

Research report

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

by Ian Atkinson



Department for Work and Pensions

Research Report No 825

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Ian Atkinson

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While gratefully acknowledging the assistance of those mentioned, the author would stress that the views expressed in this report are his alone and should not be ascribed either to individuals involved in the research or to the DWP.

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Abbreviations

BME	Black and Minority Ethnic
CARAT	Counselling, Assessment, Referral, Advice and Throughcare
CFO	Co-financing Organisation
DCLG	Department for Communities and Local Government
DWP	Department for Work and Pensions
ERDF	European Regional Development Fund
ESA	Employment Support Allowance
ESF	European Social Fund
ESFD	European Social Fund Division
GLA	Greater London Authority
EU	European Union
IB	Incapacity Benefit
IS	Income Support
JSA	Jobseeker's Allowance
LA	Local Authority
LDA	London Development Agency
LEP	Local Enterprise Partnership
LLDD	Learners with Learning Difficulties and Disabilities
MA	Managing Authority
MI	Management Information
NCS	National Careers Service
NEET	Not in Employment, Education or Training
NOMS	National Offender Management Service
OP	Operational Programme
PBR	Payment By Results
RDA	Regional Development Agency
SSU	Skills Support for the Unemployed
VCS	Voluntary and Community Sector

Summary

Research aims and context

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

- Understand how ESF provision is being tailored to participant needs and how it complements mainstream provision.
- Examine the processes connected to the ESF delivery chain, from the referral process through the range of hand-overs to the nature of provision being delivered, assessing the degree to which these have been implemented as expected.
- Understand the degree to which provision aimed at supporting different groups, particularly ESF Operational Programme (OP) target groups and specifically female participation, has been implemented as intended.

Research methodology

Priority 1 and 4 provision was examined through a qualitative, case study based approach between July and September 2012. Thirteen case studies were used to examine the delivery of provision across all co-financing organisations (CFOs) commissioning activity under the programme. A further case study examined the delivery of non co-financed provision (relatively uncommon within the programme as a whole). An evaluation scoping stage was used to identify the specific provision to review. Criteria were developed to inform a selection of provision that broadly reflected the relative balance of delivery between different CFOs involved in the programme, the type of activity being delivered, and the geographical spread of activity across the English regions.

Each case study involved in depth consultations with CFO representatives, managers and delivery staff from prime/lead providers and their delivery partners, and (where applicable) representatives from organisations with an involvement in referring participants onto provision. Where it was possible to do so, a small number of ESF participants were also consulted. Numbers of interviews in each case study varied between nine and nineteen, depending of the particular delivery model adopted and the number of key interviewees identified in each context. The exception to this concerned the Greater London Authority (GLA) CFO. This case study was restricted to interviews with GLA representatives only, due to no applicable provision being available for review at the time of the fieldwork.

Identification of relevant interviewees for each case study depended on the use of a 'snowball sampling' approach. This process began with initial scoping discussions held with CFO representatives at national and local levels. For all interviews, semi-structured topic guides were used to inform discussions. Written notes were taken and in some cases recordings were made where interviewees agreed. All interviewees were assured that anonymity would be protected. A

total of 187 interviews were undertaken. Interviews were analysed through a two stage process. In the first stage individual case study reports were produced drawing out the key themes from the interviews. The reports were then reviewed to draw out significant findings relating to Priority 1 and 4 provision overall.

Key findings

The sections below summarise the main findings relating to the different aspects of Priority 1 and 4 provision examined.

Strategic partnerships and relationships

Formal strategic partnerships between CFOs were relatively uncommon at regional or sub-regional levels. This was widely related to changes in the governance structures and wider infrastructure surrounding ESF at this scale, in particular the discontinuation of ESF Regional Committees in most areas. However, more informal, often bilateral, relationships between CFOs were common and were generally reported as working well. In those areas where Regional Committees continued, London and Cornwall, perspectives on the role and utility of partnership working were similarly positive. Some of the governance changes appeared to have affected local CFOs outside London more significantly however. These changes were seen as resulting in fewer opportunities for co-ordination along with the development of linkages and positive relationships with national CFOs.

In the majority of cases relationships between CFOs and the Department for Work and Pensions (DWP) as the Managing Authority (MA) for the ESF programme were reported to be functioning well. In a minority of cases, however, local CFO representatives felt there was a lack of understanding of the challenges facing them as smaller organisations. Despite this, few suggestions for changes in the function or operation of the MA were offered and overall perspectives were often very positive. More suggestions were made around improving strategic partnership working between CFOs. These largely involved the re-institution of some form of regional or sub-regional governance and partnership structures. Such suggestions were raised in the context of the forthcoming ESF programming period in particular.

Procurement, contracting and performance management

Views on the functioning of procurement mechanisms were mixed, though in many instances they were viewed as working well. The main issues raised were over the implementation of online mechanisms and the assessment criteria used to assess bids. In addition, some interviewees felt that the broader approach to procurement was less reflective of local contexts and needs than had been the case in the past. Such views were not universal, however, and the efficiency and consistency gains related to more nationally operated procurement approaches were also referenced. The need to allow sufficient time to ensure effective procurement, more guidance and support in responding to tender rounds, and improvements to the operability of online procurement mechanisms were the main improvements suggested.

Contract and performance management processes were generally cited as functioning effectively, despite some notable variation in performance across the provision reviewed. Providers tended to feel that expectations were clear and that CFOs were fair and flexible in their approach. The level of monitoring and frequency of contact was also commonly viewed as appropriate. In some cases where performance was significantly below profile, however, a lack of flexibility in the ability to adjust contracts in response to implementation challenges was cited as an issue.

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

Incentive mechanisms were also used in some instances to encourage providers to focus on securing sustainable employment outcomes for ESF participants. However, the formal inclusion of targets and outcome payments based on participants remaining in work was variable across the contracts reviewed. Despite this most providers reported that a focus on job sustainability was a key consideration. This was illustrated by the widespread inclusion of packages of post-employment support in the provision reviewed. While incentives were seen to encourage a focus on securing sustainable employment, however, they were not necessarily seen as essential for this.

Overall functioning of delivery and delivery relationships

The general perception of how well provision had been implemented and was functioning varied across national co-financed provision. The National Offender Management Service (NOMS) and Skills Funding Agency activity was largely viewed as working well and meeting objectives. DWP commissioned provision was at an early stage and was dealing with a number of implementation challenges. In respect of voluntary entrants onto the Work Programme, the low numbers coming onto the programme was the key issue. Implementation of the 'families' provision was affected by engagement issues along with providers finding it difficult to meet contractual outputs. As a result both the 'families' provision and the use of ESF to support voluntary entrants onto the Work Programme were widely perceived as yet to meet their strategic aims and objectives.

In the majority of cases the overall implementation and functioning of local CFO and non co-financed delivery was reported to be going well. In many cases, this was related to the fact that provision in the second half of the programme was broadly similar to that in the first. As such the experience built up in situations where providers had delivered across both halves of the programme was seen as contributing to effective implementation. Such experience and a maturing of delivery partnerships over time were also cited as key factors in the effective functioning of the NOMS and Skills Funding Agency provision reviewed, as was close collaborative working between delivery partners.

The effective implementation of delivery was often linked to the fact that relationships between CFOs and prime/lead providers were widely viewed as functioning effectively. In a number of instances these relationships were described in very positive terms. They appeared strongest where there was regular communication, expectations were clearly set out, and where there was some flexibility in delivery enabled by the CFO. Issues raised where CFO – provider relationships were perceived as less effective varied. A minority of providers felt that CFOs could appear remote and that support and guidance could be intermittent, difficult to access or take time to be received. Suggestions on how to improve these relationships included enhancing the capacity of CFOs to respond quicker and increasing the local dimension of CFO management processes where possible.

In the majority of cases relationships between prime/lead providers and their delivery partners were reported as functioning well. This was particularly evident where partnerships had been in operation for a while and any initial issues or difficulties that had occurred had been addressed over time. Regular, open and honest communication along with clear guidance and a supportive orientation

on the part of prime/lead providers was commonly cited as key in promoting effective delivery. In a number of contexts the use of provider meetings bringing together all delivery partners, and sometimes including CFOs, were seen as a further supporting factor to effective implementation and delivery.

The degree to which smaller providers had been engaged in providing activity was also examined. While the scale and nature of involvement varied, smaller organisations were frequently involved in delivery and were often viewed as playing an important role. Often such organisations had been engaged in delivery to serve particular localities. In other instances they were delivering specialist services as part of overall delivery approaches. In the main, the engagement of (often voluntary sector) organisations such as these was viewed as bringing distinct advantages based on their experience, specialisms, local knowledge, and recognition among target groups that the provision sought to support.

Engagement, referrals and meeting needs

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

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

The evaluation also examined the engagement of particular ESF ‘target groups’, particularly in respect of female participation in the programme. A number of interrelated factors were seen as making the engagement of women more difficult in some contexts. These related to the predominance of men among certain benefit claimant groups that ESF participants are commonly drawn from, along with local contextual or demographic factors. In some cases engagement difficulties relating to other ESF target groups, such as ethnic minorities, were also acknowledged. The extent to which specific actions were put in place by CFOs or providers to address such engagement issues varied. In part this related to the argument that the focus of ESF provision should not be overly driven by seeking to engage particular target groups, but rather should aim to support all individuals with a labour market disadvantage.

In terms of addressing needs there was a range of compelling, and often very positive, evidence as to the degree to which provision was being tailored to local needs and how it was perceived as meeting them. The few exceptions to this related to elements of provision that were viewed as functioning

less well than anticipated at the time of the research. Even in these instances, however, the provision concerned was seen as having the potential to meet local needs but was yet to fully do so.

A similar picture was evident in respect of provision being tailored to, and meeting the needs of, ESF participants. The use of an extensive needs assessment and action planning phase, allied to the range of provision on offer, was widely seen as representing an effective approach in this area. There was also notable evidence of how provision was being successfully tailored to the needs of particular ESF target groups such as women and offenders. The positive perspectives of the small number of participants interviewed tended to support the impression of individual needs being well catered for and effectively addressed within Priority 1 and 4 provision.

Relationship with other provision and added value

Views varied on the extent to which the particular Priority 1 and 4 provision delivered by CFOs linked effectively with and reinforced other ESF activity. Reduced partnership and co-ordination opportunities resulting from changes in the supporting infrastructure at the regional scale was seen as a key factor in this. However, the relatively distinct type of activity delivered by national CFOs was seen as mitigating against any potential duplication that may otherwise have occurred. Despite this, local CFOs in particular felt that there may be benefits in co-ordination terms from re-instituting some form of regional or sub-regional partnership structures.

In the main, the provision reviewed was perceived to be linking effectively with and supporting wider 'mainstream' skills and employment activity. In many instances provision had been designed from this perspective. However, while many perceptions of strategic linkages with mainstream programmes were broadly positive, there were more issues raised on the operational level. In particular, eligibility restrictions relating to the Work Programme and their effects on delivery of ESF provision were seen as issues.

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

Issues for consideration

A selection of issues that might usefully be considered in the context of the future design, implementation and delivery of ESF provision can be summarised as follows:

- There may be a need to re-examine the potential importance of regional or sub-regional governance and partnership structures in light of the forthcoming ESF programming period. This is likely to be significant from the perspective of ensuring that linkages between provision are enhanced and that the overall programme level delivery works as well as it can.
- While more nationally driven approaches to procurement and contract management and associated processes can bring benefits in terms of efficiency and consistency, it appears important to find an appropriate balance wherein provision managed locally can be undertaken in a supportive and responsive manner.

