will do so for the additional staff required.
3.3 Reducing administrative burdens

One of the intentions of the 2014–2020 ESF programme is to reduce the administrative burden associated with its delivery, especially for beneficiaries. Administrative burdens are the costs of administration over and above business as usual (BAU). BAU are the administrative costs that would naturally be expected from administering a programme as large and as complex as ESF. For example, all programmes have audit requirements, a committee structure for monitoring, project selection processes etc.

However, identifying what is BAU is difficult, especially when considering European Structural Funds, because they have a unique structure involving different tiers of supranational, national, sub-national and beneficiary organisations.

Whilst other national and international programmes are available as comparators, administrative costs vary significantly. In addition, there is a trade-off between administrative costs and burdens, and the rigour of financial and other management processes. To some extent this is exemplified in the introduction of Simplified Cost Options (SCOs), of which the Indirect Cost option has been applied in England. This applies a flat rate of rate of 15 per cent of eligible direct staff costs, even though these are likely to vary between organisations depending on their business model, experience of managing ESF, balance of responsibilities between tiers of ESF management and the nature of the intervention in question. While this should reduce administrative costs, it also removes any external financial monitoring of eligible direct staff costs, as these can be claimed as indirect costs “without the need for evidence of these costs or explanation of the methodology”. Presumably some organisations will receive 15 per cent where the true costs may be 10 per cent.

Administrative burdens relate to the information obligations resulting from ESF regulations. These can take two forms: firstly, from the regulations themselves, and secondly from their interpretation and subsequent application. In the previous 2007–2013 ESF Programme the largest administrative costs (below national level) in England were: the selection of operations (including calls for proposals), information and publicity requirements, and monitoring. These costs were typical across other Member States, but have particular relevance for the delivery arrangements proposed for the 2014–2020 programme.

Addressing administrative burdens as identified in the England ESF OP has focused on developing standardised and clear business processes, within the framework of the Commission Regulations.

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24 See SWECO. Regional governance in the context of globalisation: reviewing governance mechanisms and administrative costs. Administrative workload and costs for Member State public authorities of the implementation of ERDF and Cohesion Fund.


26 For a fuller discussion of ESF administrative costs and burdens see: Study Measuring Current and Future Requirements on Administrative Cost and Burden of Managing the ESF. DG Employment, Social Affairs and Inclusion, June 2012.

27 Ibid.
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Thus the reduction of administrative burdens, as stated in the most recent draft of the OP, is intended to be achieved through:

• clearly defined roles and responsibilities;
• an approach aligned across different funds;
• the use of standard documentation within a single business process, where possible – for example for project selection and appraisal processes;
• the provision of clear and unequivocal guidance; and
• improved access to information through a single IT system – for both submitting applications for projects and providing period monitoring information.

Aspects of reducing administrative burden will rely on proactive management and having sufficient resources to support them (as highlighted previously), for example in accessing and monitoring risk across the processes. ‘Collect once and use often’ requires that this is indeed happening, the ability to identify (and rectify) where it is not occurring, and having processes in place (such as piloting) that can identify problems before they arise.

Finally, the potential reduction in administrative burdens associated with the 2014–2020 programme and described above must be seen in the context of the overall administration and support requirements associated with it. Although burden saving is directed towards beneficiaries, the resource requirements at all levels in the ESF infrastructure will be considerable. What remains to be seen is whether the requirement to work across 39 local areas for regional and national providers adds a significant burden for beneficiaries, or whether this can be balanced out by the use of standardised procedures.

3.4 Promoting sustainable development

The promotion of sustainable development is, along with measures to promote equal opportunities and prevent discrimination, one of the horizontal principles in the 2014–2020 ESF programme. The ex-ante evaluation reviewed the adequacy of the planned measures within the programme to promote sustainable development – as the evaluation guidance describes: "the evaluator should verify that the programme considers [sustainable development principles'] integration in the preparation, implementation and monitoring, including the selection of operations".

Section 11 of the Operational Programme describes the programme’s horizontal principles – with measures to promote equal opportunities and prevent discrimination being reviewed in Section 5 of this report.

3.4.1 Sustainable development in the 2104–2020 Operational Programme

The OP sets out the principle that its objectives ‘will be pursued in line with the principles of sustainable development, including the aim of preserving, protecting and improving the quality of the environment as well as the need to prepare for expected changes in the environment and climate’. This will be achieved through a similar approach to that followed in the 2007–2013 programme – in effect following a ‘horizontal’ and ‘vertical’ approaches within the framework of a Sustainable Development Mainstreaming Plan.
Horizontal mainstreaming

The ‘horizontal’ element of the strategy comprises efforts by the Managing Authority, co-financing/opt-in organisations and others to take steps to ensure that provision funded under ESF is delivered in a way which is as environmentally neutral as possible. To ensure this, beneficiaries, co-financers and their providers, and Local Action Groups will be expected to have sustainable development policies and implementation plans in place, which set out:

- their commitment to promoting sustainable development and complying with the relevant EU and national legislation; and
- how this commitment will be actioned at the project level/in the commissioning process.

To support this aim, a training programme will be provided with Technical Assistance funding to provide a sustainable development awareness training programme, which will be available to all MA, co-financing/opt-in bodies, and contract management and monitoring staff during the programme.

Beneficiaries will be required to have sustainable development policies and implementation plans as a condition of contract, and their existence and implementation monitored.

Vertical mainstreaming

The second strand of the programme’s approach seeks to encourage project applications for ESF activity with a specific environmental focus, including providing training support for specialist sustainable development activities funded under different programmes (including ERDF).

The most recent version of the OP makes several references to the role ESF can play in supporting the wider thematic objectives of the ESIFs by increasing the labour supply and improving workforce skills in areas including environmental protection and sustainability, the move towards a low carbon economy, and climate change adaptation. However, lessons from the previous programme suggest that active promotion will be required if this contribution will be maximised.

Both horizontal and vertical aspects of the sustainability cross-cutting theme will be monitored, and will be subject to evaluation at the programme level.

3.4.2 Review of sustainable development principle

The approach proposed in the 2014–2020 OP is very similar to that followed in the current ESF programme, which combined ‘horizontal’ and ‘vertical’ elements. Progress towards the achievement of the Sustainable Development Mainstreaming Plan was evaluated in 2011, with the key findings including:

- Horizontal mainstreaming – the majority (80 per cent) of providers were found to have sustainable development strategies, which commonly pre-dated the current programme and were driven by requirements other than ESF. Nevertheless many found the requirement helpful in increasing the awareness of the importance of minimising their environmental impacts. Monitoring was also described as variable, and focusing on strategies rather than progress with plans to implement them.

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

• Vertical mainstreaming – the evaluation found that vertical projects with an environmental focus were limited in number, and that a wider range of projects were using ‘the environment’ to support progress in other areas, for example exploring the role of the theme for engaging hard to reach clients, and promote effective approaches in new guidance materials.

The evaluation evidence suggests that the proposed approach for the 2014–2020 programme is reasonable, and likely to lead to positive impacts, although the scale of their impact will be limited. Many project providers will already have environmental sustainability plans and strategies in place, although the requirement under ESF can be helpful in reminding them of their duties and as a lever to aid compliance. However, the monitoring of compliance, particularly the implementation of new strategies developed, was limited beyond the initial application stage, and will put further pressure on an infrastructure where resources are emerging as a key issue.

In terms of vertical approaches, the additional focus on promoting environmental projects is welcomed. This promotion should include projects with a traditional ‘environmental’ focus, as well as those using the environment as a ‘hook’ to engage participants at some distance from the labour market, and contribute towards the environmental objectives of the ESIF.

3.5 Concluding comments

This section has described the arrangements for the management and delivery of the 2014–2020 ESF programme in England. It has explored:

• The infrastructure developed for delivery – including the structuring of roles and responsibilities within the new ESF infrastructure, and considering the availability of resources to implement;

• The potential effectiveness of measures to reduce administrative burdens;

• The adequacy of measures to promote sustainable development and

• The potential efficiency, effectiveness, challenges and risks associated with the proposed delivery arrangements.

Our conclusions are provided below.

3.5.1 The ESF infrastructure

As the section described, the 2014–2020 programme has been planned and will be delivered through a new infrastructure, following the abolition of GOs for the Regions and the RDAs. Both provided significant support under the previous programme (and some RDAs acting as co-financing bodies). Whilst much of the second half of the 2007–2013 programme was delivered in the absence of both organisations, the developmental/early implementation stages of a new programme are commonly the points at which most support and guidance are required.

The 39 LEPs, introduced as sub-regional bodies to play a key role in supporting growth within their areas, will play an important role in the new programme. The MA will be responsible for the appraisal and approval of project applications within the direct bid element, but the local partnerships will play an important role in engaging local organisations and ensuring projects developed fit with local strategies and meet local needs.
This is reflected in the governance structure for the proposed programme, with a Programme Monitoring Committee (and associated sub-committees) to oversee the programme at the national level (similar to the structure in place currently). The MA will also work with local ESIF committees on local delivery issues.

While many aspects of the programme have been designed with a view to reducing burdens for beneficiaries, it further suggests that the MA will require significant resourcing if it is to meet its programme management, support, audit and monitoring duties. Clearly the availability of sufficient resources, in terms of both capacity and capability, will be key to effective implementation.

In parallel with the work on this evaluation, the MA has been developing the detailed business processes, and supporting forms and guidance, for the implementation of the 2014–2020 programme. Much of this is now in place although more work is being done on the detail of parts of the business process which come later in the project lifecycle. As the programme progresses towards implementation, it will be important that this work continues to allow all actors to have a common understanding of their roles within it (and the opportunities available to them), and because it will need to be in place for the designation process.

Positively, while the new infrastructure remains to be tested, it will do so in a context of:

- Significant previous experience at the national and local/LEP level of delivering ESF under previous programmes;
- A mature provider base, which while variations naturally exist has proved to be effective in delivering ESF-funded provision in the past; and
- An understanding of the opportunities the new programme offers – both to develop locally-focused provision and to work alongside the other Structural Funds to maximise value added.

3.5.2 Reducing administrative burden

The programme has been developed with the intention of reducing administrative burdens for beneficiaries while retaining compliance with the ESF regulatory and audit requirements. The standardisation of business processes is central to this effort, based on clarity of roles, standardised documentation, clear guidance and the use of a single IT system for submitting project applications and monitoring information. In addition, the project selection process also included a ‘two step’ process which appears to require the submission of an outline application prior to a full application being required.

These steps will be helpful, and are likely to be welcomed by beneficiaries. However, their overall impact on the overall ESF administrative requirements, at all levels in the infrastructure and given the need to work with 39 LEPs, remains to be seen.

3.5.3 Promoting sustainable development

As in the previous programme, promoting sustainable development is a cross cutting theme within the 2014–2020 programme. A similar process to addressing this is envisaged, which combines ‘horizontal’ (focusing on the delivery of ESF itself with minimal negative impact on the environment) and ‘vertical’ (focusing on projects with specific sustainable development related objectives).
Ex-ante evaluation of the 2014-2020 ESF Programme for England

The approach proposed builds upon existing practice, and will contribute to the sustainable development theme by:

• Requiring providers to have sustainable development policies and implementation plans in place; and

• Encouraging project applications for activities with a sustainable development focus.

Evaluation evidence from the previous programme suggests that encouragement will be needed if the number of vertical project applications is to increase above those received in the current programme. However this also provides a good opportunity for ESF to be used alongside ERDF investments for mutual benefit.
4 Component D: Financial Allocations

This chapter reviews the proposed financial allocations to establish:

- The degree of consistency in the allocations in terms of the programme objectives and the needs it is intended to address; and
- Compliance with the concentration requirements of the Commission.

First the process by which the initial financial allocations were made is summarised, before the allocations are reviewed and comment made on their compliance with the above requirements.

4.1 The Financial Allocation Process

The funding allocation process for the structural funds 2014–2020 began with the agreement in February 2013 of the overall EU spending limit by the European Council. Allocations for England were made by the three categories of less developed, transition and more developed regions.

Steps were taken in the process to protect funding for areas with the lowest GDP, including transferring allocation between categories (in compliance with the appropriate regulations). The allocations for ESF and ERDF were announced, and LEP areas informed of their indicative allocations, in March 2013. Following a challenge to the allocation decisions which led to minor technical adjustments, and Commission confirmation that the overall UK allocation would be slightly lower than previously indicated, revised Structural Fund allocations were communicated by the Secretary of State for Business, Innovation and Skills in April 2014. The methodology used was summarised in the April communication from the announcing the revised allocations, which stated that:

- England and the Devolved Administrations (Scotland, Wales and Northern Ireland) would see an equal real terms cut in funding of 5.4 per cent compared to 2007–2013;
- 3 per cent of the budget in transition and more developed regions would be transferred to the UK’s two less developed regions\(^\text{29}\) in proportion to their allocations – to ensure that they did not bear the brunt of any reduction in allocation post 2007–2013;
- English transition regions would see a 14 per cent real terms rise compared to 2013; and
- English more developed regions would see a 1 per cent rise in funding compared to 2013.

The LEP area allocations were calculated on the basis of NUTS2 geographies and converted to individual LEP areas on the basis of population (where LEP boundaries overlap allocations were divided equally between the relevant LEPs, again on the basis of population).

\(^{29}\text{Cornwall and the Isles of Scilly, and West Wales and the Valleys.}\)
In the context of the announced financial allocations, and following a period of consultation, the LEPs were invited in summer 2013 to prepare European Structural and Investment Funds strategies (ESIFs). These were intended to set out how the structural funds allocated to each area would be targeted, with a clear focus on contribution to Europe 2020 and national strategic priorities and policy objectives while addressing local needs and opportunities. The strategies were submitted through a two stage process in October 2013 and January 2014.

The LEP strategies provided the building blocks upon which the Operational Programme could be developed. These were taken forward in consultation with the opt-in organisations, NOMS and other partners (regarding the direct bid element), with the intention of providing final allocations by area, category of region, Priority Axis and Investment Priority. These allocations subsequently provided the basis for the outputs and results targets set for the programme, as described in Section 5.

4.2 Overview of the ESF financial allocations

The allocation of ESF in England of €3,468,695,460 for the 2014–2020 programme period was agreed in February 2013. Combined with €2,924,821,303 of public and private funding, the total funding available is €6,393,516,763. This section sets out how this allocation is distributed within the OP, concentrating on the ESF element throughout.

Table 4.1 below summarises the distribution of this funding by Priority Axis, category of region and source. The table shows that the largest share of the national allocation is directed towards Priority Axis 1 activities (€2,031,203,268, approximately 59 per cent of the ESF allocation). Priority 2 accounts for approximately 38 per cent of the national allocation, and Priority 3 (technical assistance) approximately 4 per cent. This distribution reflects the programme priorities towards supporting unemployed individuals, the inactive and young people facing barriers to labour market participation progress towards, into or within work.

4.2.1 Distribution by category of area

Funding for the 2014–2020 programme (excluding technical assistance but including Youth Employment Initiative (YEI)) will be distributed between the three categories of area introduced in Section 1, as shown below:

- More developed: areas with more than 90 per cent of EU average gross domestic product (GDP) (applying to the majority of the country) – €2,383,167,268 – representing 71 per cent of ESF funding;
- Transition: areas with between 75 per cent and 90 per cent of EU average GDP (applying to nine LEP areas in England) – €786,937,782 – representing 24 per cent of ESF funding;
- Less developed: regions with less than 75 per cent of EU average GDP (applying to Cornwall only) – €166,234,129 – representing 5 per cent of ESF funding.

4.2.2 Allocation by Investment Priority

Table 4.1 shows the allocation of ESF funds by Investment Priority, with Table 4.2 below providing a more detailed breakdown.
### Table 4.1 ESF Allocation by Investment Priority

<table>
<thead>
<tr>
<th>Investment Priority</th>
<th>Less developed (€)</th>
<th>Transition (€)</th>
<th>More developed (€)</th>
<th>Total ESF Allocation (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IP 8.i</td>
<td>36,442,452</td>
<td>182,173,907</td>
<td>597,715,766</td>
<td>816,332,125</td>
</tr>
<tr>
<td>IP 8.ii</td>
<td>13,296,893</td>
<td>25,664,409</td>
<td>152,943,258</td>
<td>191,904,559</td>
</tr>
<tr>
<td>IP 8.ii (YEI)</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>319,576,848</td>
</tr>
<tr>
<td>IP 9.i</td>
<td>59,200,438</td>
<td>144,311,287</td>
<td>441,515,011</td>
<td>645,026,736</td>
</tr>
<tr>
<td>IP 9.vi</td>
<td>7,555,000</td>
<td>10,717,000</td>
<td>40,091,000</td>
<td>58,363,000</td>
</tr>
<tr>
<td><strong>IP 1 total</strong></td>
<td><strong>116,494,783</strong></td>
<td><strong>362,866,603</strong></td>
<td><strong>1,232,265,034</strong></td>
<td><strong>2,031,203,268</strong> (including YEI)</td>
</tr>
<tr>
<td>IP 10.iii</td>
<td>26,380,318</td>
<td>269,181,541</td>
<td>777,179,969</td>
<td>1,072,741,828</td>
</tr>
<tr>
<td>IP 10.iv</td>
<td>23,359,028</td>
<td>45,294,324</td>
<td>163,740,731</td>
<td>232,394,083</td>
</tr>
<tr>
<td><strong>IP 1 total</strong></td>
<td><strong>49,739,346</strong></td>
<td><strong>314,475,865</strong></td>
<td><strong>940,920,700</strong></td>
<td><strong>1,305,135,911</strong></td>
</tr>
<tr>
<td><strong>PA 3</strong></td>
<td><strong>6,926,421</strong></td>
<td><strong>30,505,837</strong></td>
<td><strong>94,924,032</strong></td>
<td><strong>132,356,281</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,468,695,458</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Table 4.2 ESF Allocation and National Counterpart by Priority Axis, Category of Region and Funding Source

<table>
<thead>
<tr>
<th>Priority Axis</th>
<th>Category of Region</th>
<th>ESF Allocation (€)</th>
<th>National public and private counterpart (€)¹</th>
<th>Intervention rate, per cent</th>
<th>Total funding (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority Axis 1</td>
<td>Less developed</td>
<td>116,494,783</td>
<td>29,123,696</td>
<td>80</td>
<td>145,618,479</td>
</tr>
<tr>
<td>Priority Axis 1</td>
<td>Transition</td>
<td>362,866,603</td>
<td>241,911,068</td>
<td>60</td>
<td>604,777,671</td>
</tr>
<tr>
<td>Priority Axis 1</td>
<td>More developed</td>
<td>1,232,265,034</td>
<td>1,232,265,034</td>
<td>50</td>
<td>2,464,530,068</td>
</tr>
<tr>
<td>YEI</td>
<td></td>
<td>319,576,848</td>
<td>141,522,538</td>
<td>69</td>
<td>461,099,386</td>
</tr>
<tr>
<td><strong>Total Priority 1</strong></td>
<td></td>
<td><strong>2,031,203,268</strong></td>
<td><strong>1,644,822,336</strong></td>
<td></td>
<td><strong>3,676,025,604</strong></td>
</tr>
<tr>
<td>Priority Axis 2</td>
<td>Less developed</td>
<td>49,739,346</td>
<td>12,434,837</td>
<td>80</td>
<td>62,174,183</td>
</tr>
<tr>
<td>Priority Axis 2</td>
<td>Transition</td>
<td>314,475,865</td>
<td>209,650,576</td>
<td>60</td>
<td>524,126,441</td>
</tr>
<tr>
<td>Priority Axis 2</td>
<td>More developed</td>
<td>940,920,700</td>
<td>940,920,700</td>
<td>50</td>
<td>1,881,841,400</td>
</tr>
<tr>
<td><strong>Total Priority 2</strong></td>
<td></td>
<td><strong>1,305,135,911</strong></td>
<td><strong>1,163,006,113</strong></td>
<td></td>
<td><strong>2,468,142,024</strong></td>
</tr>
<tr>
<td>Priority Axis 3</td>
<td>Less developed</td>
<td>6,926,421</td>
<td>1,731,606</td>
<td>80</td>
<td>8,658,027</td>
</tr>
<tr>
<td>Priority Axis 3</td>
<td>Transition</td>
<td>30,505,837</td>
<td>20,377,225</td>
<td>60</td>
<td>50,883,062</td>
</tr>
<tr>
<td>Priority Axis 3</td>
<td>More developed</td>
<td>94,924,023</td>
<td>94,924,023</td>
<td>50</td>
<td>189,848,046</td>
</tr>
<tr>
<td><strong>Total Priority 3</strong></td>
<td></td>
<td><strong>132,356,281</strong></td>
<td><strong>116,992,854</strong></td>
<td></td>
<td><strong>249,349,135</strong></td>
</tr>
<tr>
<td><strong>Total all Priorities</strong></td>
<td></td>
<td><strong>3,468,695,460</strong></td>
<td><strong>2,924,821,303</strong></td>
<td><strong>54</strong></td>
<td><strong>6,393,516,763</strong></td>
</tr>
</tbody>
</table>

Source: Operational Programme (Table 18a) and ICF analysis.

¹ Public sector funding accounts for 97 per cent, and private sector funding for 3 per cent, of the national counterpart.
Some 59 per cent of the total ESF allocation is directed towards **Priority 1**, within the priority:

- Funding is concentrated in IP’s 8.1 and 9.i – Access to employment for jobseekers and inactive people at 24 per cent, and active inclusion at 19 per cent, of the overall ESF allocation respectively;
- 6 per cent is allocated to IP8.ii (Sustainable integration of young people), with 9 per cent towards IP8.ii (YEI).
- Finally, IP 9.v1 – CLLD, accounts for 2 per cent of the overall ESF allocation.

This breakdown further emphasises the focus of the programme on the unemployed, inactive and those at most distance from the labour market, with almost half the programme allocation being directed towards these groups (42 per cent), and a specific allocation of 11 per cent of the programme value for young people aged 15 to 24 NEET.

Of the 38 per cent of the ESF allocation for **Priority 2**:

- IP 10iii (Enhancing Equal Access to Lifelong Learning) receives the largest share of funding, representing 31 per cent of the overall ESF allocation; and
- IP 10iv, Improving the Labour Market Relevance of Education and Training Systems, receives 7 per cent of the overall programme allocation.

The remaining 4 per cent of the allocation is for **Priority 3**, Technical Assistance.

### 4.2.3 Distribution by Thematic Objective

Finally the distribution of ESF funding by Thematic Objective (excluding Technical Assistance but including the YEI allocation within Thematic Objective 8) was reviewed. Programme developers could select from 11 Thematic Objectives in the current programme round, with England selecting:

- Thematic Objective 8 – promoting employment and supporting labour mobility – including to achieve high levels of employment, and improve job quality;
- Thematic Objective 9 – promoting social inclusion and combating poverty – including promoting equality and enhancing social cohesion; and
- Thematic Objective 10 – investing in education, skills and lifelong learning – facilitating high levels of education and training.

Table 4.3 below shows the distribution of funding by Thematic Objective and by type of region.
Table 4.3  ESF Allocation by Thematic Objective and Region Type (excluding Technical Assistance)

<table>
<thead>
<tr>
<th>Category of Region</th>
<th>Thematic Objective 8 (€)</th>
<th>Thematic Objective 9 (€)</th>
<th>Thematic Objective 10 (€)</th>
<th>Total (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less developed</td>
<td>49,739,345</td>
<td>66,755,437</td>
<td>49,739,345</td>
<td>166,234,127</td>
</tr>
<tr>
<td>Transition</td>
<td>317,433,629</td>
<td>155,028,287</td>
<td>314,475,864</td>
<td>786,937,780</td>
</tr>
<tr>
<td>More developed</td>
<td>960,640,556</td>
<td>481,606,010</td>
<td>940,920,701</td>
<td>2,383,167,267</td>
</tr>
<tr>
<td>Total</td>
<td>1,327,813,530</td>
<td>703,389,734</td>
<td>1,305,135,910</td>
<td>3,336,339,174</td>
</tr>
</tbody>
</table>

As would be expected from Tables 4.1 and 4.2 above, the largest share of the overall allocation sits within Thematic Objectives 8 (Promoting employment and supporting labour mobility, accounting for 40 per cent of ESF funding excluding TA) and 10 (Investing in education, skills and lifelong learning, accounting for 39 per cent of ESF funding). The allocation to Thematic Objective 9 – social inclusion accounts for 21 per cent of ESF funding.

4.3 Consistency and concentration of financial allocations

The guidance on ex-ante evaluation describes how the consistency and concentration of the allocation of ESF resources with the objectives of the programme should be appraised, to determine whether the financial allocations reflect the most important objectives in accordance with the needs identified and the concentration requirements in the Regulations.

As the tables above illustrate, the Operational Programme meets the requirements of Article 87(2)(g)(ii) and 87(2)(b)(iv) of the CPR by providing the total allocation at both priority axis and investment priority levels. In terms of specific references to concentration:

- Article 4 (2) of the ESF Regulation (consistency and thematic concentration) states that at least 20 per cent of the total ESF resources shall be allocated to Thematic Objective 9 (social inclusion). Subsequently, Article 17 states that specific allocations for YEI should not be considered in any calculation of thematic concentration. As Table 4.3 shows, the allocation to Thematic Objective 9 even when YEI is considered represents 21 per cent of the total ESF allocation excluding Technical Assistance (and just over 20 per cent when Technical Assistance is included). If YEI is not included the share of the ESF allocation under Thematic Objective 9 increases to 22 per cent.

It is also worth noting that Investment Priority 9i, which focuses on individuals at most distance from the labour market and is expected to make the most explicit contribution to wider social exclusion issues, accounts for 19 per cent of the total allocation described in the OP. Thematic Objective 9 funding is also directed towards Investment Priority 9vi, Community led local development (CLLD), which will also support the integration of individuals through projects designed and delivered at the local level.

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30 Article 16 CPR and Article 4 ESF Regulation.
Article 20 (6) of the Common Provision Regulations states that ‘the contribution from the Funds for each priority axis shall not be less than 20 per cent of the eligible public expenditure’. In addition the financial allocation should be concentrated within up to five Investment Priorities. As the OP describes, this conditions is met with the vast majority of funding (90 per cent plus) within each category of region being concentrated in the IP8.i, 8.ii, 9.i, 10.iii and 10.iv – with the YEI allocation being treated separately. The allocation for IP 9.vi, CLLD, represents a smaller allocation of around 2 per cent of the overall ESF allocation.

The assessment of concentration in the context of the relative importance of the proposed programme objectives is less straightforward, not least as the ESF contribution is small compared to overall national investment. However, and as commented above, the concentration of resources in Priority 1 activities (59 per cent of the total ESF allocation) reflects the programme’s priorities of supporting unemployed individuals, the inactive and young people facing barriers to labour market participation progress towards, into or within work. When Priority 1 is examined at the level of the Investment Priorities, this focus is emphasised further with almost half the programme allocation being directed towards the unemployed and inactive (42 per cent), and 11 per cent towards young people aged 15 to 24 not in employment, education or training (NEET). In the case of Priority 2, where the focus in on skills development, this overall direction is continued through the inclusion of actions to support individuals redundant or whose jobs are at risk, as well as supporting workers to improve their opportunities through continued vocational training and learning.

4.4 Concluding comments

The analysis of the financial allocations by PA and IP level shows that they reflect the focus of the programme, with the majority (73 per cent) of funding being allocated Investment Priorities 8.i, 9.i and 10iv (provision to support unemployed and inactive people find work; supporting individuals at greatest distance from the labour market progress towards/ into work and tackling discrimination; and improving the skills of individuals to maximise individual potential and support local growth).

In terms of the consistency of allocation, the analysis showed that 59 per cent of ESF funding was dedicated to Priority 1 activities (focusing on the unemployed and inactive) and 38 per cent to Priority 2 (focusing primarily on developing the skills of the employed workforce). This distribution reflects the priorities of the programme – emphasised further when allocation at the Investment Priority level is considered (e.g. 19 per cent focused on IP 9.i, those facing greatest barriers to labour market participation, and 6 per cent and 9 per cent focused on young people NEET under IPs 8.ii and 8.ii/YEI). The evaluators consider that this distribution is appropriate given the aims, objectives and focus of the programme.

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

In comparison to the 2007–2013 programme, a similar broad allocation of ESF funding to employment/social inclusion and skills measures can be seen in the 2014–2020 programme, with the allocation being split 60 per cent:40 per cent respectively.
• The performance of the 2007–2013 programme, which was of a similar scale and with a similar focus to that proposed for 2014–2020, suggests that the provider infrastructure in England has sufficient capacity in place to absorb the new programme. However, it remains to be seen whether the performance of the current programme can be replicated through the more locally focused approach to delivery. This, and the potential benefit of economies of scale and coordination, suggests that cross-LEP working should be considered as a means of maximising potential delivery capacity.

• Overall, the evaluators consider that the financial allocation set out in the Operational Programme is appropriate, is consistent with the objectives of the programme and complies with the relevant ESF regulations.
5 Component C: Indicators, Monitoring and Evaluation

5.1 Introduction
This section reviews the suitability and appropriateness of the indicators and monitoring arrangements proposed for the new programme, paying specific attention to:

- the indicators proposed – in terms of their compliance with the appropriate guidance and relevance to the outputs and results expected;
- the milestones and targets set – in terms of their relevance, appropriateness, fitness for purpose and whether they appear to be realistic and achievable; and
- proposals for monitoring, evaluation and the reporting of progress – in terms of suitability and resourcing.

This report is the first opportunity to comment on a complete set of indicators, and associated targets, for the new programme. While previous reports have commented on the indicators proposed earlier in the Operational Programme (OP) development process, and comment has been provided separately on different iterations of the target setting methodology, this has been the first opportunity to review the finances, indicators and targets in the round, now that the negotiations are approaching completion.

This section begins with a review of the target setting process, before providing an overview of the indicators and targets and analysis against the key evaluation criteria (including the Performance Framework). This section also provides comment on the performance framework and the programme evaluation strategy – both of which were reviewed as part of the ex-ante process.

5.2 The target setting process
Several iterations of the targets have been produced throughout the development of the programme, each following slightly different methodologies, to establish a series of targets for the programme which are achievable while also featuring a degree of ‘stretch’ to reflect comments from the Commission and the ambition of the programme in terms of the scale of outputs and results achieved.

The current and previous target setting methodologies applied were based upon the application of unit costs for provision to the available funding per Investment Priority (IP), and the use of previous achievement data, from the 2007–2013 programme and other sources, to forecast the nature and level of results achieved. Adjustments were made to consider a variety of factors, including the composition of the individuals expected to participate, the new programme infrastructure and the socio-economic conditions within which the programme will be being implemented.
The overall process of target setting for the 2014–2020 programme has faced a series of challenges throughout the development of the OP. These include:

- The new delivery arrangements for ESF, with a greater emphasis on the ‘direct bid’ element/locally developed projects;
- The inclusion of the Big Lottery as a new co-financing organisation – and for which no ‘ESF baseline’ data exists;
- The categorisation of regions – with ‘transition’ regions being new and so requiring assumptions in terms of their comparative performance against the ‘more developed’ and ‘less developed’ regions; and
- In some cases, a lack of data from previous implementation to establish baselines and set targets for certain aspects of the programme, or differences in the way in which participation is recorded.

The most recent ESF Target Setting Methodology paper (June 2015) sets out in detail the approach to setting the output and results targets for the OP, and is accompanied by a paper setting out how the individual unit costings were calculated. This paper is the focus of the comments on the target setting process below.

### 5.2.1 Review of the target setting process

The Target Setting Methodology paper sets out in detail the approach followed to calculate the participant/output and results targets for each Investment Priority (IP). The process is summarised below.

#### Participant target setting

The participant targets were set through the simple process of dividing the available funding in each IP by a unit cost to reach the target figure. This exercise produced a series of participant numbers for provision by IP, type of region, and delivery organisation (the four co-financing organisations and for ‘direct bid’ provision, considering the types of provision they intend to deliver and the target groups served).

As the unit costings are central to the output target setting process, a separate paper was produced by the Managing Authority (MA) setting out the basis upon which they were reached. The paper shows that, as far as possible, unit costs from the 2007–2013 programme were used, with an allocation for inflation. In addition unit costs from other programmes were considered in part as a ‘sense check’ of the figures produced, and to understand potential variations by specific target group of relevance to the new programme.

The key factors influencing the unit costs reached are summarised below:

- For Department for Work and Pensions (DWP) provision unit costs for the 2008–2011 period were used (given the domination of European Social Fund (ESF) Families provision in the second half of the programme), increased by 3 per cent to account for the differences between certified and actual spend, and by inflation to reach the final figure.

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31 ESF Unit Costs for Target Setting.
Ex-ante evaluation of the 2014-2020 ESF Programme for England

- For Skills Funding Agency (SFA) provision unit costs from the previous provision were increased by 8 per cent to account for differences between certified and actual spend, and an allowance made for inflation. The MA then considered whether the previous programme costs were a valid base for the future, given that (i) rule changes mean that they cannot follow the previous practice of recording participation on the basis of events, rather than individuals (the data shows that the former is 2.34 times higher than the latter); and (ii) the previous programme saw increased lower cost interventions given the increased numbers unemployed as a result of the crisis, but the target group for 2014–2020 is expected to face greater challenges to progression. Consequently the unit costs were raised by 50 per cent to give the final figures. In addition, based on data from the two ‘phasing-in’ areas under the last programme, different unit costs were provided for transition and developed areas.