- The implementation challenges faced by some of the types of activity reviewed serve to re-emphasise the need to allow adequate time to design, procure and implement provision. Such considerations appear particularly pertinent where such activity is new or innovative, either in terms of what it is trying to achieve or in respect of the particular delivery models adopted. In such contexts there may be a need to ‘game play’ scenarios likely to affect implementation, or to pilot new provision under innovation strands of the ESF programme prior to any wider roll-out.
- The potential to ‘game play’ implementation scenarios is likely to be particularly significant in the context of on-going use of outcome based payment structures. This should at least help to ameliorate any unintended or unanticipated consequences stemming from the implementation of such incentive systems.

1 Introduction

This report presents the findings of a study undertaken by Ecorys entitled *Evaluation of European Social Fund: Priority 1 and Priority 4 (Employment and NEET) provision*. This introductory chapter details the:

- Evaluation background, context and scope.
- Aims and objectives of the evaluation.
- Methodology adopted for the study.
- Types of delivery models reviewed for the evaluation.
- Structure of the remainder of the report.

1.1 Evaluation background, context and scope

As one of the European Union's (EU) structural funds, the European Social Fund (ESF) aims to support the creation of 'more and better jobs'. Within EU Member States ESF is administered and delivered within the context of Operational Programmes (OPs). The OP covered by this evaluation is the 2007-2013 England and Gibraltar ESF Convergence, Competitiveness and Employment Programme. The evaluation examined Priority 1 within the Regional Competitiveness and Employment Objective of the OP, covering England except Cornwall and the Isles of Scilly, and Priority 4 covering the Convergence area of Cornwall and the Isles of Scilly. Priorities 1 and 4 both seek to increase employment through supporting people to enter jobs and, in some instances, progress within work.¹ A specific sub-set of provision under Priority 1 and 4 supports young people aged 14-19 who are not in education, employment or training (NEET) and those at risk of becoming so.

The predominant delivery approach adopted for Priority 1 and 4 provision involves the use of co-financing organisations² (CFOs) to administer and distribute ESF funding to private, public and third sector delivery organisations. As an evaluation of the delivery of ESF provision, the focus of the study was, therefore, on what can be termed the ESF 'delivery chain' from CFOs through prime or lead contractors to their sub-contractors or delivery partners (where applicable). As outlined below in the description of the methodology adopted for the work, for completeness a small element of the evaluation also focused on non co-financed provision³.

¹ Of the remaining priorities under the Competitiveness and Convergence Objectives, Priorities 2 and 5 address the development of workforce skills, while Priorities 3 and 6 fund technical assistance to support programme delivery.

² CFOs are public bodies which bring together ESF and domestic funding for employment and skills so that ESF complements national programmes. The 'national' CFOs covering the whole of England are DWP, the National Offender Management Service (NOMS) and the Skills Funding Agency. Other CFOs operate on a more localised basis and comprise Central Bedfordshire Council, the Greater London Authority (GLA), London Councils, Luton Borough Council, and a consortium of Local Authorities (LA) in the East Midlands.

³ A small proportion of Priority 1 and 4 provision is not funded through the co-financing mechanism with funding being channelled directly to support delivery.

The evaluation is intended to contribute to a suite of research being undertaken to improve the evidence base around the operation and delivery of the 2007-2013 England and Gibraltar OP. This research is guided by the ESF evaluation strategy for the programme, produced by the Department for Work and Pensions (DWP) in the context of the framework for ESF evaluation laid down in EU regulations and guidelines. The update of this strategy, covering the second half of the programme (2011-2013), identified the need for further examination of ESF support for key disadvantaged groups in the context of changes to ESF provision delivered under Priorities 1 and 4.⁴ The evaluation was commissioned to respond to this need.

Given the focus on examining the delivery of Priority 1 and 4 provision, the evaluation concentrated on processes relating to this delivery such as the engagement and referral of participants onto provision and relationships between actors in the ESF delivery chain. The core of the study was, therefore, based on reviewing the extent to which delivery has preceded as anticipated, rather than focusing on the outcomes and impacts stemming from the provision. Other studies within the suite of ESF research referred to adopt more of a focus on outcomes and impacts, in particular the ESF cohort study which examines outcomes for participants⁵. This evaluation of ESF Priority 1 and 4 is, therefore, intended to complement the focus of the cohort study and other related pieces of ESF research.

1.2 Aims and objectives of the evaluation

The overall evaluation aim was to assess whether provision in the second half of the current ESF programme is being implemented as expected. Within this the study aimed to:

- Understand how ESF provision is being tailored to participant needs and how it complements mainstream provision.
- Examine the processes connected to the ESF delivery chain, from the referral process through the range of hand-overs to the nature of provision being delivered, assessing the degree to which these have been implemented as expected.
- Understand the degree to which provision aimed at supporting different groups, particularly OP target groups and specifically female participation, has been implemented as intended.

1.2.1 Key research questions

The evaluation considered a series of key research questions by way of addressing the above study aims and objectives. These key research questions were as follows:

- How well are relationships between the Managing Authority and CFOs functioning and how might they be improved?
- What is the nature and effectiveness of any strategic relationships between CFOs as part of the delivery of provision? How might this be improved?
- How effective are relationships between CFOs and prime contractors/lead providers? How might these be further developed/improved?

⁴ The updated evaluation guidance 'European Social Fund Convergence, Competitiveness and Employment Operational Programme 2007-2013 - Updated Programme Level Evaluation Strategy and Plan for England and Gibraltar 2011-2013' can be downloaded from the ESF section of DWP's website (<http://www.dwp.gov.uk/esf/>).

⁵ See <http://www.dwp.gov.uk/esf/esf-in-action/esf-evaluation/cohort-survey-of-esf/> for details of the cohort study.

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- How well are procurement and contracting mechanisms functioning and could they be improved?
 - How well is the process of contracting and contract management functioning between CFOs and prime contractors/lead providers? Are there any ways in which this might be improved?
 - What mechanisms are being used to incentivise or ‘drive’ provider performance? What effects are these having and would they benefit from any adjustment?
 - What provider engagement mechanisms have been developed in different areas and how/how well do these support the effective delivery of provision? Could they be improved?
 - How effective are linkages and relationships between prime/lead providers and sub-contractors functioning? How might they be improved?
 - How effective is P1 and P4 provision in identifying and engaging with potential participants? If necessary how might this aspect be improved?
 - What criteria are being used to assess whether potential participants should be referred to ESF provision? How effective are the processes being used in supporting effective referral?
 - Are certain target groups as defined in the OP proving more or less difficult to engage and why? How might this be addressed?
 - How well are referral mechanisms functioning – both into ESF provision and between those involved in delivering it? How might these be improved?
 - Overall, to what extent are the referral mechanisms developed functioning as anticipated? Are any adjustments required?
 - To what extent is the provision being offered effectively tailored to the needs of the OP target groups? If necessary how might this be improved?
 - To what extent is provision meeting local needs?
 - How effectively is ESF provision commissioned by CFOs linking with and reinforcing other CFO provision in particular areas? How might this be improved?
 - How effectively is P1 and P4 provision linking with and reinforcing wider/‘mainstream’ employment and skills provision? How might this be improved?
 - To what extent are smaller providers being engaged in the delivery of ESF provision?
 - What is the experience of ESF participants of their provision?
 - To what extent has provision met participants’ expectations and needs?
 - What outcomes and impacts has provision had for participants?
 - How and to what extent is ESF provision adding value? Could the added value of provision be enhanced and if so how?
 - Overall, to what extent has provision been successfully implemented as expected?
 - Overall, to what extent does the provision implemented reflect the strategic aims and objectives set for it?

1.3 Methodology

To facilitate a detailed review of the delivery of ESF Priority 1 and 4 a qualitative, case study based approach was identified as the most appropriate mechanism through which to address the study aims and objectives. This also provided the opportunity to, where appropriate, compare and contrast results with the previous evaluation of this provision⁶. The previous study adopted a broadly similar approach and focused on activity delivered in the first half of the current ESF programme (2007-2010).

The main elements of the overall methodological approach are summarised in Table 1.1 below. The text that follows describes the key aspects of the methodology in more detail – namely, the approach taken to case study selection and fieldwork implementation.

Table 1.1 Summary of methodology

Stage 1: Inception, evaluation scoping and development		
Task	Key elements involved	Timing
1.1 Inception meeting	Meeting with the evaluation steering group (representation from the European Commission, DWP, Skills Funding Agency, NOMS, Jobcentre Plus, and Young People’s Learning Agency) to discuss and confirm the evaluation scope and approach.	January 2012
1.2 Document review	Review of relevant documentation connected to the delivery of ESF Priority 1 and Priority 4 provision.	Initially February 2012; on-going as required
1.3 Evaluation scoping stage	Initial telephone and face-to-face discussions with key stakeholders from the CFOs engaged in the research to enhance understanding of provision and explore possible case study location and focus. Review of non co-financed provision to identify suitable case study. Development of key research questions. Meeting with evaluation steering group to discuss and confirm planned approach. Implementation planning.	February to May 2012
1.4 Design of research tools	Design of topic guides for use with the different stakeholder groups involved in the evaluation.	May to June 2012
Stage 2: Case study fieldwork		
2.1 Team briefing and preparation	Briefing of evaluation team members and review of relevant documentation relating to each case study.	July 2012
2.2 Case study implementation	Implementation of the case studies involving interviews with CFO, Jobcentre Plus, and non co-financed provision representatives/contract managers; managers and delivery staff in prime contractors or lead providers; managers and delivery staff in sub-contractors/delivery partners; representatives of organisations referring people onto ESF provision; and a small number of participants. In total comprising 187 interviews with key individuals involved with the delivery of provision.	July to September 2012

Continued

⁶ The previous evaluation focused on Priority 1 and 4 provision managed by the two largest CFOs, DWP and the Skills Funding Agency. The evaluation was entitled ‘*Evaluation of European Social Fund Priority 1 and Priority 4: Extending employment opportunities to adults and young people*’ and was published by DWP in 2011 (DWP Research Report 755).

Table 1.1 Continued

Stage 3: Analysis, reporting and dissemination		
Task	Key elements involved	Timing
3.1 Stage one analysis and production of 'case study monographs'	Analysis of interview write-ups from each case study area to produce 13 'case study monographs' detailing the main findings of the case study in respect of the key issues covered by the evaluation.	September to October 2012
3.2 Stage two analysis	Review of the case study monographs to identify key themes and findings relating to the evaluation focus and key research questions.	October 2012
3.3 Discussion of key findings with the evaluation steering group	Presentation of key emerging findings to the evaluation steering group and discussion based on these findings to inform the content of the final report.	September 2012
3.4 Production of draft final report	Production of a draft final report based on the analysis of the case study monographs and informed by steering group discussions.	October to November 2012
3.5 Production of final report	Production of a final report incorporating comments received on the draft report from evaluation steering group members.	December 2012
3.6 Dissemination	Presentation of main evaluation findings to the Evaluation Sub-Committee of the ESF Programme Monitoring Committee.	October 2012

1.4 Evaluation scoping, case study selection and fieldwork implementation

1.4.1 Scoping and case study selection

The evaluation began with an initial scoping phase designed to refine and finalise the methodological approach. A key element to this was determining the coverage of the case studies given the wide range of provision being delivered under the 2007-2013 programme and the number of CFOs involved. Drawing on the experience of the previous evaluation of Priority 1 and 4 provision, the need for each case study to involve between 10 and 20 in-depth interviews to provide adequate coverage of the ESF delivery chain was identified as a pre-requisite. Likewise, there was a need to cover provision targeted at NEETs as well as that developed for the wider working age population.

Given the range of provision involved, it was decided to seek to cover activity managed by all CFOs involved in programme delivery and to reserve one case study for non co-financed provision. In terms of the latter, the small number of possible contracts available were reviewed to identify a non co-financed project of suitable scale given the focus of the study on investigating a range of issues relating to delivery. To reflect the fact that, in budgetary terms, the majority of Priority 1 and 4 activity is managed by DWP and the Skills Funding Agency, three case studies each were allocated to these CFOs. As the other CFO with national coverage, NOMS was allocated two case studies. The remainder of the locally focused CFOs involved in programme activity were allocated one case study each out of the 14 case studies initially planned.

A further consideration was the fact that some of the provision delivered by CFOs supports relatively different or distinct forms of activity. In the case of DWP for example ESF Priority 1 and 4 is used to fund two distinct initiatives in the second half of the programme: provision for families with multiple problems and voluntary entrants onto the Government's Work Programme from the Incapacity

Benefit and Income Support claimant groups. Balancing this consideration with the requirement around coverage of NEET and other working age provision, along with the need to ensure some form of geographical coverage across the English regions, led to the development of an initial case study selection. This was discussed and agreed with the steering group established to guide the evaluation, with the final selection being that presented in Table 1.2 below.

Table 1.2 Case study selection

CFO/Non-CFO	Focus of provision	Region
1. DWP	IB/IS voluntary Work Programme entrants	Yorkshire and the Humber
2. DWP	Families with multiple problems	North East
3. DWP	Families with multiple problems	South West (Cornwall P4)
4. Skills Funding Agency	Skills support for the unemployed (SSU)	North East
5. Skills Funding Agency	NEET provision	Yorkshire and the Humber
6. Skills Funding Agency	Skills support for the unemployed (SSU)	South West (Cornwall P4)
7. NOMS	Support for offenders	West Midlands
8. NOMS	Support for offenders	South East
9. Greater London Authority ¹	NEET provision	London
10. London Councils	Employability provision	London
11. Local Authority Consortium (East Midlands)	Employability provision	East Midlands
12. Central Bedfordshire Council	NEET provision	East of England
13. Luton Borough Council	NEET provision	East of England
14. (Non-CFO)	Employability provision	North West

¹ Once the fieldwork commenced, initial consultations with strategic stakeholders at the GLA revealed that no suitable provision to review would be operating during the window available for fieldwork. As a result, this case study was halted at that point on the understanding that the surplus resource could be held in reserve for possible use within other case studies if required.

While the above process of selecting case study areas and focus offered a mechanism to narrow the evaluation scope, in the case of some of the provision concerned there remained a need to further identify the specific contracts or projects for review. In some instances, particularly with the national CFOs, a single contract delivered in the selected region through a prime or lead contractor or contractors meant that there was only one contract in scope. Where this was not the case, initial discussions were held with representatives of the CFO in question to identify a suitable contract or set of provision to focus on. The key selection criteria adopted in these instances were that the contract should be broadly typical of the type of provision concerned and that, where possible, it should involve sub-contractors or delivery partners to enable a focus on delivery relationships. To avoid any potential to select only high performing provision, in the few instances where options remained after this process a contract was selected at random.

As the above outline of case study selection indicates, the approach taken was not designed to offer a fully representative sample of case study areas and contracts. Rather, case study selection and the determination of the focus of the case studies were done on a purposive basis to cover the main delivery contexts for Priority 1 and Priority 4 provision. As such, the aim was to provide an overall focus for the evaluation that covered the variety of provision involved and which was *broadly* representative in the sense of covering a range of different CFOs and geographies.

1.4.2 Fieldwork implementation

At the outset, to reflect the larger size of ESF allocations channelled through the national CFOs greater resources were allocated to these case studies. For the national CFOs initial planning proceeded on the basis of allocating around 17 interviews per case study with around ten allocated to the remaining case studies. However, given the different nature of the delivery models involved, some flexibility to vary these numbers and hence the allocation of evaluation resource was retained.

Identification of relevant interviewees for each case study depended, in part, on use of a ‘snowball sampling’ approach. This process began with initial scoping discussions held with CFO representatives at national and regional levels. These discussions served to inform the final selection of specific contracts to review as described above. They also enabled the identification of additional interviewees within the CFOs with a role in ESF planning and delivery, along with relevant contacts at the provider level in respect of the contracts selected for the evaluation. Initial discussions with representatives from ‘prime contractors’ or ‘lead providers’ were then held to identify contacts at sub-contractor and delivery or referral partner level.

The vast majority of interviews were held on a face-to-face basis as part of case study visits to CFO, provider and referral partner offices. Of the 187 individuals consulted for the evaluation five were interviewed by telephone due to unavailability at the time of the case study visits or interviewee preference. For all interviews semi-structured topic guides were used to inform discussions. Interviews were fully written up to prepare for the two stage analysis process described in the methodology summary table above. To encourage interviewees to be as open and honest as possible, all of those consulted were assured that anonymity would be protected, and that no views offered, or quotes used in reporting, would be able to be attributed to individuals.

Table 1.3 below summarises the number of interviewees consulted in the different case studies, split by the main groups of interviewees covered by the evaluation as follows:

- Representatives of CFOs and the organisation managing the non co-financed provision reviewed (including those with policy, operational and contract management roles).
- Managers within prime contractors or lead providers delivering ESF provision (including high level strategic managers and managers at the locations visited as appropriate).
- Operational/delivery staff within prime contractors and lead providers.
- Managers within sub-contractors and delivery partners delivering ESF provision.
- Operational/delivery staff within sub-contractors and delivery partners.
- Representatives of referral partners that do not directly deliver activity but have a significant role in referring ESF participants onto provision.
- Participants benefitting from ESF provision⁷.

⁷ Different terminology is used across the CFOs involved in managing provision. In some instances the provider or providers holding the contract are termed as ‘prime contractor(s)’ with ‘sub-contractors’ also being used to deliver provision. In other cases the terms ‘lead providers’ and ‘delivery partners’ are used.

Table 1.3 Distribution of interviews for each case study by stakeholder group⁸

Case study/region	CFO/non co-financed organisation staff	Lead provider manager level	Lead provider delivery staff	Delivery partner manager level	Delivery partner delivery staff	Referral partner	Participants
DWP (North East)	5	2	2	3	4	3	-
DWP (South West)	4	2	N/A	4	5	2	-
DWP (Yorkshire and the Humber)	3	2	2	2	3	1	-
Skills Funding Agency (North East)	4	1	1	3	3	4	2
Skills Funding Agency (Yorkshire and the Humber)	3	1	2	4	4	2	-
Skills Funding Agency (South West)	4	1	N/A	4	4	2	-
NOMS (West Midlands)	4	1	3	2	2	2	2
NOMS (South East)	4	1	2	2	4	3	-
Central Beds. Council (East of England)	3	1	1	2	2	1	3
GLA (London) ¹	3	N/A	N/A	N/A	N/A	N/A	N/A
LA Consortium (East Midlands) ²	3	2	3	N/A	N/A	N/A	3
London Councils (London)	1	1	-	3	3	2	-
Luton Borough Council (East of England) ³	1	1	2	N/A	N/A	2	3
Non-CFO (North West) ⁴	11	N/A	N/A	N/A	N/A	N/A	N/A
Total	53	16	18	29	34	24	13

¹ Given the delivery model adopted in some case study contexts the prime contractor/lead provider does not engage in direct delivery so no delivery staff were interviewed. This was the case for DWP and Skills Funding Agency provision in Cornwall/the South West.

² As noted above, the planned GLA case study was halted after initial interviews with CFO representatives due to the lack of suitable provision available for review within the evaluation timescale.

³ The provision reviewed in this case study did not involve the use of sub-contractors/delivery partners.

⁴ The provision reviewed in this case study did not involve the use of sub-contractors/delivery partners.

⁵ Due to the nature of the delivery model involved in the non co-financed provision reviewed all interviewees are technically part of the same single (delivery) organisation. The case study, therefore, interviewed individuals with a variety of roles including managerial and delivery staff.

⁸ Given the existence of the ESF Cohort Study which focuses on those benefitting from ESF provision, the aim of capturing some participant views was not central to the evaluation. However, the experience of the previous evaluation of ESF Priority 1 and 4 provision indicated that in some instances participants may be available for a brief interview when undertaking visits to providers. Therefore, where this was practical to arrange and all parties agreed some participants were also interviewed. In a number of cases however this was not possible, hence the limited coverage of participant interviews over the case studies as a whole.

1.5 Delivery models reviewed

To further place the analysis that follows in subsequent chapters in context it is worth briefly outlining the range of delivery models covered by the case studies. In the case of the national CFO provision reviewed (DWP, NOMS, Skills Funding Agency) each of the contracts considered involved a prime contractor/lead partner with a range of sub-contractors/delivery partners also being engaged in delivery. However, within this broad model there were several variations. In some instances the prime contractor/lead partner did not engage in delivery to ESF participants directly, but was responsible for managing a consortium of sub-contractors/delivery partners to actually implement activity on behalf of the CFO. In other cases the prime contractor/lead partner did engage in aspects of delivery, with sub-contractors/delivery partners being engaged to offer coverage in particular geographical areas or to provide certain specialist provision.

Depending on the nature of the provision delivered by the national CFOs, in many instances referral partners were also key elements of the delivery chain. In the case of DWP's families with multiple problems provision, for example, LAs were the main referral route onto provision, while for the NOMS provision reviewed prisons and probation teams provided referrals. Similarly, for the Skills Funding Agency provision referral partners were also part of the delivery model; in the case of NEET provision, for example, Connexions and other advice services were organisations involved in referrals.

In respect of the smaller, non-national, CFOs reviewed a variety of delivery models were apparent across the case studies undertaken. In some instances a lead partner worked with delivery partners in a consortium arrangement with the lead partner holding the contract with the CFO. In some of these cases referral partners also formed part of the delivery chain as was the case for the NEET provision reviewed in a way analogous with the Skills Funding Agency NEET provision outlined above. For some of the smaller CFO activity, due in part to the specialised and specifically focused nature of the provision in question, a single organisation undertook delivery and held the contract. Finally, in the case of the non co-financed provision reviewed in the North West, a single delivery organisation managed and delivered provision across multiple locations, with this organisation also being responsible for engagement/referrals on to the programme.

1.6 Report structure

The remainder of the report is structured as follows:

- Chapter two examines the strategic partnerships and relationships connected with Priority 1 and 4 provision.
- Chapter three focuses on the procurement, contracting and performance management aspect of delivery.
- Chapter four examines the implementation of delivery in terms of its overall functioning including that of the delivery partnerships supporting this.
- Chapter five examines implementation from the perspective of issues relating to participant engagement and referral along with examining views on the extent to which Priority 1 and 4 provision is seen as meeting needs.
- Chapter six considers linkages with other related initiatives and the added value occasioned by Priority 1 and 4 provision.
- Chapter seven offers some 'concluding observations', provides summary responses to the key evaluation questions and details some issues for consideration arising from the analysis.