- For National Offender Management Service (NOMs) provision changes in the nature of delivery for the target group, with the majority now starting provision while in prison rather than in the community, was considered alongside inflation to reach the final unit cost. However, changes in match provision were also an influence, where the provision used to match is expected to be more intensive and at a similar cost to that proposed for the ESF component.

- As a new provider for 2014–2020, no previous programme data was available upon which to base the Big Lottery unit costs. As they are expected to work with the hardest to help and most disadvantaged individuals (under IP9.i), higher unit costs were set based on the target groups and interventions envisaged. The unit costs for Big Lottery projects under IP8.ii in the less developed region were set at a slightly lower figure, again to reflect the nature of participants expected who are not anticipated to face the nature and level of challenges as those in IP 9.i.

- For direct provision similar issues with comparator interventions were experienced, so it was assumed that for IPs 8.i and 8.ii the cost will be equivalent to the highest costs for other co-financing organisations delivering within the IP. In IP 9.i, a weighted average of the other provider costs was used, and for Priority 2 skills provision unit costs were based on those for the non-CFO projects under Priority 2 and Priority 5 of the previous Competitiveness and Convergence programmes respectively.

- For the Youth Employment Initiative (YEI) unit costs were based on the expectation that they will be higher than other provision for young people, which also reflects the labour markets of the areas where the YEI will be implemented.

In addition, the influences of the categories of region within which delivery will take place were considered. In all IPs with the exception of SFA activities under Priorities 8.i and 8.ii in ‘transition’ and ‘more developed’ regions, and for direct bidding (see comments above), the unit costs were the same by provider in these regions. It was assumed in the less developed area region that unit costs will be 20 per cent higher than in the transition and developed areas, to reflect the nature of participants and the disadvantages faced and to account for the rural nature of the area and attendant issues.

The evaluators consider that the most recent set of unit costs represent a considerable improvement on the previous unit costs, and methodology, reviewed. In most cases, it is difficult to see what additional data could have been considered or comparators used, in part due to the unique nature of ESF provision in addition to the other contextual factors described. In terms of the levels set, the cases made are reasonable, and in many cases
reflect the unit costings in the previous 2007–2013 programme. While the evidence base for the unit costs for Big Lottery, and the uplift applied to SFA costs, on the basis of expected content is limited, the rationale for their selection is reasoned.

Once the unit costs by IP, provider and category of region were set, the target setting process comprised two elements, as described in the Target Setting Methodology paper:

- Participant targets – on the basis of the unit costs described above; and
- Targets by participant characteristic – considering the share of participants by gender, employment status and wider characteristics (including disadvantaged groups).

**Participant targets**

The targets for overall participation in the programme by IP were set by the simple process of dividing the available funding by the unit costs above. The process also considered the distribution of funding by co-financing organisation (CFO) and direct bidding, with the share of funding for each category of region within a single IP being split between the providers who are expected to deliver it.

The combined total of programme participants as a result of this exercise comes to over 2.3 million, the distribution and characteristics of which are detailed in section 5.3 below.

The evaluators consider that the most recent participant targets also show considerable improvement in terms of the combined methodology followed and the data used to make the necessary assumptions. Where data from the previous programme is of limited relevance to the new programme, the assumptions and data sources used are sensible. While the detail and volume of the targets across the IPs are reviewed in Section 5.3, we consider that the overall methodology followed is reasonable and makes best use of the information sources available to it.

**Targets by participant characteristic**

This involved setting targets, within the overall participation figures, for the share of participants in the programme by gender, unemployment status and by other characteristics (namely those with disabilities/health conditions, from ethnic minority groups, those aged over 50, those lacking basic skills and lone parents).

In setting the targets by gender, performance under the previous programme (which failed to meet the target for female participation) was not used. Instead the assumption was made that over 50 per cent of participants will be female, apart from in IPs where provision is directed towards individuals where males dominate – including the unemployed and for offenders/ex-offenders. Consequently female participants are expected to account for:

- IP 8.i, 8.ii and 9.vi – between 49 per cent and 45 per cent by type of region;
- IP 8.ii (YEI) – 47 per cent;
- IP 9.i – between 52 per cent and 49 per cent by type of region; and
- IP 10iii – between 53 per cent and 51 per cent by type of region.

These targets are some was above the shares achieved under the 2007–2013 programme, where the participation rate was 31 per cent for the programme at September 2014.
Participation by unemployment status

Separate targets for Priority 1, and its constituent IPs, have been established by individuals who are unemployed and or are inactive. As the methodology paper describes, the performance of the 2007–2013 programme, the focus of the investment priorities, and the challenges in engaging inactive individuals were considered in the target setting process.

As the paper emphasises, differentiating participants by employment status is challenging and dependant on a range of factors, not least the comparative health and overall trajectory of the economy. But clear differences emerge between the Priority 1 IPs:

• In IP 8.i a clear difference emerges by type of region, where 55 per cent of participants are expected to be unemployed and 40 per cent inactive in the 'less developed' region, compared to 70 per cent and 25 per cent respectively in the ‘transition’ and ‘more developed’ regions.

• For IP 8.ii the targets for young people by unemployment status are the same in the ‘transition’ and ‘more developed’ regions (i.e. 70 per cent and 25 per cent respectively), while in the ‘less developed’ region the shares are 60 per cent and 35 per cent respectively. This is reflected in the IP 8.ii (YEI) targets, 75 per cent of participants unemployed and 25 per cent inactive in the YEI areas.

• For IP 9.i the unemployed and inactive targets also differ, with 30 per cent for the ‘less developed;’ and 46 per cent of the remaining regions being unemployed, and 65 per cent and 49 per cent being the comparable figures for the inactive.

• For IP 9.vi the targets are 55 per cent in the ‘less developed’ and 70 per cent in the remaining regions for unemployed participants, and 40 per cent and 25 per cent respectively for inactive participants.

Participation by other characteristics

Data from the 2007–2013 programme was used to set targets for participation by ethnicity, disabilities/health conditions, individuals aged over 50, those lacking basic skills and lone parents. The Target Setting Methodology paper sets out and details the data and wider assumptions underpinning these targets, which are detailed in Section 5.3 below.

Result target setting

The results targets were also set where possible on the basis of performance in the 2007–2013 programme. However, data was not available for new activities, so a series of additional assumptions had to be made. An additional consideration was to raise the ambition of the OP in terms of results, and address concerns over the results achieved by the previous programme (particularly when the overperformance of the programme in terms of participation is considered). Table 5.1 below sets out the rationale for the targets set for each IP, before the targets themselves and the levels set are reviewed at Section 5.3.
Table 5.1 Summary Rationale for Results Targets by Investment Priority

<table>
<thead>
<tr>
<th>IP</th>
<th>Target</th>
<th>Summary Rationale for Results Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.i</td>
<td>Unemployed participants into employment</td>
<td>The same levels are used as the original 2007–2013 target, with the resulting target being some 6 percentage points higher than in the Priority 1 equivalent in all areas except for the ‘less developed’ region, which is 7 percentage points higher.</td>
</tr>
<tr>
<td></td>
<td>Inactive participants into employment or jobsearch</td>
<td>Here data from the cohort survey has been used in the absence of similar data from the 2007–2013 programme. Different elements of the cohort survey results were combined to include responses from the early leavers as well as completers that progressed into employment, with a target of 33 per cent being set.</td>
</tr>
<tr>
<td></td>
<td>Participants gaining basic skills</td>
<td>In the absence of data from the 2007–2013 programme on basic skills, data was provided by the SFA and target of 4 per cent achievement set across the three categories of region.</td>
</tr>
<tr>
<td></td>
<td>Percentage of those with childcare needs who get childcare support</td>
<td>Again cohort survey data was used to identify the share of participants with dependent children in Priority 1 who received, or who would have appreciated, assistance with childcare. The two responses were combined, suggesting that 18 per cent received or would have appreciated support – and a target was set of 36 per cent across all three regions.</td>
</tr>
<tr>
<td>8.ii</td>
<td>Participants in education / training or in employment on leaving</td>
<td>Here targets were derived from the 2007–13 programme target for not in employment, education or training (NEET) young people into work, education or training (currently 72 per cent, with significant differences between SFA and DWP provision at 88 per cent and 17 per cent respectively). In light of these differences in performance it is assumed that half of provision will be DWP or direct provision, and the remainder SFA (with direct provision having the same outcomes as DWP provision). As fewer 20–24-year-olds move into education and training than under 19s, the calculation was reduced by 10 per cent to give a target of 55 per cent in the ‘less developed’ and 43 per cent in the other regions.</td>
</tr>
<tr>
<td></td>
<td>Participants gaining basic skills</td>
<td>Here the same assumptions were applied as for IP 1.1, and the same 4 per cent target applied.</td>
</tr>
<tr>
<td>8.ii</td>
<td>Unemployed participants completing YEI supported intervention</td>
<td>Cohort survey 2009 provided basis for completers (70 per cent) – only covered DWP and SFA but a similar figure is not available in the cohort survey 2012 report.</td>
</tr>
<tr>
<td></td>
<td>Unemployed participants receiving an offer of employment, continued education, apprenticeship and traineeship on leaving</td>
<td>No Management Information (MI) available, so baseline is assumed to be the same as for target below – slightly higher than immediate destinations but tempered by qualifications counting towards the latter set of targets.</td>
</tr>
<tr>
<td></td>
<td>Unemployed participants in education/training, gaining a qualification, or in employment on leaving</td>
<td>Based on ESF MI, based on the target in investment priority 1.2 (but easier to achieve than IP 1.2 due to additional criteria of qualifications received). This may be balanced by nature of areas YEI being delivered in.</td>
</tr>
<tr>
<td></td>
<td>Long-term unemployed completing YEI intervention</td>
<td>Based on the approach for unemployed completers above, but with a slightly lower assumption based on experience of the CFOs that harder to help groups are less likely to complete provision.</td>
</tr>
<tr>
<td></td>
<td>Long-term unemployed participants receiving an offer of employment, continued education, apprenticeship or traineeship on leaving</td>
<td>No MI available so baseline is assumed to be the same as for target below – set slightly higher than immediate destinations but difference is countered by qualifications counting towards the latter set of targets.</td>
</tr>
</tbody>
</table>

Continued
### Table 5.1 Continued

<table>
<thead>
<tr>
<th>IP</th>
<th>Target</th>
<th>Summary Rationale for Results Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.i</td>
<td>Unemployed participants in employment, incl. self-employment, on leaving</td>
<td>The methodology recognises that attentions may focus on progressing individuals towards, rather than necessarily into work. While the 2007–2013 programme worked with individuals facing significant disadvantages, performance data was not easily differentiated from more ‘mainstream’ participants. NOMS provision (currently achieving job outcomes of 12 per cent) for offenders was considered on the basis of target group, and a target of 14 per cent was set based on the envisaged mix of provision and to provide a degree of stretch.</td>
</tr>
<tr>
<td></td>
<td><strong>Long-term unemployed participants in education/training, gaining a qualification or in employment on leaving</strong></td>
<td>Based on MI, with those under 25 claiming Jobseeker’s Allowance (JSA) for more than six months being used as a proxy for YEI long-term unemployment. JSA figures show that those claiming JSA for over six months are around 12 percentage points less likely to move off benefit compared with those unemployed for less than six months.</td>
</tr>
<tr>
<td></td>
<td><strong>Inactive participants not in education or training who complete YEI intervention</strong></td>
<td>Based on the approach for unemployed completers, but with a slightly lower assumption based on experience of the CFOs that harder to help groups are less likely to complete provision.</td>
</tr>
<tr>
<td></td>
<td><strong>Inactive participants not in education or training receiving an offer of employment, continued education, apprenticeship, traineeship on leaving</strong></td>
<td>No available MI so baseline is assumed to be the same as for target below – slightly higher than immediate destinations but this difference is countered by qualifications counting towards the latter set of targets.</td>
</tr>
<tr>
<td></td>
<td><strong>Inactive participants not in education or training who are in education/training, gaining a qualification or in employment on leaving</strong></td>
<td>Based this on the 2012 cohort survey which found that 32 per cent of the inactive moved into education or employment.</td>
</tr>
<tr>
<td></td>
<td><strong>Participants in continued education, training programmes leading to a qualification, an apprenticeship or a traineeship six months after leaving</strong></td>
<td>For continued education/training at 6 months the baseline of 15 per cent is from Cohort Survey 2012. The baseline is for all of England. The challenge for the new programme will be to meet this level for young people in the toughest labour markets.</td>
</tr>
<tr>
<td></td>
<td><strong>Participants in employment six months after leaving</strong></td>
<td>Baseline for employment at 6 months is 34 per cent is from Cohort Survey 2012. Based on 38 per cent of unemployed and 21 per cent of economically inactive progressing to employment by this point. It is nearer to the unemployed figure because it uses the weighted average and more participants will be unemployed than inactive (75 per cent x 38 per cent + 25 per cent x 21 per cent = 34 per cent). The baseline challenging given it is a national figure and YEI is based in the toughest labour markets. The target is therefore four percentage points lower, at 30 per cent.</td>
</tr>
<tr>
<td></td>
<td><strong>Participants in self-employment six months after leaving</strong></td>
<td>For self-employment at six months the baseline of 3 per cent is from Cohort Survey 2012.</td>
</tr>
</tbody>
</table>
Ex-ante evaluation of the 2014-2020 ESF Programme for England

Table 5.1  Continued

<table>
<thead>
<tr>
<th>IP</th>
<th>Target</th>
<th>Summary Rationale for Results Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Participants in education/training on leaving</td>
<td>In the absence of a baseline for movement into education and training, it was assumed that a similar share could be achieved as for the movement into work, namely 14 per cent. However at the request of the European Commission for the OP to be more ambitious, and that this outcome should be easier to achieve than moving into employment, the target was raised to 17 per cent across all region types.</td>
</tr>
<tr>
<td></td>
<td>Inactive participants into employment or jobsearch on leaving</td>
<td>Here the target for this result indicator is set below that for IP 1.1, at 27 per cent across all three regions, to reflect the target group for IP 1.4. However, the reduction is less than for employment outcomes in IP 1.1, to reflect the ‘movement to regular job search’ which is a more easily achievable result for the target group.</td>
</tr>
<tr>
<td></td>
<td>Per cent of those with childcare needs receiving childcare support</td>
<td>Here the same target is set as for IP 1.1 – 36 per cent across all three region types.</td>
</tr>
<tr>
<td>9.vi</td>
<td>Unemployed participants into employment on leaving</td>
<td>Here the baseline Priority 1 target for progression to employment is used as the target (17 per cent for the ‘less developed’ and 16 per cent in the remaining regions), despite CLLD provision being focused in disadvantaged areas.</td>
</tr>
<tr>
<td></td>
<td>Inactive participants into employment or jobsearch</td>
<td>In recognition of the disadvantaged nature of the areas where CLLD will operate, target levels were set closer to those for IP 1.4 (27 per cent), and so are set at 29 per cent across all regions (the baseline provide by the ESF cohort survey).</td>
</tr>
<tr>
<td></td>
<td>Participants in education or training on leaving</td>
<td>As there is no baseline for this result and target group, the target was set in the same way as for IP 1.4, i.e. set 20 per cent higher than the target for movement into work, giving a target of 20 per cent in the ‘less developed’ region and 19 per cent in the remaining regions.</td>
</tr>
<tr>
<td>10iii</td>
<td>Participants gaining basic skills</td>
<td>Baselines for basic skills are based on management information for SFA participants to August 2014, with a baseline of 11 per cent being replicated in the targets across all three regions. This target level is based on all participants, rather than those without formal qualifications in the 2007–2013 programme.</td>
</tr>
<tr>
<td></td>
<td>Participants gaining a Level 2 or below qualification or a unit towards one (excl. basic skills)</td>
<td>The Level 2 or below qualifications target is based on supplementary management information for SFA participants suggesting an achievement rate of 21 per cent for all Priority 2 participants: the same proportion as achieved in 2007–2013. The target was set 20 per cent higher, giving a rate of 25 per cent in all three region types.</td>
</tr>
<tr>
<td></td>
<td>Participants gaining Level 3 or above qualification, or units towards one</td>
<td>The Level 3 or above qualifications target is also based on supplementary MI for SFA participants, at 8 per cent for all Priority 2 participants: the same proportion achieved in 2007–2013 programme. Again the target definition has changed to include all participants rather than just those with no formal qualifications. The target is set at 8 per cent across all three regions.</td>
</tr>
</tbody>
</table>

Continued
Table 5.1  Continued

<table>
<thead>
<tr>
<th>IP</th>
<th>Target</th>
<th>Summary Rationale for Results Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Employed females gaining</td>
<td>This target is based on the share in employment achieving: promotion, movement into managing people; stability of employment; or increasing hours outcomes. Where participants achieve more than one outcome they will only count once. Data is taken from ESF cohort survey 2012 (8 per cent promoted; 5 per cent move to stable employment; 3 per cent increasing hours) and 2009 (15 per cent move to stable employment; 27 per cent taking on management responsibility). The final target is set at 35 per cent in all three region types.</td>
</tr>
<tr>
<td></td>
<td>improved labour market status</td>
<td></td>
</tr>
</tbody>
</table>

As with the output targets, the evaluators conclude that overall the methodology followed for setting the result targets was appropriate, given the challenges identified previously in terms of data and suitable comparators.