2 Strategic partnerships and relationships

2.1 Introduction

This chapter first examines issues around the nature and effectiveness of strategic relationships between co-financing organisations (CFOs). Some of the wider strategic partnerships involved in particular delivery contexts are then examined. The chapter then considers how well the relationship between CFOs and the Department for Work and Pensions (DWP) as the Managing Authority (MA) for the European Social Fund (ESF) programme is functioning. In each of these areas suggestions for how relationships might be further developed or improved are also considered. The chapter concludes by summarising the main findings from the analysis.

2.2 Strategic partnerships between CFOs

Across the case studies as a whole, formal strategic partnerships between CFOs were relatively uncommon at regional or sub-regional levels. Interviewees widely related this to changes in the governance structures and wider infrastructure surrounding ESF at this scale. The discontinuation of ESF Regional Committees, with the exception of London and Cornwall, allied to the abolition of Government Offices for the Regions and Regional Development Agencies (RDAs) was seen as reducing partnership working opportunities. In most cases CFO representatives felt that this had led to some negative effects, principally around reduced understanding of other ESF provision and reduced opportunities to co-ordinate the provision on offer.

In some regional contexts it was also noted that the removal of Government Offices from the supporting infrastructure had led to a reduced ability to link ESF and ERDF provision, in addition to reducing linkages between CFOs more generally. The latter issue was raised by representatives of national CFOs but appeared to be particularly concerning for local CFO representatives. Changes to regional governance arrangements and the supporting infrastructure for ESF were cited from this perspective as leading to a greater sense of isolation and disconnection from the wider programme. This was seen as being compounded by what was perceived as a reduced national CFO presence in the regions. In some instances it was noted that there had been attempts to continue partnerships at the regional level but that these had fallen into abeyance, partly due to the reduced national CFO presence.

The main exception to these views on the part of local CFO representatives concerned the situation in London. In this context it was felt that effective co-ordination and strategic relationships had been maintained due to the regional level changes outlined not affecting the capital. Indeed, in the regions covered by the study where the Regional Committees continued, namely London⁹ and Cornwall¹⁰, perspectives on their role and functioning were broadly positive. Relatively consistent

⁹ Governance structures in London were slightly different from elsewhere from the outset of the programme, in part due to the role played by the London Development Agency (LDA) as an Intermediary Body with delegated powers from the Managing Authority to oversee programme delivery. With the disbanding of the LDA these powers transferred to the Greater London Authority (GLA). The London ESF (regional) Committee has remained in place throughout.

¹⁰ Under the Convergence programme within which ESF Priority 4 sits.

representation on these committees was cited as a key factor in this. In particular the ability of the committees to inform the shape of future provision, to promote complementarity in provision, and to make specifically local decisions and interventions was commented on.

Linkages with the European Regional Development Fund (ERDF) facilitated through the London and Cornwall committees were also raised in positive terms.¹¹ The only notable issue cited concerned delays caused by the need for some representatives on the committees to refer back to the national tier of their organisations in making decisions.

Outside of the Cornish and London contexts it should be noted that the changes in regional arrangements discussed did not necessarily mean that strategic relationships were not continuing. In several instances, CFO representatives noted that more informal, often bilateral, on-going contact had replaced the relationships previously undertaken through more formal structures. Where this was the case, such relationships were noted as working well and as being useful from a co-ordination perspective. In addition, some interviewees noted that national CFO provision in particular was now more distinct than it had been in the first half of the current ESF programme and in previous programmes. From this perspective the potentially negative effects of reduced regional governance and partnership working, in terms of increased duplication and reduced co-ordination of activity, were seen as less significant than they might have been.

Irrespective of the greater differentiation of provision, however, the majority of CFO representatives felt that a re-consideration of how to develop effective strategic partnership working at regional and sub-regional levels was important. This was raised in the context of the next ESF programming period in particular. Suggestions made tended to involve either re-instituting some form of Regional Committee structure (in some instances interviewees also suggested the development of joint ESF – ERDF committees), or linking in with Local Enterprise Partnerships (LEPs) to set priorities on the sub-regional level. In respect of the latter, however, perspectives varied as to whether LEPs were a suitable mechanism through which to undertake planning and priority setting or whether mechanisms exclusively focused on ESF (and ERDF) would be preferable.

2.3 Other strategic partnership working

Partly due to the nature of some of the delivery contexts reviewed, stakeholders also discussed some other strategic partnership arrangements (as distinct from delivery/operational partnerships focused on specific provision discussed in chapter four below). One example involved the consortium of four local authorities (LAs) managing provision in the East Midlands. In this instance formal consortium meetings are held quarterly. This partnership was felt to be functioning well in assisting the strategic direction of the programme, specifically through providing a mechanism to draw upon relevant knowledge, intelligence and experience held by the constituent LAs.

Similar views were also offered in contexts where local CFOs had established partnerships involving all providers they managed along with other key stakeholders such as Jobcentre Plus and the Careers Advisory Service. Such partnerships were established to aid linkages between the different forms of provision delivered under the CFO concerned and were generally seen as providing a useful mechanism for this. However, in one instance the partnership concerned had faced changes in membership due to staffing changes in member organisations that had led to it eventually ceasing. Conversely, consistency of membership was cited as a key factor supporting such locally based strategic partnership arrangements were they were felt to be working well.

¹¹ In the case of London this was through the Committees generally meeting on the same day with some cross-membership while in Cornwall the Joint Programme Monitoring Committee brings ESF and ERDF governance together in a single forum.

2.4 Relationship between the ESF Managing Authority and CFOs

In the majority of cases relationships between CFOs and DWP as the MA for the ESF programme were reported to be functioning well and in many cases as being positive. In playing this role the European Social Fund Division (ESFD) within DWP was widely seen as being responsive to questions and queries raised by CFO representatives and hence fulfilling its support functions appropriately.

In a minority of instances some delays and initial lack of clarity over CFO responsibilities were cited as issues but these were generally seen as minor, understandable and/or as having been resolved relatively swiftly. In addition, in a couple of instances there had been some difficulties with audit processes. These were perceived to have been caused by a lack of guidance as to the documentation required and, on occasion, a lack of understanding of how the provision in question was structured and delivered on the part of MA staff. One further issue specific to London was a concern that on occasion DWP as the MA has cascaded information directly to CFOs, hence by-passing the GLA in its Intermediary Body role¹². However, such issues were in the minority and were again reported as having been successfully resolved.

In some cases local CFO representatives, while feeling that relationships were generally good, did note that they sometimes felt there was a lack of understanding of the particular challenges facing them as smaller organisations on the part of ESFD. For example, this was raised in the context of a perception that reporting requirements were of the same level or magnitude for their organisations as for national CFOs. Given the more limited resources that the representatives concerned felt their organisations had, this was seen as being somewhat unfair. However, it was also acknowledged that such requirements were possibly being passed down from the European Commission for good reasons.

Some of the particular issues raised by local CFO representatives were also linked to the decline of a regional ESF infrastructure. In one case where a CFO representative reported that they had little contact with ESFD, this was noted as not having previously been much of an issue when support and guidance was available at the regional level. However, with the closure of Government Offices and the discontinuation of Regional Committees it was seen as more of a concern. This ran counter to the majority of cases, however, where representatives of local CFOs noted that they had developed good relationships with relevant people in ESFD/DWP as the MA. Indeed, links built over time with particular individuals was noted by one representative as being a key reason for the overall positive nature of the relationship.

Finally, it is worth noting that in discussing issues around relationships with DWP one theme that emerged was the view that CFO-MA relationships were largely operational rather than strategic from the perspective of those interviewed. Again, this was raised particularly by representatives of local CFOs. In the case of national CFOs it was acknowledged that more strategic discussions and input to, for example, overall ESF programme planning and design were undertaken through other routes. In a couple of cases, however, individuals from local CFOs felt that there was scope for their organisations to have more input into strategic discussions, for example over the nature of the forthcoming 2014-2020 programme. Other than this, no particular issues were raised in terms of improving relationships with DWP as the MA, largely due to the limited nature of any issues or concerns that had arisen.

¹² GLA acts as both a CFO and Intermediary Body. The latter role is undertaken by the European Programmes Management Unit (EPMU) within the GLA which is functionally separate from the GLA's co-financing role.

2.5 Summary of findings

Formal strategic partnerships between CFOs were relatively uncommon at regional or sub-regional levels. This was widely related to changes in the governance structures and wider infrastructure surrounding ESF at this scale, in particular the discontinuation of ESF Regional Committees in most areas. However, more informal, often bilateral, relationships between CFOs were common and were generally reported as working well. In those areas where Regional Committees continued, London and Cornwall, perspectives on the role and utility of partnership working were similarly positive. Some of the governance changes appeared to have affected local CFOs outside London more significantly however. These changes were seen as resulting in fewer opportunities for co-ordination along with the development of linkages and positive relationships with national CFOs.

In the majority of cases relationships between CFOs and DWP as the MA for the ESF programme were reported to be functioning well. In a minority of cases, however, local CFO representatives felt there was a lack of understanding of the challenges facing them as smaller organisations. Despite this, few suggestions for changes in the function or operation of the MA were offered and overall perspectives were often very positive. More suggestions were made around improving strategic partnership working between CFOs. These largely involved the re-institution of some form of regional or sub-regional governance and partnership structures. Such suggestions were raised in the context of the forthcoming ESF programming period in particular.

3 Procurement, contracting and performance management

3.1 Introduction

This chapter examines issues relating to the processes instituted around procurement, contracting and performance management. It first considers perspectives from Co-financing Organisation (CFO) and provider representatives on the nature and functioning of procurement processes and how these might be improved. The overall functioning of contract and performance management processes is then examined, prior to looking in more detail at the specific incentive mechanisms intended to ‘drive’ provider performance and their effects. The degree to which contracting mechanisms have been used to promote a focus on the sustainability of job outcomes is then examined in the context of wider approaches to this. The chapter concludes by summarising the key findings from the preceding analysis.

3.2 The nature and effectiveness of procurement processes

3.2.1 Procurement processes used by the national CFOs

Across the different provision reviewed there were a range of views offered in respect of procurement processes and how well they had functioned. In terms of the national CFO provision examined, few issues were raised in respect of the National Offender Management Service (NOMS) provision, with processes around procurement and contract awards widely seen as functioning smoothly. Perspectives on the procurement processes utilised by the Skills Funding Agency and Department for Work and Pensions (DWP) were more varied. In respect of the latter the processes themselves and their operation were seen as broadly working well, though issues were raised around the timescale available for procurement and the effects of this.

In terms of the Skills Funding Agency provision, there was some variation in perspectives both between and within groups of CFO and provider representatives. One area of disagreement involved perceptions as to the extent to which developing a more consistent national approach to procurement had resulted in provision being less attuned to particular local requirements. For some CFO representatives and other stakeholders, the approach of adding local requirements or focus to a specification with a national ‘core’ was seen as generating consistency and efficiency in the procurement process. For others, including some representatives of lead providers, this approach was seen as being less positive and was linked to a more widespread view that provision was becoming more nationally driven and focused with less local responsiveness being evident as a result.