We do, however, consider that additional indicators could be considered for inclusion, which is set out at section 5.3.2.3, with comment on the level of targets set and their achievability being provided at Section 5.3.

5.3  Indicators and targets

Having reviewed the target setting process, this section reviews the indicators used, and the targets set, for each Priority Axis and Investment Priority. Throughout the data used is taken from the Target Setting Methodology paper, as the most up to date source of information on the targets developed. First the outputs indicators and targets are summarised below.

5.3.1  Output indicators and targets

Table 5.2 below summarises the output/participation targets for each Priority Axis (PA) and Investment Priority (IP). The table shows that 2,328,900 individuals, and 17,900 micro, small and medium sized enterprises, are expected to participate in the programme.

Table 5.2  Summary of Participant Targets by Investment Priority

<table>
<thead>
<tr>
<th>IP</th>
<th>Title</th>
<th>Participant Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>Total participants Priority Axis 1 – Inclusive Labour Markets</td>
<td>1,401,600 individuals</td>
</tr>
<tr>
<td>IP 8.i</td>
<td>Access to employment for jobseekers and inactive people</td>
<td>764,900</td>
</tr>
<tr>
<td>IP 8.ii</td>
<td>Sustainable integration of young people</td>
<td>180,000</td>
</tr>
<tr>
<td>IP 8.ii</td>
<td>Youth Employment Initiative</td>
<td>112,000</td>
</tr>
<tr>
<td>IP 9.i</td>
<td>Active inclusion</td>
<td>302,600</td>
</tr>
<tr>
<td>IP 9.vi</td>
<td>Community Led Local Development (CLLD)</td>
<td>42,100</td>
</tr>
<tr>
<td>Total</td>
<td>Total participants Priority Axis 2 – Skills for Growth</td>
<td>927,300 individuals, 17,900</td>
</tr>
<tr>
<td>IP 10iii</td>
<td>Enhancing equal access to lifelong learning</td>
<td>927,300</td>
</tr>
<tr>
<td>IP 10iv</td>
<td>Improving the labour market relevance of education and training systems</td>
<td>17,900 micro, small and medium-sized enterprises</td>
</tr>
</tbody>
</table>
Over 1.4 million individuals are expected to participate in Priority 1 activities, the majority under IP 8.i (Access to employment) and IP 9.i (Active inclusion). Under Priority Axis 2 over 900,000 individuals are expected to participate under IP 10.iii (Enhancing equal access to lifelong learning), with 17,900 micro, small and medium-sized enterprises participating in IP 10.iv (Improving the labour market relevance of education and training systems).

**Priority Axis 1**

Table 5.3 below sets out the Priority Axis 1 output indicators and targets for each IP, output indicator and by type of region. As the table shows, output indicators were selected for each IP to encapsulate their target groups.

<table>
<thead>
<tr>
<th>IP</th>
<th>Indicator</th>
<th>Less Devel.</th>
<th>Transition</th>
<th>More Devel.</th>
<th>IIP Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>IP 8.i</td>
<td>Participants</td>
<td>21,600</td>
<td>149,000</td>
<td>594,300</td>
<td>764,900</td>
</tr>
<tr>
<td></td>
<td>Unemployed, including LTU</td>
<td>11,900</td>
<td>104,300</td>
<td>416,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Inactive</td>
<td>8,600</td>
<td>37,200</td>
<td>148,600</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Females</td>
<td>10,600</td>
<td>69,000</td>
<td>268,500</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Disabilities/health conditions</td>
<td>6,500</td>
<td>38,400</td>
<td>153,300</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ethnic minorities</td>
<td>240</td>
<td>11,500</td>
<td>130,800</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Aged over 50</td>
<td>5,500</td>
<td>29,300</td>
<td>116,900</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Without basic skills</td>
<td>4,500</td>
<td>26,200</td>
<td>104,600</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lone parents</td>
<td>2,400</td>
<td>21,700</td>
<td>176,500</td>
<td></td>
</tr>
<tr>
<td>IP 8.ii (YEI)</td>
<td>Participants (&lt; 25 NEET)</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>84,000</td>
</tr>
<tr>
<td></td>
<td>Participants (25–29)</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>28,000</td>
</tr>
<tr>
<td></td>
<td>Unemployed, including LTU</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>84,000</td>
</tr>
<tr>
<td></td>
<td>Long-term unemployed</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>28,000</td>
</tr>
<tr>
<td></td>
<td>Inactive participants not in education or training</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>28,000</td>
</tr>
<tr>
<td></td>
<td>Ethnic minorities</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>33,600</td>
</tr>
<tr>
<td></td>
<td>Females</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>52,500</td>
</tr>
<tr>
<td></td>
<td>Disability/health problems</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>11,200</td>
</tr>
<tr>
<td></td>
<td>Lone parents</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>5,000</td>
</tr>
</tbody>
</table>
### Table 5.3 Continued

<table>
<thead>
<tr>
<th>IP</th>
<th>Indicator</th>
<th>Less Devel.</th>
<th>Transition</th>
<th>More Devel.</th>
<th>IIP Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>IP 8.ii</td>
<td>Participants (&lt; 25 NEET)</td>
<td>5,400</td>
<td>21,200</td>
<td>153,400</td>
<td>180,000</td>
</tr>
<tr>
<td></td>
<td>Unemployed, including LTU</td>
<td>3,300</td>
<td>14,800</td>
<td>107,400</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Inactive</td>
<td>1,900</td>
<td>5,300</td>
<td>38,400</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Females</td>
<td>2,700</td>
<td>9,800</td>
<td>69,300</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Disabilities/health conditions</td>
<td>850</td>
<td>2,100</td>
<td>15,300</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ethnic minorities</td>
<td>60</td>
<td>1,600</td>
<td>30,700</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Without basic skills</td>
<td>1,130</td>
<td>3,730</td>
<td>27,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lone parents</td>
<td>360</td>
<td>1,300</td>
<td>6,900</td>
<td></td>
</tr>
<tr>
<td>IP 9.i</td>
<td>Participants</td>
<td>11,900</td>
<td>62,200</td>
<td>228,500</td>
<td>302,600</td>
</tr>
<tr>
<td></td>
<td>Unemployed, including LTU</td>
<td>3,600</td>
<td>28,600</td>
<td>105,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Inactive</td>
<td>7,800</td>
<td>30,500</td>
<td>112,100</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Females</td>
<td>5,900</td>
<td>21,700</td>
<td>77,800</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Disability/health conditions</td>
<td>4,200</td>
<td>13,700</td>
<td>50,300</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ethnic minorities</td>
<td>130</td>
<td>6,800</td>
<td>52,800</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Aged over 50</td>
<td>2,400</td>
<td>8,700</td>
<td>32,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Offenders/ ex-offenders</td>
<td>N/A</td>
<td>20,700</td>
<td>75,800</td>
<td></td>
</tr>
<tr>
<td>IP 9.vi</td>
<td>Participants</td>
<td>3,100</td>
<td>7,000</td>
<td>32,000</td>
<td>42,100</td>
</tr>
<tr>
<td></td>
<td>Unemployed, including LTU</td>
<td>1,700</td>
<td>4,900</td>
<td>22,400</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Inactive</td>
<td>1,300</td>
<td>1,800</td>
<td>8,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Females</td>
<td>1,500</td>
<td>3,200</td>
<td>14,500</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Disability/health condition</td>
<td>900</td>
<td>1,600</td>
<td>7,400</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ethnic minorities</td>
<td>30</td>
<td>770</td>
<td>7,400</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Aged over 50</td>
<td>740</td>
<td>1,200</td>
<td>5,800</td>
<td></td>
</tr>
</tbody>
</table>

### Priority Axis 2

Table 5.4 below sets out the Priority Axis 2 output indicators and targets for the two IPs proposed. A smaller number of indicators were selected than for Priority Axis 1, with IP 10.iii focusing on individual participants and IP 10.iv on enterprises participating.
Table 5.4  Summary of output indicators and targets – Priority Axis 2

<table>
<thead>
<tr>
<th>IP</th>
<th>Indicator</th>
<th>Less Devel.</th>
<th>Transition</th>
<th>More Devel.</th>
<th>IIP Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>IP 10iii</td>
<td>No. participants – individuals</td>
<td>13,500</td>
<td>204,700</td>
<td>709,100</td>
<td>927,300</td>
</tr>
<tr>
<td></td>
<td>Of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Females</td>
<td>7,200</td>
<td>104,400</td>
<td>361,700</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Disability/health conditions</td>
<td>1,400</td>
<td>15,500</td>
<td>55,900</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Without basic skills</td>
<td>2,830</td>
<td>36,000</td>
<td>124,800</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ethnic minorities</td>
<td>300</td>
<td>13,500</td>
<td>124,800</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Aged over 50</td>
<td>3,000</td>
<td>40,900</td>
<td>141,800</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lone parents</td>
<td>540</td>
<td>10,200</td>
<td>35,500</td>
<td></td>
</tr>
<tr>
<td>IP 10iv</td>
<td>No. participants – supported micro, small and medium-sized enterprises</td>
<td>1,800</td>
<td>3,500</td>
<td>12,600</td>
<td>17,900</td>
</tr>
</tbody>
</table>

Output indicators used

The output indicators for each PA, and IP, were consolidated and reviewed in terms of their relevance to the actions supported, the linkage with the intended results, whether the common output indicators have been used, and their overall clarity of definition. Findings are presented by PA below.

Priority Axis 1

The output indicators used for Priority Axis 1 are summarised in Table 5.5, which also shows their application by IP. As the table shows, the majority of indicators have been applied across each of the IPs.

Table 5.5  Distribution of indicators by Investment Priority – Priority Axis 1

<table>
<thead>
<tr>
<th>Indicator</th>
<th>8.i</th>
<th>8.ii</th>
<th>8.ii (YEI)</th>
<th>9.i</th>
<th>9.vi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployed, incl. LTU</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Inactive</td>
<td>✓</td>
<td>✓</td>
<td>✓*</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Females</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Disabilities/health conditions</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Ethnic minorities**</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Aged over 50***</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Without basic skills****</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participants living in a single adult household with dependent children</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Offenders/ex-offenders</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

* Inactive participants not in education or training.
** The common output indicator is defined as migrants, participants with a foreign background, minorities (including marginalised communities such as Roma).
*** Common output indicator defined as ‘over 54’.
**** Corresponding to Common output indicator ‘with primary (ISCED 1) or lower secondary education (ISCED 2)’.
Ex-ante evaluation of the 2014-2020 ESF Programme for England

The most variation in the output indicators used are for Investment Priorities 9.i and 9.vi, Active Inclusion and CLLD respectively. Given the focus of these IPs, it is perhaps surprising that the ‘individuals without basic skills’, and the ‘participants who live in a single adult household with dependent children’ indicator, are not included given the characteristics of the primarily disadvantaged groups intended to be targeted – although we recognise the principle of limiting the number of indicators proposed. The concentration of attentions on offenders/ex-offenders in IP 9.i reflects both the positioning of the National Offender Management Service (NOMS) co-financed provision and the broader focus of 9.i on groups facing particular labour market challenges.

The indicators are drawn from the common output and results indicators for ESF investments32. As the key to Table 5.5 shows, three of the indicators are re-titled for the England OP, although their definitions remain common. The ‘aged over 54’ indicator in the regulations now considers those over 50 years of age.

Overall, the evaluators consider that the indicators selected for Priority Axis 1 are sensible and pragmatic, and capture the key characteristics of the intended target groups.

Priority Axis 2

The output indicators used for Priority Axis 2 are summarised in Table 5.6, which also shows their application by Investment Priority. As the table shows, the majority of indicators have been applied across each of the Investment Priorities.

Table 5.6  Distribution of Indicators by Investment Priority – Priority Axis 2

<table>
<thead>
<tr>
<th>Indicator</th>
<th>10.iii</th>
<th>10.iv</th>
</tr>
</thead>
<tbody>
<tr>
<td>Females</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Disability/health conditions</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Without basic skills*</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Ethnic minorities**</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Aged over 50***</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Participants who live in a single adult household with dependent children</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Micro, small and medium-sized enterprises</td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

* Corresponding to Common output indicator ‘with primary (ISCED 1) or lower secondary education (ISCED 2)’.
** Defined as migrants, participants with a foreign background, minorities (including marginalised communities such as Roma).
*** Common output indicator defined as ‘over 54’.

Priority Axis 2 used a smaller number of output indicators, but those used were common with the Priority Axis 1 measures with the exception of ‘micro, small and medium-sized enterprises’ which applies to participants in Investment Priority 10.iv ‘Improving the labour market relevance of education and training systems’. The indicators are again drawn from the ‘common output and result indicators’ for ESF investments.

In the evaluators view the output indicators selected for Priority Axis 2 are appropriate for the interventions expected, pragmatic and relevant to the activities expected.

The level of output targets set

The previous section 5.2.1.1 described the methodology by which the output targets were set, and the evidence and assumptions applied in each case. Here the level of target set is considered, in terms of their coherence in terms of supporting the strategic direction of the OP and their potential for achievement.

First, and by definition given the process by which they were set, the overall participation targets are aligned with the pattern of resource allocation by both PA and IP and closely matches the OP’s overall strategic direction. In Priority Axis 1, the concentration of participant numbers in IPs 8.i and 9.i reflect the OP’s prioritisation of unemployed individuals and those facing greatest disadvantage in the labour market – although when combined the two IPs supporting young people (IP 8.ii and 8.ii-YEI) also account for almost 300,000 individuals. The lower participant target for IP 9.vi reflects the more local focus of the interventions proposed, and mitigates the degree of risk associated with a new mechanism for delivering ESF provision. In Priority Axis 2 the overall participation targets are more straightforward, with IP 10.iii accounting for 900,000 participants and emphasising the OP’s parallel focus on improving the skills of the existing workforce. The IP 10.iv target for participation is restricted to enterprises, and is intended to capture their participation in interventions with education and training providers (which will not always include participation by individuals).

Second, the distribution of participation by characteristics was again based on available evidence from previous delivery, where perhaps the most challenging target will be for participation by gender. Given the experience of the previous programme it will be important that efforts are focused on ensuring this target is achieved. While this subject is returned to in Section 6, strong contract management will be required to ensure that this target is achieved.

Finally, the extent to which the targets are achievable was considered. England has a mature provider infrastructure and much experience of delivering both ESF and the types of activity proposed in the OP. On this basis, and experiences of the 2007–2013 programme in terms of participation, there is much evidence that the capacity exists to deliver the scale of provision envisaged. However, there are two considerations to be borne in mind as the programme progresses towards implementation:

- Will the increased emphasis on ‘local’ provision, and in some cases local commissioning, be sufficiently efficient to mobilise and engage with the participant numbers proposed? and

- While the capacity to deliver at the national level is proven, will the same levels of capacity by equally available at the local/LEP level, or will new arrangements need to be established (and if so, what will the implications be for delivery to scale)?
In both cases, there will be a role for the MA to closely monitor both the pace and scale of commissioning, both in absolute terms and in ensuring the Performance Framework targets can be met (see Section 5.4).

5.3.2 Result indicators and targets

Tables 5.8 and 5.9 set out the results indicators, and values, for Priority Axes 1 and 2 of the programme, and their constituent IPs.

Priority Axis 1 – Results

Table 5.7 sets out the Priority Axis 1 result indicators and targets for each IP. The targets are shown as percentages throughout the OP, so the target participant numbers are also included for each IP.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Less Devel.</th>
<th>Transition</th>
<th>More Devel.</th>
</tr>
</thead>
<tbody>
<tr>
<td>IP 8.i – Access to employment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployed participants in employment on leaving</td>
<td>22%</td>
<td>22%</td>
<td>22%</td>
</tr>
<tr>
<td>Inactive participants into employment or jobsearch on leaving</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
</tr>
<tr>
<td>Participants gaining basic skills</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Participants with childcare needs receiving childcare support</td>
<td>36%</td>
<td>36%</td>
<td>36%</td>
</tr>
<tr>
<td>IP 8.ii – Sustainable integration for young people</td>
<td></td>
<td>No. participants – 180,000</td>
<td></td>
</tr>
<tr>
<td>Unemployed or inactive participants in employment or education/training on leaving</td>
<td>55%</td>
<td>43%</td>
<td>43%</td>
</tr>
<tr>
<td>Participants gaining basic skills</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>IP 9.i – Active Inclusion</td>
<td></td>
<td>No. participants – 302,600</td>
<td></td>
</tr>
<tr>
<td>Unemployed participants in employment, including self-employment, on leaving</td>
<td>14%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>Participants in education/training on leaving</td>
<td>17%</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>Inactive participants into employment or jobsearch on leaving</td>
<td>27%</td>
<td>27%</td>
<td>27%</td>
</tr>
<tr>
<td>Percentage of those with childcare needs receiving childcare support</td>
<td>36%</td>
<td>36%</td>
<td>36%</td>
</tr>
<tr>
<td>IP 9.vi – CLLD</td>
<td></td>
<td>Participants – 42,100</td>
<td></td>
</tr>
<tr>
<td>Unemployed participants in employment on leaving</td>
<td>17%</td>
<td>16%</td>
<td>16%</td>
</tr>
<tr>
<td>Inactive participants into employment or jobsearch on leaving</td>
<td>29%</td>
<td>29%</td>
<td>29%</td>
</tr>
<tr>
<td>Participants in education/training on leaving</td>
<td>20%</td>
<td>19%</td>
<td>19%</td>
</tr>
</tbody>
</table>
Table 5.7  Continued

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Less Devel.</th>
<th>Transition</th>
<th>More Devel.</th>
</tr>
</thead>
<tbody>
<tr>
<td>IP 8.ii – YEI</td>
<td>No. participants – 112,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployed participants completing YEI supported intervention</td>
<td>70%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployed participants receiving an offer of employment, continued education, apprenticeship and traineeship on leaving</td>
<td>48%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployed participants in education/training, gaining a qualification, or in employment on leaving</td>
<td>48%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term unemployed completing YEI intervention</td>
<td>60%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term unemployed participants receiving an offer of employment, continued education, apprenticeship or traineeship on leaving</td>
<td>38%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term unemployed participants in education/training, gaining a qualification or in employment on leaving</td>
<td>38%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inactive participants not in education or training who complete YEI intervention</td>
<td>60%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inactive participants not in education or training receiving an offer of employment, continued education, apprenticeship, traineeship on leaving</td>
<td>32%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inactive participants not in education or training who are in education/training, gaining a qualification or in employment on leaving</td>
<td>32%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participants in continued education, training programmes leading to a qualification, an apprenticeship or a traineeship six months after leaving</td>
<td>15%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participants in employment six months after leaving</td>
<td>30%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participants in self-employment six months after leaving</td>
<td>3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Including self-employment.

Priority Axis 2 – Results

Table 5.8 sets out the Priority Axis 2 result indicators and targets for the two IPs proposed. As for Priority Axis 1, the targets are shown as percentages, with the target participant numbers are also included for each IP. As with the output indicators, a smaller number of results indicators were selected than for Priority Axis 1.

Table 5.8  Summary of Results Indicators and Targets – Priority Axis 2

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Less Devel.</th>
<th>Transition</th>
<th>More Devel.</th>
</tr>
</thead>
<tbody>
<tr>
<td>IP 10.iii No. participants – individuals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participants gaining basic skills</td>
<td>11%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Participants gaining a Level 2 or below qualification or a unit towards one (excl. basic skills)</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Participants gaining Level 3 or above qualification, or units towards one</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Employed females gaining improved labour market status</td>
<td>35%</td>
<td>35%</td>
<td>35%</td>
</tr>
<tr>
<td>IP 10.iv No. participants – supported micro, small and medium-sized enterprises</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Successfully completed projects (which increase employer engagement and/or the number of people progressing into/within skills provision)</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
</tr>
</tbody>
</table>
Results indicators used

As with the output indicators, the results indicators for each Priority Axis, and Investment Priority were consolidated and reviewed in terms of their relevance to the actions proposed, the linkage with the intended results, whether the common output indicators have been used, and their overall clarity of definition. Findings are presented by Priority Axis below.

Priority Axis 1

The result indicators for Priority Axis 1 are summarised in Table 5.9 for IPs 8.i, 8.ii, 9.i and 9.vi.

Table 5.9 Distribution of Result Indicators by Investment Priority – Priority Axis 1

<table>
<thead>
<tr>
<th>Indicator</th>
<th>8.i</th>
<th>8.ii</th>
<th>9.i</th>
<th>9.vi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployed participants in employment on leaving</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Inactive participants into employment or jobsearch on leaving</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Unemployed or inactive participants in employment or education/training on leaving</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participants in education or training on leaving</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Participants gaining basic skills</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Participants with childcare needs receiving childcare support</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

Investment Priority 8.ii (YEI) has a specific set of result indicators which are not set out here, but described in Table 5.7 above. Having reviewed the YEI indicators selected, they comply with the indicators set out in the ESF Regulation\(^{33}\) for both immediate and longer term results (i.e. participants in education or training, employment or self-employment six months after leaving).

For the remaining IPs the results indicators used draw upon the common result indicators, and as requested have been kept to a small number. Overall, the evaluators consider that the results indicators selected for Priority Axis 1 are appropriate, capture the key results expected.

A series of amendments to, and potential additional indicators for the Priority 1 Axis, were however discussed with the evaluators as part of the ex-ante process. These included:

- Separating the combined indicators (e.g. ‘Inactive participants into employment or jobsearch on leaving’) into separate single indicators for IP’s 8.i, 9.i and 9.vi;
- Including additional indicators, for example:
  - for IP 8.i ‘participants into education or training on leaving’, and a new indicator to capture progress to a mainstream programme on leaving;
  - for IP 9.i a ‘qualifications achieved’ or ‘basic skills gained’ indicator;

\(^{33}\) Ibid.
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- Including ‘disadvantaged participants engaged in jobsearching, education/training, gaining a qualification, in employment including self-employment for IPs 9.i and 9.vi.

- Including longer-term results indicators – such as ‘participants in continued education, training, apprenticeships or traineeships’ and ‘in employment or in self-employment’ six months after leaving to capture sustained outcomes.

However, in discussion with the MA it was agreed that adding additional indicators ran counter to the intention (and good practice) of limiting the number of indicators applied. It was also noted that the data to allow reporting on the additional indicators would be collected as monitoring information, in accordance with the requirements of Annex 1.

**Priority Axis 2**

The result indicators for Priority Axis 2, and for Investment Priorities 10.iii and 10.iv, are summarised in Table 5.10.

**Table 5.10 Distribution of Result Indicators by Investment Priority – Priority Axis 2**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>10.iii</th>
<th>10.iv</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participants gaining basic skills</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Participants gaining a Level 2 or below qualification or a unit towards one (excluding basic skills)</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Participants gaining Level 3 or above qualification, or units towards one</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Employed females gaining improved labour market status</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Supported micro, small and medium-sized enterprises</td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

For Priority Axis 2 the results indicators used are again considered to be **appropriate and fit for purpose**, capturing the intended results for individuals under IP 10.iii at the basic skills, Level 1 and Level 2 and above levels. The variables comprising the ‘employed females gaining improved labour market outcomes’ described previously are also appropriate.

The inclusion of an indicator to capture retention or progression outcomes for participants under IP 10.iii was discussed with the MA, along with an indicator to capture the outcomes for individuals as a result of their employer’s participation in IP 10.iv activities. However, as with the suggested additions to Priority 1, it was agreed that the principle of limiting the numbers of indicators applied, and again that the data to report on these additional variables was being collected through routine monitoring procedures.

**The level of results targets set**

The previous section 5.2.1 described the methodology by which the results targets were set, and the evidence and assumptions applied in each case. Here the **level of the targets set** is considered, in terms of their fit with the strategic priorities of the programme, and second on their overall achievability.
As with the methodology set for setting output targets, the results targets were set based upon the performance of the 2007–2013 programme where possible, or by using data from similar mainstream provision. However, unlike the output targets, the levels of outcomes achieved, as a share of all participants, fell some way below expectation in the 2007–2013 programme, and so do not provide a useful comparator for the new programme. Over successive iterations of the targets a series of assumptions were developed and refined, with comments from the ex-ante evaluators and the Commission, including the level of ambition/stretch applied to the target levels set. As Section 5.2.1 concluded the methodology used to develop the targets was appropriate and fit for purpose, with only minor suggestions for amendment being made.

As with the comment on the output targets, the first point is that the results targets, as described by the indicators used and with reference to the activities for which they are intended to capture, the results measures proposed are aligned with the strategic intention and key objectives of the programme. This is reflected in the emphasis placed on employment results across Priority 1 activities, and through the use of ‘progress towards employment’ indicators for the inactive participants undertaking jobsearch activity on leaving. As described previously, it may be worth considering whether some of the indicators proposed, for example ‘into employment of jobsearch on leaving’, be separated into two indicators, although this depends on the way in which the data will be collected (so allowing each result to be reported separately).

When considering the distribution of the indicators used across the IPs, shown in Tables 5.10 and 5.11, it may be worth considering whether, despite the overall intention of limiting the number of indicators used, the additional result indicators suggested for inclusion could usefully be applied.

Finally, as described previously, there are no targets set (outside of IP 8.ii YEI) for results sustained following leaving, for example at the six or 12 month points. As this data will be captured in the planned follow-up cohort surveys, it may be worth considering adding this indicator to the results proposed.

In terms of the achievability of the targets set, we consider on that best efforts have been made, through the refined target setting methodology, to produce targets which are realistic and achievable. The methodology paper highlights several areas of concern, with which we would concur, namely the achievability of:

- The employment result targets – which as suggested are almost 40 per cent higher than those achieved in the 2007–2013 programme;
- The childcare participation targets currently set for the IPs, at 36 per cent of all participants with childcare needs, is double the level of need indicated by the evidence presented. While there will certainly be an element of untapped demand not revealed by the research methods used, doubling of the baseline without further exploration of actual demand (and ability to provide) introduces risk; and
- The female participation target – in the light of the performance of the 2007–2013 programme, and the ambition to do better. Here attempts have been made to estimate the share of female participants by IP/target group, which is a reasoned approach given the characteristics of the target sub-groups envisaged. As suggested above, further efforts to ensure that this target is met could include making the share of female participants a condition of contract/trigger for payments to be made.
5.3.3 Concluding comment

On the basis of the review of the indicators used and targets set for the programme, the evaluators conclude that the indicators used are appropriate both in terms of their relevance to the proposed activities and their suitability for monitoring purposes.

After several iterations and reviews of the methodology applied, the targets set for them are well considered and have used the appropriate available evidence, and applied reasoned assumptions in its absence. While we concur with the view that some of the targets will be challenging to achieve, and recommend that progress towards them is monitored closely, there is little to suggest that the delivery infrastructure in England will not be able to absorb the additional demand they represent.

5.4 The Performance Framework

The Performance Framework for the 2014–2020 programme is intended to present the level of certified expenditure and outputs that will be achieved by the end of December 2018 to trigger the release of further funding under the N+3 rules. The proposed Performance Framework, and the assumptions which underpin it, was reviewed in accordance with the guidance fiche which states that the role of the ex-ante evaluation is to appraise whether:

- The milestones and targets used are fit for purpose – i.e. their relevance, and whether they encapsulate essential information on progress – including whether the output indicators represent the majority of the allocation to each PA;
- The quantified target values for indicators can realistically achieved at the 2018 review point and to programme end in 2023; and
- The milestones selected for the performance framework are suitable.

5.4.1 The Performance Framework

Table 5.11 summarises the current Performance Framework, showing target for expenditure and output by Priority Axis and type of region to 2018. It also includes values for the YEI.

Table 5.11 The Performance Framework – Financial and Outputs

<table>
<thead>
<tr>
<th>Priority Axis</th>
<th>Region Type</th>
<th>Milestone Total 2018 – Financial (€)</th>
<th>Milestone Total 2018 – Outputs (participants)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Less developed</td>
<td>28,000,000</td>
<td>7,300</td>
</tr>
<tr>
<td></td>
<td>Transition</td>
<td>113,000,000</td>
<td>43,600</td>
</tr>
<tr>
<td></td>
<td>More developed</td>
<td>462,000,000</td>
<td>183,500</td>
</tr>
<tr>
<td></td>
<td>YEI</td>
<td>461,099,386</td>
<td>112,000</td>
</tr>
<tr>
<td>2</td>
<td>Less developed</td>
<td>11,000,000</td>
<td>2,500</td>
</tr>
<tr>
<td></td>
<td>Transition</td>
<td>98,000,000</td>
<td>38,400</td>
</tr>
<tr>
<td></td>
<td>More developed</td>
<td>352,000,000</td>
<td>133,300</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1,525,099,386</td>
<td>520,600</td>
</tr>
</tbody>
</table>

5.4.2 The Performance Framework Methodology

The methodological paper underpinning the Framework was reviewed to understand the rationale for the figures shown. The ESF guidance\textsuperscript{35} refers to four potential indicators, financial, output, results and milestones, with two, financial and output, being used in the Framework. The other results and milestones indicators have not been used – as they need only be applied ‘only where appropriate’ and ‘where necessary’ respectively, with specific reference being made to the risks associated with the use of result indicators in the framework.

The indicators used are:

- **Financial** – where a single indicator is required, namely eligible expenditure recorded by the MA and certified in line with Article 126 of the Common Provision Regulations (CPR) for each PA, as proposed in the methodological paper. The paper also describes how expenditure considered will be to the end of August rather than December 2018, to allow for the verification of claims received, and that the implementation period for recorded spend has been adjusted accordingly.

- **Output** – any output indicators used must be the same as those used for the programme, be quantified, and represent the majority of resources allocated to a PA. The guidance fiché also emphasises that the number of indicators should be as few as possible to reflect the concentration of resources. The use of the ‘participants’ indicator is consequently proposed for each PA (refined for YEI to specify participant age and NEET status).

In both cases we consider that the indicators proposed are fit for purpose, capturing both progress of the programme overall and by PA, with data being readily available from the central MA management information system once implementation begins.

The next consideration is the extent to which the quantitative targets set are realistic and achievable. They should also reflect the objectives and operations of each OP priority, show linkage to expected results, be transparent and objectively verifiable.

- **Financial targets** – the methodological paper describes how the financial implementation rate used to forecast expenditure to the end of August 2018 is based on the rate achieved in the 2007–2013 programme. This gives a rate of 21 per cent. In the first draft, this was the rate which was applied, although reference was made to the new implementation arrangements and the scale of change over the previous programme. However, in the absence of evidence upon which to propose an alternative rate, the 21 per cent figure was left as it is.

In the view of the evaluators, this approach is sound given the absence of evidence to propose an alternative, although the risks associated with the revised delivery structures (i.e. more localised commissioning, new organisational structures and relationships) may mean spend will be initially slower than for the previous programme. However, it is not clear how any change in the financial implementation rate reasonably estimated, or the evidence upon which it would be based. Nevertheless, given the risk of the 2014–2020 programme initially spending at a slower pace than its predecessor, we suggest that a factor be applied to account for this risk, for example a 5 to 10 per cent ‘contingency’ reduction. The MA has taken this suggestion and now applied a 5 per cent reduction to give a rate of 20 per cent rather than 21 per cent.

\textsuperscript{35} Ibid.
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There are a number of issues which the review of the methodology identified regarding financial targets. First, the methodology assumes that implementation, and so spend, will progress at a similar rate by priority and the type of activity proposed under each. The implementation rates for the individual priorities of the 2007–2013 programme could be reviewed, as while not an exact match to the new programme any significant differences between previous Priority Axes/activity types could be used to further refine the proposed 2014–2020 figures.

Second, the Framework assumes that the rates of expenditure will be the same across the three types of region. While this seems a reasonable assumption to make, comparing financial implementation rates between the Competitiveness and Convergence programmes (as a proxy for transition and more developed, and less developed, areas) would give an indication if this assumption should be tested further.

Third, the questions raised in paragraph 8 of the method paper on the output indicators for Community-led Local Development (CLLD) suggest a potential influence on the financial implementation rate for Priority Axis 1, rather than applying the same programme average. Potential sources of evidence to quantify the influence of CLLD could be drawn from similar intervention models (not straightforward as examples of activities with similar content/contexts will be few), or to draw comparison from previous ESF ‘direct bidding’ rounds – although again these will be historic and in a different context. Given the scale of the commitment to CLLD, it may also be that the implication of any deviation from the proposed profile is of limited scale and so within general tolerance.