The other issue on which views diverged in respect of Skills Funding Agency provision concerned the use of an IT based procurement portal and approach. The issues raised here were interlinked and related to a perceived lack of clarity around requirements, the nature of the information required of those bidding, the focus of the questions being asked, the relative weighting given to different aspects of the scoring process, and practical difficulties in submitting the information through the online portal. It should be noted, however, that such concerns were not universal and in some contexts both CFO and provider staff felt that the overall procurement process worked relatively smoothly.

Specific concerns raised, particularly by provider representatives, included the view that the information requested through which bids were assessed did not relate specifically enough to European Social Fund (ESF) provision and the likely requirements for it to be successfully delivered. The scoring systems involved, and the use of particular ‘gateway’ questions to determine suitability, were raised as related concerns in some instances. In one case it was noted that this had led to delays when no bids that passed the criteria were submitted in one procurement round. In other instances it was felt that the system and the scoring connected to it had the potential to favour certain types of (larger) organisations at the expense of those with more specific ESF related expertise. This was also linked to a view, particularly among some providers, that procurement and the processes connected to it had become more remote, inflexible and less clear. As noted, however, such perspectives were not universally shared and in other contexts procurement processes were viewed as functioning effectively.

Some issues around procurement precluding the involvement of smaller providers were also raised in the context of DWP co-financed provision. However, the main issue raised did not concern procurement mechanisms directly but rather the overall timescale in which the process was undertaken. This related specifically to the ‘families’ provision with some interviewees noting that the overall procurement process had proceeded too quickly. In turn this was felt, along with the limited time available to design the initiative as a whole, to have contributed to some of the issues faced in the implementation of this activity discussed in the chapters that follow. It was also linked to some of the performance issues faced by the provision, in that available data and intelligence used to profile targets and assumptions concerning the numbers that might be supported were noted as being limited.

Suggested improvements in cases where issues were raised around procurement included:

- Re-designing questions and scoring systems to more specifically and better represent the required outcomes of the process (principally in respect of Skills Funding Agency processes).
- Improving the design, clarity and operability of IT based procurement systems.
- Ensuring sufficient time at procurement and pre-contract negotiation stages to reduce the potential for problems to arise in implementation.
- Provision of more and improved guidance to providers around procurement requirements and how bids would be assessed.
- Greater use of pre-procurement guidance events to improve clarity around requirements beyond reliance on submitting questions through an online portal.
- Linked to this, more direct access to guidance and support beyond that provided by the IT based approach.

While the above suggestions were raised by providers delivering DWP and Skills Funding Agency provision, it should be noted that in a number of instances CFO representatives highlighted that these suggestions had been considered previously. In some cases, the suggestions were seen as either impractical or problematic from a fairness perspective. In particular, this was the case in terms of requests for more direct support and guidance given that one of the reasons for restricting queries to online submissions was to ensure that all potential bidders received the same information. Likewise, although there had been more use of pre-procurement events in past rounds of funding, resource constraints were cited as making this more problematic in the current context. Finally, as noted above, the benefits around efficiency and consistency as regards the procurement approaches adopted were seen by some interviewees as outweighing the more negative aspects cited.

3.2.2 Procurement processes used by local CFOs

In the main procurement processes undertaken by local CFOs were seen as functioning well. As a result no significant issues or suggestion for improvement were raised. As with national CFO provision, there was widespread use of online procurement approaches for the submission and assessment of bids. In general, provider representatives reported that this aspect had been straightforward. Compared to some of the national provision reviewed, there was more direct and face-to-face engagement with potential providers as part of procurement exercises. This was well received by providers, with representatives noting that it had provided them with a detailed understanding of the aims of the provision being procured and how to structure and focus tender submissions. CFO representatives likewise felt that this was an effective approach, though some noted that it was possible to do this in part due to the smaller scale of their operations compared to national CFOs.

In some instances smaller CFOs had also incorporated a stage of face-to-face interviews for a shortlist of potential providers as part of the procurement process. This was seen as offering advantages when used in combination with an initial online application stage. In one instance for example, potential providers were asked to present in detail how they manage different stages of potential customer journeys through the provision being considered. This was reported by the CFO manager in question as being very useful in enabling the CFO to gain a detailed insight into how the provider planned to support individuals, and to understand what contingencies were in place to respond to particular issues that might arise. Interestingly, a representative of the provider concerned also discussed this and noted that it was useful in being able to directly present their vision of how to support the customer group.

3.3 Overall functioning of contract and performance management

3.3.1 Performance across the provision reviewed

It is important to contextualise the discussion of contract and performance management in the sub-sections that follow through making clear that there were notable variations in performance (in terms of both engagement and outcomes) across the case studies undertaken. These variations appeared to stem from aspects of the design of or delivery approach taken to activity (what might be considered 'internal' factors) and from wider contextual conditions. Such wider conditions (what might be considered 'external' factors) related, for example, to the difficult economic climate having particular impacts on some of the specific target groups the provision reviewed was aiming to support.

The particular challenges facing provision seeking to help groups with more significant labour market disadvantage was evident across a range of the case studies, notably in contexts where provision was targeted at offenders, families with multiple problems and NEET young people. The difficult recessionary economic climate in the period before and during the fieldwork for the study was widely cited as making delivery more challenging. This was seen as being particularly acute in respect of the aforementioned 'priority groups' although, interestingly, such challenging conditions were cited in contexts even where the provision in question was performing at or above profile in terms of outcomes.

This latter point might suggest that the profiling of targets themselves, and the variation in this between CFOs and between types of provision, is a further explanatory factor for the differences in performance evident. Indeed, as noted above, this was raised in the context of running procurement

exercises quickly and the knock-on effects this can have in terms of target profiling in scenarios where data is uncertain. This point was made in relation to the DWP co-financed provision reviewed in particular, though the issue of performance being affected by what was seen as unrealistic profiling was also mentioned by a small number of interviewees in other contexts.

In terms of challenges relating to particular target groups, those involved in the delivery of provision for NEET young people felt that employment outcomes in particular were proving difficult to achieve. This was related by several CFO and provider interviewees to the external context of very high levels of youth unemployment and a labour market which was particularly challenging for those with limited work experience or qualifications. Challenging economic conditions were also cited by one of the sub-contractor delivery staff interviewed for one of the NOMS case studies in the following terms:

'It is a difficult economic climate so we are trying to help clients that are up against other people going for the jobs who don't have a criminal background and we are having to be more creative in finding and preparing opportunities for the individual.'

It was also evident that those delivering DWP's 'families' and Incapacity Benefit (IB)/Income Support (IS) Work programme' activity felt that the nature of the target group concerned was proving particularly challenging. In respect of the families provision this was commonly related to discussions of why performance was lower than profiled, in addition to some sub-contractors in particular feeling that the referrals they were receiving were not necessarily suitable for the programme. This latter issue is discussed in Chapter five in relation to engagement and referrals.

By way of explaining lower than anticipated performance, these issues in respect of the 'families' provision being delivered under Priority 1 and 4 were also linked to a number of other internal factors relating to how the provision was structured. Two key factors were cited here. Firstly, the reliance on Local Authorities (LAs) as the key referral route onto the programme. Secondly, the nature of the 'performance measures' by which providers' performance is assessed which in turn link to outcome payments. Both of these aspects relate to a number of areas covered by the evaluation and as such are discussed in detail over the following chapters. However, it is worth noting them here specifically in respect of performance and the knock-on impacts around contract and performance management that stem from them as discussed in the following sub-section.

Despite some of the issues raised here relating to particular provision it should be noted that across the case studies as a whole performance was generally on profile or exceeding it in much of the provision reviewed. Key factors offered to explain this in these contexts tended to relate to positive working relationships among all partners involved in delivery (including referral organisations), experience and understanding having been developed over time (either in respect of the provision being delivered or through previous related activity), and good relationships between those managing the provision for CFOs and those delivering it within providers.

3.3.2 Contract and performance management processes

In the majority of cases reviewed contract and performance management processes between CFOs and prime contractors/lead providers were reported to be functioning well. Typically, more formal monthly or quarterly contract review meetings were combined with ad-hoc contact in the interim where required. Some CFOs operated a flexible scheduling system for meetings, wherein providers who were broadly on profile and with which there were few issues would have less formal performance meetings than in contexts where performance or related issues were evident. This was cited as being an appropriate and effective approach on the part of CFO representatives where such systems were in place. In other contexts, performance meetings were undertaken according to a more fixed timescale, though with the scope to institute further meetings between times as required.

In the main, the balance between formal and informal contact, and the timing of this, was seen as being appropriate from the perspective of providers. As one lead provider representative noted:

'I think it's working quite well as it is, they stay enough away to allow us to do the delivery but then he [CFO contract manager] comes to see us every month for monitoring and we know we will get an answer if we contact them in the meantime.'

It was also evident that in instances where providers had been delivering for some time, or had delivered provision previously, that the development of relationships over time was important to the positive functioning of contract and performance management. Other supportive elements to the effective functioning of these processes included responsiveness to contractual and delivery queries on the part of CFOs, a willingness on the part of CFOs to listen to and understand the reasons for any performance issues that did arise and work collaboratively with providers to address them, and the CFO concerned offering some flexibility in contractual terms to address delivery issues.

In those case study contexts where performance was going well (being broadly on profile or above), as might be expected less issues were raised in respect of contract and performance management from either the provider or CFO side. Such issues tended to relate to a perceived lack of clarity in aspects of contractual guidance and requirements and a lack of what providers felt represented a timely response to some contractual queries raised. In general, however, these issues were felt to have been resolved over time, though in some instances there was frustration expressed over local contract managers having to refer things up to the national tier for clarification and the time this took.

Where performance was going less well, or specific delivery challenges had been commonplace, this context sometimes appeared to affect perceptions of contract and performance management processes. However, even in such contexts, in a number of cases performance management was noted as functioning well. This was principally because the CFO concerned was viewed by prime/lead contractors as having been reasonable, willing to adjust contracts to enable greater delivery flexibilities, and/or to have sought to work positively with providers to improve performance. In other cases where performance was facing difficulties, however, issues with contract and performance management were raised by providers. These mainly revolved around a perceived lack of understanding, flexibility or support on the part of CFO contract/performance management staff.

While it was acknowledged by both CFO and provider representatives in these cases that such tensions were inevitable, there was a clear divergence of views in a couple of instances as to how this might be addressed to assist the performance of the provision itself. For example, in one situation provider representatives argued that contractual targets would have to be re-profiled to acknowledge what they viewed as unforeseen circumstances, or at least adjusted to enable greater flexibilities. Conversely, the CFO performance manager felt that some of the performance issues related to providers and as such contracts could not simply be changed to fit with the performance being achieved. In addition, they noted that they themselves were constrained in terms of what changes would be seen as permissible by the CFO. It was felt that a compromise would be reached in this case but both provider and CFO representatives acknowledged that this had affected their overall relationship.

Such instances however were unusual across the provision reviewed. With the exception of small adjustments to address some of the minor issues raised around timeliness of responses and so on, few suggestions for changing or improving contract and performance management processes were made. The level and timing of performance monitoring was generally seen as appropriate and in most cases contractual/performance management relationships between provider and CFO staff were positive.