- **Output targets** – the methodological paper describes how the target values to 2018 are based on the assumption that the relationship between expenditure and outputs is linear at the programme level (and so by priority and area type), and that 20 per cent of the programme output target will be achieved by August 2018. However, the text also refers to steps to account for the performance reserve, with the 2023 target being reduced by 6 per cent and this lower figure forming the basis of final performance figures. In addition, the target participant values do not include participants in Priority Axis 1 under Investment Priority 9.vi (CLLD) as the evidence base for target setting is limited and hard to confirm prior to the agreement of the local development strategies which CLLD interventions will contribute to. Similarly ‘participants’ in Priority Axis 2, Investment Priority 10.iv, as the output measure is enterprises rather than individual participants. The target values have been derived on the basis of the unit costing assumptions used in the main OP document, with the targets being the product of the forecast expenditure and the specific unit costs by PA and area type.

As with the financial targets, the approach followed appears reasonable provided the assumptions which underpin it are sound. These could be explored further to test whether the link between output and expenditure is indeed linear (due to differences in reporting and verification timetables, for example), and whether any variations in the rate of output achievement between area types and Priority Axes/types of activity are of sufficient scale to be considered. The MA considered this point, but concluded that the differences between the new and the old programmes made it difficult to draw any reliable conclusions.

The issue of the pace of output achievement under the new ESF delivery arrangements, although not directly referenced, is implied through the linkage to expenditure. One means by which any outstanding concerns over the financial and output targets in this new delivery regime could be addressed would be to introduce milestones to the Performance
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**Framework.** These would provide intermediary monitoring measures, for example to report on provision commissioned and finances allocated, to provide early indications of progress towards the Framework targets. Finally, as described for the financial targets and assuming a degree of linkage between the expenditure and output, any output targets set on the basis of the implementation rate for the 2007–2013 programme should also consider whether their scale should be reduced to allow for a slower start. The MA reviewed the data and concluded that the beginning of the programme was the time when the programme was most affected by the recession and the participant figures were therefore distorted by the move to a greater quantity of lower unit cost provision. They therefore decided that using this evidence would be inappropriate for the 2014–2020 programme.

5.5 Monitoring and evaluation

Finally, this section reviews the proposals for the monitoring and evaluation of the implementation of the OP and the activities supported within it. It reviews the proposals set out within the OP, and provides comment on the evaluation strategy for the programme developed as part of the OP development process.

5.5.1 Monitoring and evaluation in the OP

Reference is made under Priority 3 to the use of Technical Assistance funding to support the management and implementation of the programme, including to monitoring and evaluation. This includes the commitment to the production of the required Annual Implementation Reports and other reports to comply with the relevant EU regulations, and, reflecting the increased emphasis on results for the 2014–2020 programme, the commitment to evaluating the impact of the programme and the horizontal principles which underpin it.

The commitment to monitoring, and using the data collected for evaluation purposes, also includes the analysis of performance to establish progress against the target for the output and result indicators selected, the review of long-term indicators through cohort surveys, and a programme of evaluation studies at programme mid-point, completion and studies to prepare for impact assessments. As the previous Section 3: Management described, the outputs of routine monitoring activities and evaluation studies will be reported to the ESI Funds Programme Monitoring Committee, in line with their responsibilities for ensuring the programme offers best value for money. It is assumed that, in keeping with previous practice in England, that a subcommittee with responsibility for the oversight of monitoring and evaluation activities will be established for the programme.

In terms of the suitability of the data to be collected for monitoring purposes, the evaluators have confined their attentions to the indicators and targets set for the performance framework and have not reviewed the complete ‘monitoring dataset’ proposed for the programme. On the basis of the indicators and targets reviewed above, the evaluators consider that they are appropriate and fit for their intended purpose, and have made suggestions for amendments and additions to enhance their value further.
5.5.2 Programme evaluation strategy

The Common Provision Regulations (CPR) set out the requirement for MAs to carry out evaluations to assess the impact of their European Structural and Investment Funds (ESIF) programmes, with Article 114 stating that an evaluation plan should be submitted no later than one year after the adoption of the programme. Consequently an early draft of the programme evaluation strategy was reviewed as part of the ex-ante evaluation, and comment provided for consideration in developing the plan further.

Given the high-level nature of the document, few comments were provided by the evaluators outside of making more specific reference to the requirements of the CPR. The document included:

- The background context and requirement to evaluate.
- The evaluation objectives – focusing on the timeliness of results, meeting the requirement for at least one evaluation of the ESF contribution to the objectives of each priority, and that the necessary materials will be available to inform the ESF reporting requirements.
- Coordination – in terms of making promoters/providers aware of the requirement to support the evaluation process, including the potential to use data linking as part of quasi-experimental approaches, and the sharing of results with stakeholders.
- The evaluation framework – setting out the main sources of data to be used in evaluations, the MA’s commitment to its collection, before setting out a timetable for cohort surveys, impact evaluations, evaluations of the cross-cutting themes and process/‘what works for whom’ evaluations – including both the main programme and associated YEI interventions.
- Finally a commitment to a budget for evaluation is made, funded evenly from ESF technical assistance and from Departmental budgets, with the view that the final figure will exceed that for the 2007–2013 programme.

In the view of the evaluators, the evaluation plan represents good progress towards a more comprehensive and detailed plan to be developed over the next 12 months. One action that the Managing Authority may wish to consider, in light of the attention on counterfactual impact evaluation in the 2014–2020 programme, is requiring providers to collect National Insurance Numbers (NINOs) for at least a sample of participants. This would allow these unique identifiers to be used in impact evaluations following quasi-experimental designs, and using data-match techniques with DWP and Her Majesty’s Revenue and Customs (HMRC) datasets.
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6 Component F: Equality Analysis

6.1 Introduction

This component reviews the 2014–2020 European Social Fund (ESF) Programme from an equalities perspective, including the extent to which provision will be accessible to all of those able to benefit from it, and reflects the imperative in the public sector equality duty to take a proactive approach to equality and diversity. The potential impact of programme implementation on individuals is reviewed to ensure provision does not discriminate, and that the opportunities for the promotion and advancement of equality objectives are maximised.

The component assesses the extent to which the programme promotes non-discriminatory approaches, by the inclusion of specific groups in programme design and delivery. The regulations for the 2014–2020 ESF Programme\textsuperscript{36} include the requirement to:

• Describe the specific actions to promote equal opportunities and prevent discrimination on the basis of gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation;

• Take into account the needs of the various target groups at risk of discrimination; and

• Describe the programme’s contribution to the promotion of equality between women and men (with arrangements to ensure the integration of a gender perspective at Operational Programme (OP) and operation level).

The legal framework underpinning the equality and diversity requirement in public programmes in England makes it unlawful to discriminate against a person because they have one of nine ‘protected characteristics’, namely: people of different age groups; people with dependents and caring responsibilities; people with a disability; women and men; people who belong to all racial, cultural and ethnic groups; people who are pregnant or subject to maternity legislation; people who have a religion or belief or do not; people with different sexual orientation or marital status; and people who intend to undergo, are undergoing or have undergone gender reassignment\textsuperscript{37}. The national equality strategy\textsuperscript{38} sets out the Government’s vision for a strong, modern and fair Britain, their commitment to tackling the barriers to equal opportunities and social mobility.

The equalities aspect of the programme can also contribute to the Europe 2020 strategy to promote smart, sustainable and inclusive economic growth, with inclusive growth meaning:

• raising Europe’s employment rate by creating more and better jobs especially for women, young people and older workers;

\textsuperscript{36} Article 7 of Regulation (EU) No 1303/2013.

\textsuperscript{37} The primary legislation is the Equality Act 2010, which outlaws discrimination in access to education, public services, private goods and services or premises in addition to employment.

\textsuperscript{38} The Equality Strategy – Building a Fairer Britain (December 2010).
• helping people of all ages anticipate and manage change through investment in skills and training; and

• modernising labour markets and welfare systems so the benefits of future growth reach all parts of the European Union (EU).

This section draws on the previous systematic review of the programming documents; interviews with the Managing Authority (MA) lead on equality and diversity issues; a review of responses to the public consultation on the programme (including telephone interviews with five equalities organisation responding to the consultation). The qualitative interviews with programme developers and wider stakeholders also included questions on equality and diversity issues.

Subsequently the MA has commissioned and completed an equality analysis of the programme, and received comment from the Equality and Human Rights Commission, which have informed the latest version of the OP.

One contextual consideration in the assessment has been the poor performance of the current programme in terms of the ratio between men and women participating in it. A target of 51 per cent participation by women was set for the programme, with achievement currently standing at 38 per cent. There has been much debate about how to improve this position, and the reasons for it, and the topic is returned to in our conclusions.

First the findings from the analysis in the previous reports is summarised below, before new information is presented and concluding comments provided.

6.2 Review of the OP from an equality and diversity perspective

6.2.1 Previous findings

Previous ex-ante evaluation reports reviewed how the OP intended to meet the public sector equality duty and support the equality objectives of the ESF. Focusing on Sections 11 (addressing equality and diversity as a horizontal theme); 2 (Priority Axes and Investment Priorities) and 1 (programme strategy), the mainstreaming of equality objectives within the programme; the specific priorities and actions targeting groups with protected characteristics; and the implications of the proposed programme management arrangements were reviewed.

The OPs has the potential to meet its diversity objectives in different ways, including by:

• eliminating discrimination as required in the public sector duty;

• advancing equality of opportunity between different groups; and

• fostering good relations between different groups.

It presents an opportunity to make direct progress towards equality objectives by targeting individuals with protected characteristics in activities it supports. Table 6.1 summarises a mapping exercise to explore the relevance of different elements of the OP to equality.
## Table 6.1  Examples of equality relevance

<table>
<thead>
<tr>
<th>OP</th>
<th>Comment</th>
<th>Potential areas for enhancement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Providing opportunities for disadvantaged groups facing the</td>
<td>Activities for disadvantaged groups and those with protected</td>
<td>More explicit recognition of the cross-over of protected characteristics groups and those facing</td>
</tr>
<tr>
<td>greatest difficulties in accessing the labour market, as identified</td>
<td>characteristics groups facing barriers in the labour market.</td>
<td>disadvantages in the labour market.</td>
</tr>
<tr>
<td>in European Structural and Investment Strategies.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use of ESF to complement national policies for unemployed/</td>
<td>Evaluation suggests groups such as older workers and people with</td>
<td>Greater consideration/analysis of what works for these groups and how the programme will meet their</td>
</tr>
<tr>
<td>inactive people by providing additional support to those facing</td>
<td>disabilities are most in need of enhancement within existing programmes.</td>
<td>needs.</td>
</tr>
<tr>
<td>labour market disadvantage.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use of ESF and YEI to address NEETs.</td>
<td>Recognition of the over-lap of NEETs and protected characteristics</td>
<td>Reinforced through monitoring and outcome targets for young people with disabilities.</td>
</tr>
<tr>
<td></td>
<td>groups.</td>
<td></td>
</tr>
<tr>
<td>Use of ESF for additional and more intensive actions on poverty,</td>
<td>Recognition of gender, age, ethnicity and disability dimension in</td>
<td>More emphasis on how the programme will meet the underlying barriers.</td>
</tr>
<tr>
<td>tackle underlying issues and prioritise groups such as</td>
<td>poverty.</td>
<td>Outcome targets by age, ethnicity, gender and disability.</td>
</tr>
<tr>
<td>offenders.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Civil society organisation role in delivery. Development of social</td>
<td>Importance of civil society organisations in delivery to the most</td>
<td>Greater clarity on the role of civil society organisations as partners in meeting objectives, and as</td>
</tr>
<tr>
<td>enterprises/capacity to tackle social exclusion.</td>
<td>disadvantaged groups.</td>
<td>local stakeholders.</td>
</tr>
<tr>
<td>Support for activities to start and grow a business</td>
<td></td>
<td>Greater recognition of equality dimension in self-employment and entrepreneurship.</td>
</tr>
<tr>
<td>Support for improving the skills level or people with low or no</td>
<td>Encouraging women to take-up STEM provision to support disadvantaged</td>
<td>Greater acknowledgement of equality dimension in skills and qualifications.</td>
</tr>
<tr>
<td>qualifications.</td>
<td>groups.</td>
<td>As a mechanism to address labour market segregation.</td>
</tr>
<tr>
<td>Support for intermediate, technical and advanced level skills for</td>
<td>Interventions targeted at groups with low employment and high inactivity,</td>
<td>Translated into outcome indicators.</td>
</tr>
<tr>
<td>specific local sectors, especially STEM.</td>
<td>particularly women of Pakistani and Bangladeshi origin.</td>
<td></td>
</tr>
<tr>
<td>Tailoring interventions to the needs of people from different</td>
<td>Ensure recovery accessible to all areas and groups.</td>
<td>Stronger focus on equalities dimension in current programmes and need to embedded new working</td>
</tr>
<tr>
<td>ethnic minority groups in each locality, and where appropriate</td>
<td>Mobilise local actors.</td>
<td>practices for equalities groups.</td>
</tr>
<tr>
<td>targeted on specific groups.</td>
<td>Add value to mainstream programmes.</td>
<td></td>
</tr>
<tr>
<td>CLLD</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The OP strategy and approach was found to be underpinned by a detailed analysis of the issues facing the protected characteristics groups, acknowledging that individuals from these groups comprise a disproportionate share of those living in poverty and experiencing poor labour market prospects. A series of specific and relevant issues, such as the gender, age, ethnicity and disability dimensions of being in poverty, were described. However, the evaluators considered that further analysis would be useful in:
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- setting out the specific barriers facing protected groups with greater precision;
- making explicit the links between unemployment, inactivity, labour market barriers and the needs of groups with protected characteristics; and
- making greater reference to the needs of groups not well served by existing programmes, as disabled people and older workers are amongst those least well served by existing programmes.

In terms of the horizontal principles set out in Section 11, successive iterations of the OP have continued to emphasise its commitment to adhere to all relevant UK and EU legislation (citing the UK Equality Act 2010, and Section 149, the Public Sector Equality Duty); to considering protected characteristics groups in programme design, and designing services to meet specific needs; to targeting support to underrepresented communities; and to robust equality monitoring and embedding equality in the programme evaluation strategy.

Recognising the importance of ensuring similar commitments were replicated at the local level, the need to embed equality and good practice in ESF guidance materials, requiring beneficiary organisations to have equal opportunities policies and ensuring equal opportunities is embedded into project processes from development to completion were emphasised. The provision of an equal opportunities training programme, for all staff across the ESF infrastructure, was particularly welcomed. However, it was considered that reference could be made to the duties for providers and employers to make reasonable adjustments to allow access by disabled people, and describing the contractual requirement for providers to contribute towards childcare costs more explicit.

Issues associated with programme implementation recognised that the locally driven approach proposed offered both opportunities and risks in terms of its equality and diversity objectives – with advantages including the potential for ESF to offer needs driven provision to benefit protected groups at the local level.

Previous evaluations of ESF provision and information collected in the evaluation have shown the important role that civil society organisations can play in engaging and working with the most disadvantaged groups in society. Given the new infrastructure for the delivery of the 2014–2020 programme, it will be important to ensure that local partnerships include active representation from these organisations and other cross-sector stakeholders with an understanding of equalities issues and their local implications. The localism agenda which underpins the development and implementation of the new programme provides an opportunity to further the equalities agenda through new partnerships between the statutory and civil sectors, local communities, citizens and independent providers. As European Structural and Investment Funds (ESIF) strategies must be developed in accordance with guidance from government, it will be important that any guidance produced sends a strong message regarding the importance of equality considerations from project specification to evaluation. To help contextualise this guidance, and send a clear message from the outset, the OP could usefully provide examples of interventions found to be effective for protected groups within the ‘Use of ESF’ sub-sections within Section 2.

A key feature of the approach to equalities highlighted in the OP is the continuation of the dual mainstreaming approach from the 2007–2013 programme. An equal opportunities and gender mainstreaming plan will be developed in collaboration with the PMC sub-committee responsible for equal opportunities. The dual approach helps ensure that equalities are treated as a cross-cutting theme/horizontal principle and promoted through projects for specific target groups. Specific contributions by the IPs included:
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• IP 8.i: Access to employment for jobseekers and inactive people – where indicative activities included targeting women to increase participation in the labour market and support progression, particularly in occupations or sectors of underrepresentation.

• IP 8.ii: Sustainable integration of young people – which aims to support young people NEET, and recognises the need to focus on specific sub-groups such as young lone parents and those with learning difficulties or disabilities.

• IP 9.i: Active inclusion – featuring locally targeted integrated solutions to tackle barriers to work, including addressing specific issues for protected groups, to support those with complex barriers and multiple disadvantages.