3.4 The functioning of incentive mechanisms in contract and performance management

3.4.1 The use of incentive mechanisms to drive performance

There was widespread use of payment by results (PBR) mechanisms and related performance drivers across the provision reviewed. In most cases, payments to providers were split between participant attachments/starts, progression measures such as taking courses and outcome measures such as entering employment. There was some variation in the relative distribution of payments against these three main elements. Commonly, however, the distribution was relatively equal – for example, 30 per cent of payments relating to attachments/starts, 30 per cent to progression outputs, and 40 per cent to outcome measures.

At the provider level a number of organisations, particularly prime/lead providers, had instituted their own internal targeting and performance management systems. While these were specific to ESF provision in some cases, in others providers had developed wider performance management systems for their staff which were implemented consistently regardless of the particular provision staff were working on. In the case of some providers that were also delivering the Work Programme, for example, the PBR mechanism within that programme had influenced the implementation of a more through-going target structure for delivery staff. In turn this was also used for those delivering ESF provision. These approaches were generally adopted in response to contractual and performance management requirements in order to ‘mirror’ these at the level of delivery.

3.4.2 Perspectives on performance incentives and their effects

It was clear that PBR mechanisms are widely accepted, and indeed expected, across the Priority 1 and 4 provider base. For the most part these were seen to be working well and, from the CFO perspective, acting as a useful incentive to ensure that providers were as focused as possible on achieving outcomes. For many provider representatives such mechanisms were seen as positive from the perspective of ensuring a clear focus for the organisation as a whole and the individual delivery staff within it. In the main, the approach of structuring payments according to attachments/starts, progression measures and outcomes was seen as effective from both the perspective of CFO staff and those working for prime/lead providers. Those working for sub-contractors under such structures equally reported few issues, other than some delays in payments in a minority of cases.

Where providers had instituted performance management processes mirroring their contracts, managers generally felt that this was effective in ensuring that staff were focused on core delivery requirements and could, therefore, support organisational performance as a whole. As one provider manager noted:

‘It’s more motivational for the team to have those targets to work towards, personally, as a manager, I would rather deliver an outcome-based contract because then everyone’s really focused on that.’

As might be expected, views among delivery staff were more varied. For some, having such targets was to be expected and an aspect of their job role that they were used to. There was also commonly a recognition that the PBR aspect of delivery meant that such targets were required in the context of the organisation concerned needing to achieve a certain level of delivery success to continue. For others, the targets were viewed as adding to delivery pressures in some instances, though this was noted less in the context of them directly affecting delivery and more in the sense of effects on the staff themselves.

While the PBR approach was seen as offering benefits, in a couple of specific instances CFO representatives did note that it could be difficult to design and operate. In one case, for example, this related to provision targeted at learners with learning difficulties and disabilities (LLDD), wherein the move to focusing principally on a PBR approach had caused some concern. It was noted that much of the progress concerned with the LLDD group involved the achievement of softer outcomes which were difficult to specify and quantify from a PBR perspective. As one of the provider managers involved noted:

'It's the difficulty of quantifying some of the softer outcomes and that's what concerns me in terms of 100 per cent outcome funding approaches ... it could mean it's very difficult to claim ESF [payments].'

This situation was reported as having led in some cases to providers undertaking significant work with individuals but finding it difficult to secure the particular outcomes that attracted outcome payments. In the context concerned this had not been a major issue as performance against outcomes was generally good. However, both CFO and provider representatives cited that it did represent a risk in that such (good) performance might not always manage to mitigate this issue.

In instances where specific PBR mechanisms were viewed as working less well and/or causing significant negative effects, this primarily related to forms of provision where payments were particularly slanted towards outcomes as against participant attachments. The majority of concerns in this area were raised in respect of the PBR structure adopted for DWP's 'families' provision. These are considered in some detail below to highlight how such mechanisms can become problematic in certain contexts. It is also worth noting that related issues with payment structures were cited as affecting delivery in respect of the DWP provision aiming to support IB and IS claimants to access the Work Programme. Given the interrelationship of these issues with the engagement challenges faced by this provision, this is discussed in more detail in Section 5.2.1.

In respect of the 'families' provision the majority of payments were attached to the achievement of 'progress measures' specified in the contracts, with a smaller payment for outcomes in terms of entering employment. The contracts did not involve payment of any start/attachment fee; therefore it was incumbent on the prime contractors to 'cash-flow' the provision in advance of achieving the progress measures. In the context of lower than anticipated levels of engagement onto the provision, discussed elsewhere in this report, at the time of the research this had led to a number of issues.

The lack of attachment or start payments was widely reported as leading to cash-flow issues, with sub-contractors in particular noting that they were running the programme at a significant deficit. This was reported in some cases as bringing the viability of continued delivery into question, with some sub-contractors withdrawing as a result. In other cases, the deficits involved were stated as having the potential to affect the overall viability of the organisations concerned, particularly where those organisations were small voluntary sector bodies. Other knock on effects reported included a more limited ability to deliver any more expensive aspects of provision with this resulting in a reduced 'offer' for ESF participants. This was cited as a consequence of the lack of money flowing into the provision and was raised by those at the sub-contractor delivery tier in particular.

While prime contractors had sought to ameliorate some of these issues by providing attachment or start payments to sub-contractors in their delivery chain, they were nonetheless seen as compromising the effectiveness of delivery. However, as several CFO representatives pointed out, it was the choice of the prime contractors themselves to opt out of requesting an attachment fee. From the latter's perspective though, events held as part the procurement exercise had left them with the impression that they would probably have been unsuccessful had they chosen to apply an attachment fee. The perspective of such interviewees was that there was, therefore, little real 'choice'.

Another issue widely cited as contributing to the difficulties faced in this context concerned the drafting of overly detailed progress measures which have proved difficult to achieve. Again, it was noted that prime contractors themselves had been responsible for drawing these up with DWP as the CFO negotiating over them and signing them off. While prime contractor representatives acknowledged this, they also felt that there needed to be more flexibility to adjust the measures and their operation as a payment mechanism once the difficulty of meeting them had become clear.

A related issue involved the fact that, in order to draw down payments in respect of the individual participants supported, three of the stated progress measures need to be met. For those at both the prime and sub-contractor level this was seen as problematic in that individuals may require support related to only one or two measures. Equally, the potential to undertake extensive work with a client against one or two progress measures only for them to leave the provision due to, for example, entering work was widely cited. Given the way in which payments are structured, with the majority of money being attached to achievement of the progress measures rather than job-entries, this was viewed as particularly problematic.

Finally, in a minority of cases both prime and sub-contractors delivering the 'families' provision raised the potential for perverse effects to result due to a focus on achieving progress measures rather than addressing individual needs. Views varied on whether this was evident in reality. Some interviewees noted that the progress measures broadly tallied with individuals' needs and that this was, therefore, not a major issue. Delivery staff at the sub-contractor level in particular, however, felt that the (currently tightly drafted and detailed) progress measures were having this effect. This was acknowledged as not being ideal but was felt to be understandable in the context of limited money having come in at the time of the research and the knock-on effects this was having in terms of cash-flow.

As a result of these issues, from the perspective of provider managers and delivery staff there was an urgent need to review the payment structures involved by way of ensuring that some money could begin to flow into the programme. This was cited as being key in terms of supporting further delivery and ameliorating issues with cash flow (including along the delivery chain to sub-contractors). Specific suggestions included being able to draw down payments on the achievement of individual progress measures rather than having to achieve three, and re-drafting them in a more realistic way so as to be, while still challenging, more achievable. At the time of the fieldwork the progress measures were being reviewed, though the time taken to agree revisions was noted as a concern.

While acknowledging that adjustments were required, CFO representatives did note that many such alterations would represent 'material changes' in contractual terms and as such could not easily be actioned. The level of responsibility for the situation on the part of prime contractors was also noted. As explained, while prime contractor managers did tend to acknowledge this they nonetheless felt that action needed to be taken, not least by way of ensuring that sub-contractors could remain in the delivery chain. From the perspective of sub-contractor managers in particular, such changes were often cited as a pre-requisite for being able to continue delivery. In respect of voluntary and community sector (VCS) organisations and those with charitable status this was discussed in the context of having to justify continued involvement to boards of trustees or other governance structures.

While issues relating to PBR were particularly prevalent in respect of the DWP provision, as noted the mechanisms adopted were generally seen as working well and, in many senses, acting as positive incentives. There were, therefore, few suggestions for adjustment from either CFO or provider representatives. Interestingly, while those delivering the 'families' provision felt that adjustments were required, there was a general feeling that the issues arising were specific to the initiative and

were not integral to PBR or other incentive based systems. Rather, the issue was viewed as being one of design, in terms of at least some up-front payments being important, and of unforeseen delivery issues relating to the measures against which payments were made. In respect of this latter point, the importance of being able to adjust contracts when really necessary to protect the integrity and delivery of provision was noted as being a significant consideration.

3.5 The extent of job sustainability as a focus for provision and the use of contractual mechanisms to support this

In most cases, the Priority 1 and 4 provision reviewed was felt by both CFO and provider representatives to have a definite focus on looking to support participants into sustainable employment. The emphasis placed on this did vary, however, in part due to the nature of the provision being reviewed and the type of participants it sought to assist. Where activity was targeted more at moving people closer to employment, through addressing particular barriers or providing job related training, the focus in the short term was seen as being on these issues, with considerations around types of employment left for later in the ‘customer journey’. Even in these instances, however, in a number of cases provider delivery staff reported focusing on supporting participants into a career or area of work they really wanted to be involved in and were more likely to remain committed to.

The inclusion of packages of post-employment support was also relatively common, though not universal, across the provision examined. In most instances this was relatively ‘light touch’ and guided by participants themselves. In other words, support would be offered but the nature and extent of this was up to the individual concerned. Other aspects of provision highlighted from the perspective of promoting job sustainability included:

- The development of detailed action plans with participants oriented around progression into sustainable employment and the steps needed to achieve this.
- Provision of incentives and financial support to encourage participants to stay in work, for example initially paying for travel to work when employment commences.
- Working with local employers to identify opportunities that offered participants the chance to remain and progress in employment.

While there was a general focus on job sustainability, there was notable variation in the extent to which this was incorporated into contractual requirements or reflected in payment mechanisms within those contracts. In some instances job outcome payments were tied, at least in part, to those entering work remaining there for 13 or 26 weeks. In other instances sustainable employment was referenced as an aim of the provision but was not reflected in particular targets. Importantly, however, even where sustainable employment was not a key contractual requirement or was reflected in outcome payments, CFOs and providers nonetheless felt that there was a focus on job sustainability evident in the provision concerned. As one provider manager in such a context commented:

‘There isn’t a target for a job to be sustained for 13 weeks, though that’s what we aim towards ... we know that we need to do that or else all the work that goes into getting somebody that paid job, if it’s not sustained, it’s not the best outcome for that person.’

Where sustainable employment was both a contractual aim and was reflected in outcome payment structures, the typical perception of provider staff was that this was useful in focusing minds on this aspect but was what they would generally do anyway. It was also noted in some cases that while sustainable employment was the ultimate aim, in some circumstances individuals do benefit from short-term contracts or agency work as a 'stepping stone' towards this. As such, a minority of provider representatives did cite that while they felt that some recognition in payment structures for sustained employment was sensible, this should not preclude recognition of outcomes relating to such shorter-term engagement with the labour market.

3.6 Summary of findings

Views on the functioning of procurement mechanisms were mixed, though in many instances they were viewed as working well. The main issues raised were over the implementation of online mechanisms and the assessment criteria used to assess bids. In addition, some interviewees felt that the broader approach to procurement was less reflective of local contexts and needs than had been the case in the past. Such views were not universal, however, and the efficiency and consistency gains related to more nationally operated procurement approaches were also referenced. The need to allow sufficient time to ensure effective procurement, more guidance and support in responding to tender rounds, and improvements to the operability of online procurement mechanisms were the main improvements suggested.

Contract and performance management processes were generally cited as functioning effectively, despite some notable variation in performance across the provision reviewed. Providers tended to feel that expectations were clear and that CFOs were fair and flexible in their approach. The level of monitoring and frequency of contact was also commonly viewed as appropriate. In some cases where performance was significantly below profile, however, a lack of flexibility in the ability to adjust contracts in response to implementation challenges was cited as an issue.

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

Incentive mechanisms were also used in some instances to encourage providers to focus on securing sustainable employment outcomes for ESF participants. However, the formal inclusion of targets and outcome payments based on participants remaining in work was variable across the contracts reviewed. Despite this most providers reported that a focus on job sustainability was a key consideration. This was illustrated by the widespread inclusion of packages of post-employment support in the provision reviewed. While incentives were seen to encourage a focus on securing sustainable employment, however, they were not necessarily seen as essential for this.

4 **Implementation of provision 1: overall functioning of delivery and delivery relationships**

4.1 Introduction

This chapter examines issues relating to the implementation of Priority 1 and 4 provision, principally from the perspective of addressing the key evaluation aim of determining the extent to which provision has been implemented as anticipated. The chapter first reviews perspectives on the overall implementation and functioning of Priority 1 and 4 delivery and any suggested changes that arise from this. The effects of adopting particular delivery models or approaches on implementation are also briefly considered. The chapter then assesses the role and extent of smaller provider involvement in the delivery of provision. The functioning of delivery relationships between Co-financing Organisation (CFOs) and prime/lead providers is then examined, as are relationships between prime/lead providers and their sub-contractors/delivery partners. In both instances views on how to improve or further develop such relationships are considered. The chapter concludes by summarising the key findings resulting from the analysis of the above implementation elements.

4.2 Perspectives on the overall implementation and functioning of Priority 1 and 4 delivery

4.2.1 **National CFO provision**

The general perception of how well provision had been implemented and was functioning varied across the provision reviewed. No major issues were reported in respect of the National Offender Management Service (NOMS) provision examined, with stakeholders consulted in the two case studies generally reporting that delivery was going well. In terms of the Skills Funding Agency provision, the general perception was that implementation had broadly proceeded as expected and was going well with some relatively minor exceptions. In one instance procurement and contracting delays had led to implementation being slower than expected, which in turn had led to a shortening of the available delivery period. In another there had been some issues among providers in terms of engaging Not in Employment, Education or Training (NEET) young people, though in respect of the particular providers visited this was not seen as a major concern. The Department for Work and Pensions (DWP) co-financed provision, however, was widely viewed as facing a range of implementation challenges. At the time of the research this had led to the ‘families’ and ‘Incapacity Benefit (IB)/Income Support (IS) Work Programme’ provision functioning less well than anticipated.

In terms of the NOMS provision examined the general perception among those at different levels in the delivery chain was that it was working well and hence meeting the strategic aims and objectives set for it. A number of interviewees in both case study contexts related this to the fact that the provision had gradually ‘bedded-in’ over time, and that the development of relationships and trust between delivery partners was leading to effective delivery. The development of delivery networks,

wherein partners played specific roles offering specialist or geographically focused provision, was noted as a contributory factor in effective implementation. The partners involved were generally perceived to be working well together with this having further beneficial effects.

This scenario was reflected in the comment of one of the prime contractor staff that:

'I think the organisations do work well together, generally it doesn't matter who they [participants] started with, people will work together to make sure that individual is with the right organisation.'

Similarly, one of the sub-contractor managers involved in delivery noted that:

'We've got really wide networks ... so we use our networks to help support them [participants] in any way possible. So [they are] basically getting very individual service.'

Other factors cited as contributing to the effective implementation and operation of the NOMS provision included:

- Reputation building over time leading to potential referral agencies viewing the provision as a beneficial option for employment related support for offenders.
- Honing delivery processes over time alongside the widening of the delivery partnership leading to an improved 'offer' for participants.
- Strong and positive prime contractor – CFO relationships.
- Developing provision suited to particular areas or demographic contexts (covering the differing needs of urban and rural areas for example).
- A focus on referring participants to more specialist provision tailored to their particular needs including, for example, provision aimed at female and ex-armed forces offenders.

Issues raised in respect of the implementation and functioning of the NOMS provision were generally viewed as being relatively minor and in the process of being addressed. These included a perception on the part of those delivering provision in one case that there was a need to further develop effective linkages with mainstream organisations offering particular support – for example, around housing and financial issues. In another case some sub-contractors were struggling to hit particular contractual targets around support for prolific offenders and engagement in learning. This was seen as being partly due to it taking some time for the providers concerned to become established, along with the inherent difficulties involved in supporting the prolific offender group.

The need to better manage communications with those referring participants on the part of NOMS was also cited in one instance. This related to encouragement to make more referrals in the absence of (contractual) capacity to deliver provision and was described by a prime contractor representative in the following terms:

'We have a fixed number contract to work with x numbers ... However, another part of NOMS will encourage prisons to increase their rate of referrals – 'why are you only referring 12 people to [the ESF provision], you should be referring 40 people then you would meet your employment target'... We're resourced to work with 12 people, and working with 40 wouldn't help anyone achieve their objectives, because we're resourced to work with 12.'

In another instance staff at one of the sub-contractor organisations felt that ideally the contract would provide greater resource for more intensive one-to-one work with participants on a more regular basis. However, the context of finite resources, and the need to deliver efficiently to as many participants as the funding would permit, was acknowledged as an inevitable constraint on this. As noted, therefore, overall the NOMS provision was seen as working well with those issues that had arisen being manageable.

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Perspectives on the Skills Funding Agency provision reviewed were similarly broadly positive on the whole. The main concerns or issues raised included recognition on the part of CFO representatives that there had been some variation in performance, largely caused by engagement difficulties, in respect of some of the NEET provision being delivered. This is covered in more detail in Section 5.2 below, but the main factor cited for this concerned changes in the organisations that had previously provided referrals (notably Connexions). Particularly among CFO representatives, this was linked to a perception that some providers were struggling to adjust to a new context where identifying and bringing in NEET young people through extensive outreach work was required.

The other main issue raised in terms of overall delivery was a perception on the part of some providers that there was now less flexibility in the type of activity that Skills Funding Agency provision could be used for. This was raised in the context of both the adult and NEET provision reviewed, and related principally to a view on the part of some that the provision was now overly focused on participants gaining accredited qualifications at the expense of broader support. In turn this was linked to the effect of outcome based payment structures and was felt to restrict effectiveness in terms of delivering a more holistic form of support.

The suitability of such an approach for the NEET group in particular was raised by some delivery staff at the sub-contractor level. From this perspective delivery was being affected by what they perceived as a move to push young people into undertaking qualifications which might not be suited to their overall needs. As one interviewee noted in this context:

‘The reason why a lot of young people dropped out of school and didn’t attend was because of the way it was delivered, geared towards qualifications, now we have to do the same thing.’

It is important to note, however, that such views were in a minority. In other instances both lead and delivery partner staff welcomed a sharper focus on qualifications and progression and felt that provision in the past had been less focused on, as one interviewee noted, *‘really moving young people on’*.

Relative to the NOMS and Skills Funding Agency provision more significant issues were raised over the two types of DWP provision reviewed – that targeting families with multiple problems and the provision facilitating the entry of voluntary IB and IS claimants onto the Work Programme. In both cases the significant implementation challenges still being faced at the time of fieldwork meant that the general perception was that neither form of provision was fully effective. As a result both types of provision were viewed as yet to fully meet their strategic aims and objectives. In respect of the IB/IS provision the key issues faced related to the low engagement numbers coming onto the programme and so are dealt with in detail in the following chapter.¹³

Issues affecting implementation and delivery in respect of the ‘families’ provision related to several aspects of the initiative, a number of which are discussed in detail elsewhere in the report. In summary, the key issues concerning delivery cited across the different groups of interviewees consulted were:

- Reliance on LAs as the key referral route onto provision in the absence of any direct contractual requirements or targets relating to this.
- Underestimation of the time required on the part of providers to develop relationships with LAs and the likely complexity inherent in this, particularly where prime contractors were dealing with multiple LAs in their contract delivery area.
- The development of ‘progress measures’ by prime contractors tied to outcome payments which have proved difficult to meet, leading to cash-flow issues and limited resources to (re)invest in delivery.

¹³ See Section 5.2.

- Lack of definitional clarity around what ‘families with multiple problems’ actually are and who the programme should be targeting and supporting.
- Whether the initiative in the way it had operated to date had truly supported families as distinct from individuals from those families.
- The timing of implementation, linked both to confusion caused by the introduction of the Department for Communities and Local Government’s (DCLG) ‘Troubled Families’ programme and to the difficult backdrop caused by Local Authority (LA) resource constraints and restructuring.

Of the above issues, those relating to engagement along with the knock-on effects caused by the payment approach structured around progress measures were the most widely raised and generally seen as the most significant.¹⁴ The difficulties occasioned by these aspects of the initiative and its implementation meant that the general perception at the time of the research was that the provision was yet to be fully and successfully implemented. Likewise, it was generally acknowledged that the ‘families’ provision as it was currently functioning had not fully met the strategic aims and objectives set for it.

In particular, some of those consulted felt that the initiative was yet to truly support *families* with multiple problems as opposed to individuals *from* those families. Hence the extent to which the family support dimension of the strategic aims and policy intent of the initiative were being met was questioned. However, perspectives on this issue did vary. For some interviewees from all groups consulted, this was largely a semantic argument in that even if individuals were the focus of support, that support was having beneficial effects for their wider family. As such the more ‘individual’ focus was not viewed as a major concern. In addition, in some of the areas visited provider staff reported a growing tendency to be able to bring in additional family members for support once an individual family member had seen its potential benefit.

Accepting the implementation challenges and difficulties in fully meeting aims and objectives in this area of provision, it is important to note by way of balance that the delivery to participants that was being undertaken was widely perceived as working well and having positive effects. The nature of the initiative itself, and its ambition in seeking to support families with multiple problems in a way that significantly departed from the use of European Social Fund (ESF) by DWP in the first half of the programme, was also noted. The newness and innovation of the approach, allied to its inherently challenging aims, were therefore seen as contextual factors needing to be taken into account. As discussed in chapter six on added value, as a result of these factors there was a widespread feeling that the initiative did have significant potential if the more notable implementation and delivery challenges could be addressed effectively. As one of the referral partner representatives involved with delivery noted:

‘We’re not where we hoped to be but I really believe that the programme is very good at meeting needs and it is working for some families ... its about tweaking implementation to make it better.’