• IP 10.iii: Enhancing equal access to lifelong learning – where targets are provided for participation by women, those aged over 54, ethnic minorities or with disabilities, in each category of region, and training for people from protected groups (and facing other forms of disadvantage or discrimination in the labour market). Training for women in sectors or subjects where they are under-represented are also referenced.

• IP 10.iv: Improving the labour market relevance of education and training systems – focusing on improving the relevance and effectiveness of education and training provision.

Equalities Impacts – early equality impact assessment

A central consideration for the equality analysis is whether the programme is likely to have differential impact on specific groups of people covered by the equality and diversity duty. Differential impact could be:

• Positive – i.e. promoting equality objectives and improving relations between groups;

• Adverse or negative – i.e. causing disadvantage or exclusion; or

• Neutral – i.e. no noticeable consequence for any diversity group.

An initial impact assessment was undertaken for the July 2014 report, which in the absence of targets for participation in the programme was based on the review of programme strategy and proposals for the PAs, recognising that information on the type of interventions to be supported was limited and the OP draft remained to be finalised. Recognising these limitations, the assessment concluded that:

• The programme has the potential to benefit protective characteristics groups in a number of ways – particularly those facing disadvantage in the labour market such as poor qualifications, underutilised skills, and underrepresented in key sectors. The potential also exists for positive influences on both employer and provider behaviour, including requiring providers to have equalities policies and engendering improved workplace practice.

• A particular strength of the programme lies in individually tailored responses to the needs of the equalities groups, delivered by organisations expert in the needs of their client groups. Providing direction on the types of intervention that can best promote equalities objectives will be helpful in any guidance materials produced.

• Whilst the programme interventions do not appear likely to have any negative equality impacts, it will be important to ensure that the programme’s diversity objectives and potential impacts are not diluted or lost with implementation. Continued re-enforcement and the ongoing monitoring of performance will be key to ensuring these potential benefits are realised.
As will be described below, a more detailed and comprehensive equality analysis was subsequently produced by the MA, once a more detailed version of the programme, and its key areas of activity, was available.

6.2.2 Updating the Equality Assessment

Following the production of the initial ex-ante assessment the equalities aspects of the OP and the 2007–2014 programme have been developed further. The December 2014 Update paper described how increased reference was made in Section 1 – Strategy to the needs of specific target groups, including those with protected characteristics, in the analysis underpinning the programme (although more could be done to cross-refer target group needs with the relevant on IPs to show their potential contribution). Additional data on gender was also included, with the Gender Equality and Equal Opportunities section being enhanced to refer to the gender pay gap (narrowing for those under 40 years of age) and the male/female ‘inactivity gap’, and the PA sections included more specific examples of the potential use of ESF for individuals with protected characteristics (also improving the clarity of the target groups served by each PA/IP).

Since the December ex-ante report, further developments have taken place to enhance the equalities dimension of the OP, and the programme, further. These are described below.

The Equality Analysis

One key development has been the production of a detailed equality impact assessment by the MA in January 2015, based upon the more developed OP and a clearer set of proposals for activity. The report provided an overview of the 2014–2020 programme from the equalities perspective, the approach to mainstreaming equalities within it, and the commitment to promote equality particularly through the contribution of Priority Axis 1 to employment and social inclusion objectives.

The report then sets out in detail information on the scale and nature of issues faced by the nine groups of people with protected characteristics, and the likely impact of the programme on each. The impact assessment considers the equalities issues faced by each group based on demographic and labour market data and research on discrimination, lessons from the delivery of the 2007–2013 programme, and conclusions on likely impacts.

The sections on each group follow a broadly common structure – each group is defined, data provided on their representation in the national population (including by sub-group, e.g. older and younger people, where data is available), and a review of the equality issues they face in the context of participation in the labour market. The section on sex is particularly detailed, showing the key issues for males and females. An assessment of the potential impact of the programme on each group (and sub-group, as appropriate is then provided), before conclusions and recommendations for the programme are provided for each.


40 Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation.
Table 6.2 provides a summary of the findings of the equality impact assessment for each of the nine protected groups considered, and the associated recommendations. The conclusions on impact by target group and sub-group suggest that no cases of disproportionate negative impacts in terms of advancing equalities were identified across the target groups, with positive impacts by equality group being expected for older and younger people, those with disabilities, race, religion and belief and sex.

Table 6.2  Equality Impact Assessment – key findings and recommendations

<table>
<thead>
<tr>
<th>Protected Group</th>
<th>Assessment of Potential Impact</th>
<th>Recommendations for the 2014–2020 programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age (older workers over 50 and young people)</td>
<td>No apparent adverse or disproportionate negative impacts, with a small positive impact for older people. Specific targeting of young people through IP’s 8.ii and 8.ii(YEI) should have a positive disproportionate impact, no obvious reason why this will not be realised.</td>
<td>Good practice from the previous programme should be shared by the MA. IP8.ii and 8.ii(YEI) projects should explain how they will engage young people, and innovative support mechanisms recognised in the application appraisal process.</td>
</tr>
<tr>
<td>Disability</td>
<td>No obvious adverse or disproportionate negative impacts. Potential for positive impacts, with equality participation targets and contractual requirement to have equalities in place providing a focus at project level.</td>
<td>Project applications should show how provision will be delivered to promote flexible access for disabled participants. The MA and opt-in organisations should promote good practice from previous research. Applicants should explain how they will promote ‘disclosure’. The participation and effectiveness of ESF support should be monitored.</td>
</tr>
<tr>
<td>Gender reassignment</td>
<td>No apparent adverse or disproportionate negative impacts. The contractual requirements to tailor and deliver provision to meet individual needs will be additional to existing Government support.</td>
<td>A working group should be established to explore and share best practice on transgender issues. Providers should consider outreach work with transgender organisations to promote awareness of ESF and its benefits whilst transitioning.</td>
</tr>
<tr>
<td>Marriage and civil partnership</td>
<td>No clear disproportionate positive or negative impacts for this group. No PAs or IPs likely to have a disproportionate positive or negative impact on this group.</td>
<td>Equality polices and provider plans should reference avoiding discrimination against people married or in a civil partnership. This characteristic should be covered in any equality training.</td>
</tr>
<tr>
<td>Pregnancy and maternity</td>
<td>Unlikely to have a significant or negative disproportionate impact. Impact could be heightened by raising awareness of pregnancy and maternity issues and avoiding discrimination in the workplace.</td>
<td>The MA should remind opt-in organisations/providers of their obligations under the Equality Act 2010, highlighting in guidance how the Act can help pregnant women stay in employment.</td>
</tr>
</tbody>
</table>
Table 6.2   Continued

<table>
<thead>
<tr>
<th>Protected Group</th>
<th>Assessment of Potential Impact</th>
<th>Recommendations for the 2014–2020 programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Race</td>
<td>No apparent adverse or disproportionate negative impacts. The contractual requirements to tailor provision to meet individual needs can only promote equality for people from ethnic minorities. Potential for positive impacts for this group – based on previous programme, with no immediate reason why this group will not be able to access support.</td>
<td>Equality targets and contractual requirements for race provide a strategic focus at project level – the need to advance equality is considered in the OP. Equality policies refer to anti-bullying/ harassment measures, and guidance developed for staff. Participation and the effectiveness of the support received should be regularly monitored, and impacts for different groups integrated into the programme evaluations strategy.</td>
</tr>
<tr>
<td>Religion and belief</td>
<td>Unlikely to be a disproportionate impact by religion or belief. Possible small positive impact for some sub-groups (e.g. Muslims) where participation is concentrated.</td>
<td></td>
</tr>
<tr>
<td>Sex</td>
<td>No apparent adverse or disproportionate negative impact, with requirements to contribute to childcare costs if a barrier to participation. The programme has the potential to help women – highlighted across PAs 1 and 2. The introduction of equality targets – including female participation – should provide further focus. It is clear that advancing gender equality is considered in the programme.</td>
<td>ESF guidance should explain the reasons why equality targets should not be treated as equality ‘quotas’ by setting out a position statement on this issued. The new requirement for providers to contribute towards childcare costs where barriers to participation should be monitored by the relevant opt-in organisations and MA.</td>
</tr>
<tr>
<td>Sexual orientation</td>
<td>No apparent disproportionate negative impact on the lesbian, gay and bisexual group.</td>
<td></td>
</tr>
</tbody>
</table>

Common recommendations across the protected groups included:

- The sharing of good practice on engaging, delivering services for, and achieving impacts with participants from different groups;
- The importance of providers describing specific considerations, and measures proposed, to working with groups with protected characteristics;
- The importance of groups with protected characteristics being explicitly referenced in providers’ equality policies and plans, and that their implementation be monitored; and
- The importance of guidance, and training, to ensure both the equality requirements of the 2014–2020 programme, and how they can be most effectively met.

Specific features of the new programme, such as the requirement for providers to contribute towards childcare costs where childcare poses a barrier to participation and the increased emphasis on equality targets for participation, were emphasised positively. The importance of robust monitoring of participation and results was also emphasised to help ensure the programme’s equality ambitions are realised.
Revision to the Operational Programme

The most recent iteration of the OP includes enhancements which reflect both the previous ex-ante recommendations and the findings of the equality assessment. These include:

• Emphasising that lessons from previous programme will influence provision in the 2014–2020 programme, listing the groups targeted under the programme (including the long-term unemployed, inactive, lone parents, disabled people, people from ethnic minorities, ex-offenders, young people and older people). The commitment to monitoring participation and achievement by participant characteristic was also emphasised. In addition, examples of the multiple barriers and needs for sub-groups are also provided (e.g. inactivity amongst Pakistani women).

• The ‘Equality Between Men and Women’ sub-section has also been revised and new information included, and has been merged with data initially provided in the Strategy section to describe difference in labour market participation between men and women, followed by a comprehensive list of target groups, barriers/issues and potential activities to be supported. Links are then made to the specific IPs under which the activities described will be supported.

• The commitment to comply with the Equality Act 2010 and the Public Sector Equality Duty across the programme is again emphasised, as is the requirement for the MA, Co-financing Organisations, Intermediate Bodies and Local Action Groups to promote gender equality when preparing their calls for proposals or procurement rounds. This requirement will extend to project applicants, whose applications must explain how they will actively promote gender equality.

• Improving the quality and focus of the reference to equalities issues, their impacts and links with the proposed programme activities under the programme.

6.2.3 Female participation in the 2014–2020 programme

As described in previous sections, participation in the 2007–2013 programme by females fell some way below the target set for it (38 per cent against a target of 51 per cent). The latter half of the programme saw a series of measures introduced to address this, although their impact on participation levels since then has been variable across the Priorities.

In developing the new programme, consideration was given to setting realistic, evidence-based participation targets and how best to ensure that these targets are reached. As Section 5 of this report described, a range of data was analysed in an attempt to set targets which reflected the gender breakdown of individuals with specific characteristics and needs, allowing for a reasonable degree of ‘stretch’ to reflect the ambition of furthering female participation across the labour market. This more detailed analysis helps more realistic targets to be set, and avoid the concerns of the MA that targets for female participation in effect lead to a quota system for women across all fields of intervention.
The current female participation targets across the Priority Axes are:

- **Priority Axis 1** – over 607,000 female participants, comprising:
  - IP 8.i – 348,100 individuals;
  - IP 8.ii – 81,900 individuals;
  - IP 8.ii (YEI) – 52,500;
  - IP 9.i – 105,400; and
- **Priority Axis 2** – over 470,000 are intended to participate in IP 10.iii.

The most recent OP refers to **steps that will be taken to help maximise female participation**, including emphasising providers’ duties under the Equality Act 2010 to deliver provision with a gender focus, actively encouraging more women to take part, and to make sure that the type and nature of support offered is appropriate and helps meet the needs of women, including disadvantaged women.

Providers are also expected to consider the needs of women in the design and delivery of their services, including:

- promoting gender equality throughout their recruitment process;
- offering information, advice and guidance;
- contributing to the cost of childcare where this is a barrier to participation;
- ensuring that the structure and content of the activities delivered are suitable and appropriate for women and men; and
- ensuring that provision is accessible, flexible and gender-sensitive where necessary.

Suggestions from the evaluators that the potential for payments to be directly linked to the level of female participation against targets set with projects be considered were rejected following discussions with the MA, on the grounds that this would introduce greater complexity and might result in perverse incentives. Instead recruitment should be monitored closely from the outset, and action taken at the earliest point should this become necessary.

On the basis of the most recent version of the OP, the evaluators conclude that the document, and so the programme, has **shown considerable improvement in its consideration of equalities issues**. With the setting of clear targets, although as described in Section 5 evidence was not always readily available and assumptions needed to be made, more reasoned expectations can be set – although their achievement will still not be without challenge. The analysis and strategy are now much clearer in terms of the groups to be targeted, the rationale for their targeting on the basis of need and the activities to address them. However, **not all of the protected groups under the Equalities Act are referenced**, and it may be worth doing so for completeness. Finally, the view that monitoring of achievement and progress towards the equalities targets set will be crucial from the outset.
6.3 Development of the programme from the equalities perspective

Finally, the development of the programme from an equalities perspective was reviewed throughout the evaluation. It was acknowledged from the outset that active participation by the expected national organisations with an equalities remit had been limited in the development of the programme, and indeed in terms of maximising the potential for engagement via wider consultation and learning from best practice elsewhere.

While the initial stages of the development of the programme saw attempts to engage and establish working relationships with the Equality and Human Rights Commission ((EHRC), under their mandate from Parliament to address discrimination, promote standards and good practice, and as the strategic regulator of the public sector duty), their engagement was minimal. They were, despite multiple requests, unable to participate in the ex-ante evaluation.

Resource issues were given as the reason for non-participation by the EHRC. However, the gap left by the EHRC was not addressed, although we understand that some bilateral meetings took place between the MA and representatives of other bodies, for example with the Office for Disability Issues. According to Department for Work and Pensions (DWP) sources an initial consultation meeting took place with some actors on 31st April 2014, however, there is no evidence that the attendees were systematically selected or representative of the range of protected characteristics, and no information has been received on the results of the exercise or how they were taken into account in the OP. In conclusion, while the lack of engagement from the EHRC was disappointing, the MA could have done more in the development stages to engage with other groups with interests in equality issues nationally and thematically.

The MA, as a unit and the staff within it, have considerable experience of equality and diversity issues, and a high degree of familiarity with ESF from involvement in successive programmes. Individual staff have excellent understandings of both the ESF regulations and UK national legislation, and so the evaluators conclude that the absence of involvement of equalities bodies is likely to have had only a limited impact on the quality and appropriateness of the programme from an equalities perspective. However, their potential for them to play a role in communicating the importance and focus of the equalities aspects of the programme, and engaging with organisations with interests and remits in this area, represents an omission.

More recently, and following the production of the equalities assessment, communications have been re-established with the EHRC. This included commenting on the survey and, subsequently, on the OP itself. In terms of the survey, comments included referring to the multiple disadvantage suffered by certain groups, welcoming the equalities training element but also the absence of engagement during the OP development from equalities organisations or groups representing people with protected characteristics. Where appropriate, the suggestions for amendment were included in the most recent draft of the OP.
6.4 Concluding comments

The regulations for the 2014–2020 ESF Programme\(^\text{41}\) include the requirement to:

- describe the specific actions to promote equal opportunities and prevent discrimination on the basis of gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation;
- take into account the needs of the various target groups at risk of discrimination; and
- describe the programme’s contribution to the promotion of equality between women and men (with arrangements to ensure the integration of a gender perspective at OP and operation level).

As the previous text describes, the most recent draft of the OP is considered by the evaluators to represent a considerable improvement on previous drafts, not least by the inclusion of targets for female participation.

In terms of activities to promote equality, the OP now sets out more clearly examples of the activities that will be directed towards specific target groups, all of which are well reasoned and align with notions of good practice from our wider experience. Consequently, through the combination of numerical targets, exemplar activities and commitments to equalities training and robust monitoring and evaluation procedures, we consider that the document is now fit for its intended purpose.

A series of points should be considered as the programme progresses towards implementation:

- The new infrastructure for the delivery of ESF in England presents opportunities and challenges for the achievement of the programme’s equality objectives. The opportunities include the ability to target activity to respond to local need, and to maximise results through co-ordinated local interventions. However, the challenge will be to ensure that each Local Enterprise Partnership (LEP) areas can draw upon the necessary local knowledge and experience to engage proactively with the equalities agenda, and that interventions are developed based on sound intelligence regarding the needs of protected characteristic groups in each local context (including previous good practice).
- This emphasises the necessary breadth and inclusiveness of local consultative and programme management structures – which need to include a range of statutory and voluntary sector organisations. The OP’s commitment to providing equalities training and awareness raising at the local level will be helpful in this regard – although the findings suggest that such training may need to be tailored by area as needs may be different. The proposed ‘national equality projects’ will be useful in both focusing local attentions and providing learning to be shared more widely.
- The current programme has struggled to achieve the participation targets for women set for it, in terms of the participation ratio between women and men. Clear communications to project providers emphasising the importance of equalities considerations, combined with robust monitoring procedures, should be established from the outset.

\(^\text{41}\) Article 7 of Regulation (EU) No 1303/2013.
7 Conclusions

This section draws together the findings from the individuals components reported in previous sections to provide the conclusions of the ex-ante evaluation. As in previous sections, our conclusions are presented by component.

7.1 Component A: Strategy and Priority Axes

The 2014–2020 programme is structured around three Priority Axes (PAs), one covering Technical Assistance with the others focusing on:

- Addressing unemployment and inactivity through PA 1 and its five Investment Priorities (IPs); and
- Developing the skills of the workforce, and improving the labour market relevance of education and training systems – through PA 2 and its two IPs.

The evaluation reviewed the programme strategy and the content and coverage of the PAs; their focus in the context of the European Social Fund (ESF) regulations and potential contribution to national and European Union (EU) policies for employment, skills and social inclusion; and the analysis of need and opportunity which underpin the strategy. As with other components, the review of strategy and PAs took place on an iterative basis throughout the evaluation period.

In reviewing the strategy, the evaluators found that:

- The strategy section set the context for the programme well, including referencing, and illustrating how the programme will contribute to, key EU policies and frameworks including Europe 2020 and the 2014 CSRs.
- The structure adopted for the most recent version of the OP is a considerable improvement over previous versions, where the analysis by Thematic Objective brings additional focus to the text.
- The analysis highlights a series of issues of relevance to the remit of the ESF and specific target groups. Previous analysis was reviewed as part of the evaluation and found to be robust, based on the most relevant data and interpreted correctly. The most recent analysis, and revised data sources, was also reviewed and found to be sound.
- The most recent strategy section showed many responses to previous suggestions from the evaluators, including increasing the emphasis on the more positive economic climate and the opportunities (and threats) it presents for the different ESF target groups; more emphasis on intermediate and higher level skills based on clear evidence of need; and more detail on support for childcare and clarity on specific groups facing disadvantage.
- Overall, the strategy was considered by the evaluators to provide a firm basis for the 2014–2020 programme, and sufficiently comprehensive in terms of the key policy areas and target groups able to benefit from it.
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The programme **PAs and IPs** were also reviewed as they developed, with the final structure of the programme remaining broadly similar to the early drafts. The evaluators found that:

- The PAs, and their constituent IPs, represented a reasoned interpretation of the needs and opportunities set out in the analysis, and within the parameters set for ESF programmes for 2014–2020.

- Overall, the ‘intervention logic’ for the programme is now much clearer, with a flow from the analysis to the PAs, and then IPs, being improved in the most recent document. The PAs and particularly IPs are now more clearly differentiated, and provide a clear and consistent response to the issues raised.

- Overall the evaluators concluded that the PAs and IPs presented are sensibly grouped to provide the required coherence and clarity to the programme. The inherent flexibility it offers is also a strength, as whilst a period of economic growth is widely forecast across the programme period the previous programme shows how circumstances can change both radically and rapidly.

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

### 7.2 Component B: Management

The 2014–2020 programme will be implemented through a new delivery infrastructure for ESF in England. The abolition of the regional Government Offices in 2010, and the increased focus on localism embodied by the Local Enterprise Partnerships (LEPs), provides both opportunities and threats to the effective delivery of the programme.

At the national level, a similar **management and governance** structure is envisaged to that followed in the 2007–2013 programme, with a national Programme Monitoring Committee (PMC) and specific national sub-committees addressing issues including equality, sustainability and performance and accountability. However for this programme closer links will be established at the PMC level with the European Regional Development Fund (ERDF) programme, reflecting the ambition for closer working between the two funds. The Department for Work and Pensions (DWP) will remain as the Managing Authority (MA) for the ESF programme.

The new arrangements offer both **threats and opportunities** – with opportunities including an increased local focus to provision, increased ability to target interventions precisely, and the optimal use of local resources (providers, networks, etc.) to meet the objectives of the programme. The positioning of ESF within local European Structural and Investment Funds (ESIF) strategies also suggests the opportunity for more coordinated planning between ESF, ERDF and wider local resources.

However, challenges are also apparent, including whether the local partners have equal and sufficient capacity and capability to contribute to the programme, and whether the MA (and co-financing organisations) has sufficient resources to support and monitor the programme across 39 geographical areas. On the latter point, the MA have announced that approximately twice the resource will be required to manage the 2014–2020 programme,
and that the Technical Assistance budget will contribute towards the additional costs. The evaluators conclude that **ensuring sufficient resources are available for the delivery will be key to its success**, and for the benefits of the enhanced ‘local’ focus to be realised.

Some of the fine detail of the governance arrangements is the subject of discussions with the Commission. These should be brought to a conclusion rapidly, to allow detailed planning for delivery to move forward.

Finally, efforts to **reduce the administrative burden** historically associated with ESF have been a focus for the 2014–2020 programme. In England, steps to minimise administration include standardising business processes (whilst maintaining compliance with ESF regulatory systems and audit requirements), and a single IT system for applications and monitoring purposes. However, while welcomed, the ‘net’ impact of these measures remains to be seen, in the wider context of the infrastructure required to work at a more local level.

### 7.3 Component C: Indicators, Monitoring and Evaluation

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

As the report describes, the **target setting methodology** underwent several revisions during the development process, with issues being faced in terms of the availability of suitable data upon which to develop forecasts for 2014–2020. Several key assumptions needed to be made and tested, with a degree of stretch being applied in terms of both participation and results achieved. Overall, the evaluators conclude that the **methodology applied is reasoned, and that in the absence of a complete evidence base the assumptions made are appropriate**.

The indicators and targets set were also reviewed. In terms of the indicators, those selected for both PAs were found to be **sensible, pragmatic and captured both the characteristics of the target groups and the results they are intended to achieve**. The targets produced indicate that the programme will engage over 2.3 million individuals and almost 18,000 micro, small and medium-sized employers. The distribution of participants and results by PA and IP is detailed in the report, which concluded that:

- **The participation targets** were closely aligned with the distribution of resources across the programme, and its strategic priorities, and that sufficient capacity exists within the education and training infrastructure to deliver on this scale.

- **The results targets** were similarly aligned to the programme objectives, and while some concerns were raised in terms of the level and ability to be achieved in some cases, overall best efforts have been made to produce results targets are realistic and achievable.

The evaluators also commented on the **performance framework** for the programme, in terms of the method used and levels set. Here the evaluators considered that the method for forecasting the pace of implementation to the end of 2018 did not sufficiently allow for the new delivery arrangements, and the targets were adjusted accordingly. The **programme evaluation strategy** was also reviewed, and found to represent good progress towards a more comprehensive and detailed plan to be developed over the following 12 months.
7.4 Component D: Financial Allocations

The overall ESF financial allocation to the programme is €3,468 million for 2014–2020, which when combined with public and private match funding comes to over €6,300 million. Analysis of the financial allocations by PA and IP level shows that the majority of funding (73 per cent) was allocated to IPs 8.i, 9.i and 10.iii. In terms of the consistency of allocation, 59 per cent of funding was dedicated to PA 1 activities and 38 per cent to PA 2.

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

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

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

Overall, the evaluators consider that the financial allocation set out in the Operational Programme is appropriate, consistent with the objectives of the programme and complies with the relevant ESF regulations.

7.5 Component F: Equalities

The programme was subject to two reviews of its equality elements and potential impact across different equalities groups. The programme continued the ‘dual mainstreaming’ approach followed in the 2007–2013 programme, where equalities issues are considered across all funded activities as well as supporting specific projects to promote equality and combat discrimination.

The evaluators concluded that:

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

• The programme met the requirements of the regulations for the 2014–2020 ESF Programme in terms of describing the specific actions to promote equal opportunities and prevent discrimination; considering the needs of the various target groups at risk of discrimination; and describing the programme’s contribution to the promotion of equality between women and men (with arrangements to ensure the integration of a gender perspective at Operational Programme (OP) and operation level).

• Targets for female participation have been included in the most recent version of the OP, which are some way above those achieved in the 2007–2013 programme. It will be important that any guidance produced emphasises the important of this target, and the close monitoring of performance will be required to ensure it is achieved.
Finally, one area of disappointment was the limited involvement of equalities organisations in the development of the programme. This was not due to lack of effort on the part of the MA, but rather resource constraints elsewhere. The evaluators conclude that the content of the OP has not obviously suffered from this omission (with MA staff having considerable experience of the equality and diversity agenda), but that commitment and buy-in could be enhanced by their engagement. More recently the Equalities and Human Rights Commission (EHRC) have re-engaged with the programme, and it will be important that this relationship is developed further. Similarly working relationships will need to be established with, and active participation sought from, other national and local organisations with an equalities remit, if the equalities objectives of the programme are to be achieved.

7.6 Overall conclusion

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

It is worth, however, remembering what is perhaps the most important lesson from the 2007–2013 programme, namely that any seven to ten year programme will inevitably encounter changes in the environment in which it is delivered. The evaluators consider that the flexibility built into the OP makes it well placed to address such changes, and that the MA and the Commission can collaboratively agree any necessary revision to the strategic direction of the programme and targets set for it.
Appendix A
Evaluation Methodology

Table A.1  Evaluation Methodology by Component

<table>
<thead>
<tr>
<th>Component</th>
<th>Requirement/Assessment of:</th>
<th>Summary of approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>A – Programme strategy and contribution to</td>
<td>Programme contribution to European Union (EU) strategy for smart, sustainable and</td>
<td>The appraisal of programme strategy included:</td>
</tr>
<tr>
<td>Europe 2020</td>
<td>inclusive growth, and the wider national strategic context (including consistency with</td>
<td>• The review of the strategy and priorities to identify the intervention logic and</td>
</tr>
<tr>
<td></td>
<td>the National Reform Programme and Country Specific Recommendations (CSRs) for England)</td>
<td>scope the potential evidence base.</td>
</tr>
<tr>
<td></td>
<td>The programme intervention logic – i.e. linkage with Europe 2020 strategy, the UK</td>
<td>• The review of evaluation research from the previous European Social Fund (ESF)</td>
</tr>
<tr>
<td></td>
<td>Partnership Agreement and CSRs, and the logic underpinning links between priority axes,</td>
<td>programme.</td>
</tr>
<tr>
<td></td>
<td>investment priorities, specific objectives and result and output indicators.</td>
<td>• The assessment of programme strategy – considering the underpinning analysis;</td>
</tr>
<tr>
<td></td>
<td>The coherence and consistency of the strategy with relevant national and EU policies</td>
<td>identified needs; and coherence and consistency in terms of meeting objectives and fit</td>
</tr>
<tr>
<td></td>
<td>(notably 2020).</td>
<td>with national and EU policy.</td>
</tr>
<tr>
<td></td>
<td>Whether any relevant and significant needs/challenges are omitted.</td>
<td>• The assessment of risks – based on the evidence review.</td>
</tr>
<tr>
<td>B – Management</td>
<td>The capacity to deliver the 2014–2020 programme in terms of the structuring of roles,</td>
<td>Contribution to Europe 2020 was assessed through:</td>
</tr>
<tr>
<td></td>
<td>responsibilities and resources for delivery, including:</td>
<td>• Documentary analysis – the review of EU Regulations, programme documents,</td>
</tr>
<tr>
<td></td>
<td>• The adequacy of human resources and administrative capacity to manage the programme;</td>
<td>monitoring and evaluation guidance and other material.</td>
</tr>
<tr>
<td></td>
<td>• Measures to reduce the administrative burden on beneficiaries;</td>
<td>• Stakeholder interviews – to fill information gaps and validate findings.</td>
</tr>
<tr>
<td></td>
<td>• The adequacy of measures to promote sustainable development; and</td>
<td>The extent to which the proposed management and delivery approach is robust and fit</td>
</tr>
<tr>
<td></td>
<td>• The potential efficiency, effectiveness, challenges and risks associated with the</td>
<td>for purpose will be assessed through:</td>
</tr>
<tr>
<td></td>
<td>proposed delivery arrangements.</td>
<td>• The review of documentation on proposals for programme management – centrally and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>at the regional/local level – and including the review of the consolidated and a</td>
</tr>
<tr>
<td></td>
<td></td>
<td>sample of individual Local Enterprise Partnerships (LEP) strategies.</td>
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<tr>
<td></td>
<td></td>
<td>• The literature review in Component A will also identify issues of relevance to</td>
</tr>
<tr>
<td></td>
<td></td>
<td>management and delivery.</td>
</tr>
</tbody>
</table>

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

Table A.1  Continued

<table>
<thead>
<tr>
<th>Component</th>
<th>Requirement/Assessment of:</th>
<th>Summary of approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>C – Indicators, Monitoring and Evaluation</td>
<td>The suitability/appropriateness of the indicators, monitoring arrangements and data collection approaches proposed, including the assessment of:</td>
<td>The assessment will include:</td>
</tr>
<tr>
<td></td>
<td>• Programme specific indicators: against the criteria in the guidance on ex-ante evaluation, with particular attention to: relevance to intended outputs/results, proportionality, clarity, robustness and validity.</td>
<td>• Reviewing the programme indicators for relevance, proportionality and clarity; coverage in terms of outputs, results and impacts; and realism and feasibility of data collection.</td>
</tr>
<tr>
<td></td>
<td>• Milestones and Targets – in terms of relevance, viability, fitness for purpose and suitability, and targets in terms of being realistic and achievable, associated risks, and the target setting process.</td>
<td>• Reviewing proposed milestones and targets in terms of their suitability (appropriateness, relevance, etc.) and realism/achievability based on previous experience.</td>
</tr>
<tr>
<td></td>
<td>• Measurement and reporting – considering the adequacy of the resources/administrative capacity; and the suitability of the proposed procedures for programme monitoring and collecting evaluative data.</td>
<td>• Assessing the resourcing and technical merits of the proposed monitoring and evaluation system, and the procedures for monitoring and collecting data – to ensure they are fit for purpose.</td>
</tr>
<tr>
<td>D – Consistency of Financial Allocations</td>
<td>The degree of consistency in the allocation of financial resources was assessed to establish the extent to which they reflect the key objectives/needs identified; and fit with the concentration requirements in the Commission Regulations. The assessment should focus on:</td>
<td>This component included the assessment of:</td>
</tr>
<tr>
<td></td>
<td>• The extent to which proposed allocations are concentrated to address challenges and maximise added value in terms of the strategy for smart, sustainable, and inclusive growth;</td>
<td>• The concentration of financial allocations – by mapping and comparing their distribution at the sub-regional, regional and national levels against indices of socio-economic need.</td>
</tr>
<tr>
<td></td>
<td>• The balance and consistency of resources between priority axes and investment priorities; and</td>
<td>• The balance and consistency of resource allocations – by identifying their proposed balance by area type in relation to the priority axes and investment priorities, and considering these against historic data.</td>
</tr>
<tr>
<td></td>
<td>• The extent to which funds are combined and contribute to integrated approaches.</td>
<td>The process by which the allocations were made will be reviewed through consultations with MA and other relevant individuals.</td>
</tr>
</tbody>
</table>
### Table A.1 Continued

<table>
<thead>
<tr>
<th>Component</th>
<th>Requirement/Assessment of:</th>
<th>Summary of approach</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>F – Equality</strong></td>
<td>This component reviews the extent to which programme provision is accessible to all eligible for it, does not discriminate and maximises the promotion of equality. The assessment must consider the legal framework and General Regulations for equality analysis of new Programmes – with a description of specific actions to promote equal opportunities and prevent discrimination on the basis of gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation – and a description of the programme’s contribution to the promotion of equality between men and women. It must: • Assess if implementation would have differential impacts for particular groups; • Inform how equality issues should be considered in preparing for implementation; • Identify opportunities to promote equality; and • Assess the Commission’s equality data requirements and how data should be collected to evidence programme impact.</td>
<td>The analysis examined the likely impact of the OP on different groups with protected characteristics, and whether the activities would have a ‘positive’, ‘adverse or negative’ or ‘neutral’ impact on these groups, in accordance with European Commission and Equality and Human Rights Commission guidance. The assessment included: • The review of relevant programme documentation – to assess impacts and compliance with regulations, and provide recommendations for consideration for future drafts of the OP; and • Consultations with a sample of stakeholders and responses to the OP consultation – to explore the steps taken to ensure that the views and needs of those affected by the programme are considered. The review considered the programme design and development, and plans for implementation, monitoring and evaluation, from an equalities perspective.</td>
</tr>
<tr>
<td><strong>Analysis</strong></td>
<td></td>
<td></td>
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</tbody>
</table>