4.2.2 Local CFO and non co-financed provision

In the majority of cases the overall implementation and functioning of delivery in respect of the local CFO and non co-financed provision reviewed was widely reported to be going well. As a result the provision concerned was generally perceived to be broadly meeting the expectations and strategic objectives set for it. In many cases this was related to the fact that provision in the second half of the programme was broadly similar to that in the first. As such the experience built up in situations where providers had delivered across both halves of the programme was seen as contributing to effective implementation. This was also often linked to the fact that delivery chains and referral relationships were relatively mature with this further aiding effective implementation.

¹⁴ See Sections 3.4 and 5.2 for a detailed examination of these issues.

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In a small number of instances achievement of employment outcomes was noted as being a little behind profile. However, it was noted in these cases that the CFOs and providers concerned were taking actions to address this and, in the words of one provider representative, ‘focus and give it a bit more of a push, that’s all it needs.’ The difficult labour market conditions were also cited as a significant contextual factor in these instances. It was also noted that in these situations that the broader functioning of provision, in respect of engagement of participants, partner relationships and the delivery of activity, was working well.

The other main issue commonly raised concerned the difficulty of some providers delivering support to NEET young people in achieving their profiled number of participant starts. This was seen as relating to similar factors to those discussed above in respect of the Skills Funding Agency provision of this type. Reductions in referral numbers through certain routes and providers struggling to identify young people through outreach work were seen as the main issues. In addition, in one case CFO and provider representatives felt that there was too much provision of this type seeking to assist the target group in the local area concerned. As a result, ‘competition’ between providers was felt to be affecting the performance of some, and it was noted that the amount and distribution of activities supporting NEETs would need reviewing. While these issues had affected delivery to date, however, in each case actions were being implemented to address them.

4.3 The effects of different delivery models and approaches

An interesting theme that emerged from the evaluation concerned the perspectives of some of those interviewed at the provider level on the interplay between different delivery models (primarily in the sense of different roles played by prime or lead contractors) and the success or effectiveness of implementation. In those instances where a prime contractor or lead provider did not directly engage in delivery of ESF provision, but played more of a management/co-ordination role, it was evident that this approach was often well received by sub-contractors, delivery partners and referral organisations. Likewise, in several instances it was perceived as contributing to effective delivery. While the specific role of the prime contractor/lead partner varied slightly across the models reviewed, the management and co-ordination role undertaken involved aspects such as:

- Initial development of the delivery consortium.
- Mapping current provision and identifying gaps.
- Commissioning partner organisations to meet the needs of particular areas or to provide specific specialised support.
- Acting as a broker between sub-contracted organisations/delivery partners.
- Convening partnership meetings (often involving referral organisations and in some cases CFO representation).
- Channelling funding to sub-contractors/delivery partners (and in some cases redistributing funding across the delivery consortium).
- Managing delivery partners and co-ordinating the gathering of Management Information (MI) for returns to the CFO.
- Co-ordinating employer engagement.

Key advantages to such an approach cited by interviewees included:

- The ability of the prime/lead contractor to fully focus on the management of delivery including acting as a conduit for queries from delivery partners to the CFO.

- Conversely, freeing up delivery partners to focus to a greater extent on delivering provision to ESF participants.
- (In some cases) enabling the prime/lead contractor to facilitate the sharing of good practice and peer support across the consortium.
- (In some cases) enabling the flexible re-distribution of funding between and across delivery partners as required without recourse to extensive re-negotiation or contract variation at the CFO level.

Some of these management and co-ordination aspects and their perceived advantages were also noted in contexts where prime/lead contractors also undertook direct delivery. However, the perception of a number of interviewees involved in models where the lead contractor played a purely management/co-ordination role was that this could bring distinctive benefits. In particular, the opportunity to focus purely on bringing partners together and supporting along with the flexibility such a model gave in terms of redistributing resources between partners were commonly cited.

Accepting this, it should be noted that such advantages were not universally recognised. In one of the contexts reviewed, for example, the lack of local knowledge, presence and experience of a prime/lead contractor within such a model was cited by some stakeholders as being a disadvantage and having caused delivery issues. This was taken by some interviewees to indicate that while a purely management or co-ordination model could be beneficial, this relied to a considerable extent on the organisation in question. In particular, local presence, understanding and experience alongside a willingness to be pro-active in ensuring that consortia delivery was as effective as possible were seen as pre-requisites for such a role to be undertaken effectively.

4.4 The engagement of smaller providers in Priority 1 and 4 delivery

In looking at the overall implementation and functioning of provision, one further question the evaluation sought to address concerned the degree to which smaller providers had been engaged in delivery. Across the case studies conducted, the picture in respect of such providers varied but smaller organisations were frequently involved in delivery and were often viewed as playing an important role. The variation evident stemmed from the type of provision concerned, allied to factors such as smaller organisations being part of delivery chains but not having (yet) been engaged in delivery. In a small minority of instances, particularly where there had been performance and implementation challenges, there was a perception on the part of some interviewees that organisations further up delivery chains were retaining clients rather than referring them on. This was seen as relating to performance issues and financial factors (in terms of those organisations seeking to achieve outcome payments). However, this was uncommon overall.

In respect of the DWP provision reviewed, while smaller providers were often included in delivery chains, the degree to which they had actually been delivering provision was seen as variable. In some instances smaller providers were certainly involved, particularly where local organisations (often from the Voluntary and Community Sector (VCS) or charitable sectors) had been engaged to deliver provision in particular geographical locations. However, in some cases providers at lower delivery tiers, frequently smaller or specialist agencies, were yet to be fully engaged in delivery. This was seen as relating to some of the implementation difficulties discussed in respect of the 'families' and IB/IS provision, and the fact that overall numbers coming onto the programmes had been lower than anticipated. The lack of money flowing into the 'families' provision was also cited as a factor. This was noted as leading to smaller, specialist providers not yet being engaged due to organisations further up the delivery chain failing to release funding due to their own financial concerns.

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Among the NOMS provision reviewed there was evidence of the utilisation of specialist providers in particular, with these often being smaller VCS and charitable organisations. Such providers were engaged to deliver particular forms of support or to deliver to specific sub-sets of the broader offender target group – for example, female offenders. In addition, as discussed elsewhere in this report, the engagement of such providers was generally viewed as being very positive and important to ensuring that the ‘offer’ available through the provision more comprehensive and tailored than it otherwise might be. The need to engage local organisations to offer geographically based provision and the advantages of this in terms of tailoring the offer to local circumstances was also noted.

The role of smaller providers in the Skills Funding Agency provision reviewed did vary to some degree, partly in respect of differences between the approach taken to NEET provision as opposed to ‘adult’ provision. In general, however, it was clear that smaller, often VCS organisations, based in local communities played a significant role in the delivery of provision. The NEET provision reviewed made extensive use of smaller organisations in its delivery chain, with 22 partner organisations delivering provision at a sub-regional (city level) scale. This was noted as reflecting the needs of the target group for very locally based and focused provision and enabling young people to engage with well known organisations in their local communities. The adult provision reviewed was more mixed, comprising of larger colleges mixed with smaller providers and national training organisations. In these instances smaller providers were often engaged to deliver in particular communities, sometimes in community centres or public houses, and were seen as an important aspect to delivery in terms of engaging people who might otherwise not participate.

Much of the local CFO provision reviewed continued the above pattern of significant use of smaller providers to support delivery. Again, such providers were used to offer coverage at a community level in addition to offering particular specialist services. In some instances CFO representatives felt their organisations were particularly well placed to ensure the involvement of smaller local providers. This was noted as being due to the CFO’s understanding of the area concerned and the potential organisations that might usefully deliver provision. In some cases the approach taken was consciously developed from the perspective of involving smaller, community based organisations. This was evident in respect of some of the NEET provision reviewed, for example, and was felt to offer similar benefits around engagement and local understanding to those noted above.

4.5 Delivery relationships – CFOs and prime/lead providers

In the majority of cases, relationships between CFOs and prime/lead providers appeared to be functioning effectively. In a number of instances this relationship was described in very positive terms by both CFO and provider representatives. These relationships appeared strongest and most effective where there was regular communication, expectations were clearly set out and communicated, and where there was some flexibility in delivery enabled by the CFO (particularly in respect of contractual adjustments enabling changes and variations in delivery approaches). In respect of this latter point, there were some examples where CFOs and prime contractors had clearly worked together closely on the on-going development and implementation of provision. In the case of one of the NOMS contracts reviewed, for example, one of the prime contractor staff noted:

‘Of all the contracts I’ve worked on they [NOMS] are the most flexible. I can pick up the phone, they are very open to suggestions, they work with us. If they are not happy with anything they will make it very clear that month with you ... they’re there to support us.’

Issues raised in contexts where CFO – provider relationships were less positive or were perceived as being less effective varied. In the main such issues were raised in respect of national rather than local CFOs. Most commonly they related to a perception on the part of some providers that CFOs could appear remote and that support as a result could be intermittent or difficult to access. This in turn was frequently linked to restructuring processes within those CFOs leading to a reduction in the capacity and ability of CFO contract managers to respond quickly to issues and queries as they arose. Linked to this, a number of provider representatives noted that some of the ESF-specific expertise that had been in place among contract managers was less evident compared to their experience of the first half of the current programme and previous programmes. Such issues were also acknowledged by some national CFO representatives consulted and in the main were raised in the context of the Skills Funding Agency provision reviewed.

The above issues were often specifically linked to a perceived lessening in regional or local CFO management capacity in terms of some functions becoming more centralised at the national level. Interestingly, this issue was raised even in the context of CFO – provider relationships otherwise being positive. Particular effects cited included a view that there was less understanding on the part of CFOs of local issues and contexts. However, the main issue raised concerned increased response times due to many queries being, as one lead provider manager put it, *‘passed up the chain to the centre, looked at, considered, decided upon and finally passed back down locally to be communicated to us’*. Allied to delays due to reduced capacity more broadly, this was cited in a couple of contexts as leading to the providers concerned undertaking activity ‘at risk’ due to not being clear if actions they felt needed to be urgently implemented were permissible.

In some cases issues were also raised around lack of clarity in terms of administrative requirements relating, for example, to data returns and evidence requirements. This was linked in some cases to slow responses in respect of queries raised by prime contractors, though in the main such issues were said to have been resolved in the end. In a smaller number of instances changes in the evidence requirements asked of providers had caused more significant difficulties and had on occasion led to tensions in relationships with CFOs. This was particularly the case where evidence requirements had changed over time with the changes instituted being applied retrospectively. In these circumstances difficulties had been occasioned at both the prime/lead contractor level and at the level of sub-contractors/delivery partners. As one prime contractor manager noted:

‘You are working to the contract and need to provide [a standard of] evidence and that’s what you work to. If 18 months into it you actually need to provide [new] evidence going back to the start of the contract that can be very difficult ... Some of our organisations [sub-contractors] find that very difficult with no finance manager.’

A further issue was raised in the particular context of DWP’s ‘families’ provision. Those involved in the management and delivery of these contracts, at both prime and sub-contractor level, often cited that a perceived lack of flexibility in adjusting contracts was affecting delivery and the overall potential of the provision to meet its intended goals. This was further linked by some interviewees to the time it was taking to get any contract variations or adjustments agreed. At the time of the research two specific issues were most commonly noted: firstly, the ability to adjust the ‘progress measures’ in the contract; and secondly, the need to widen the scope of referral routes (an issue discussed in further detail in Section 5.2 on engagement and referrals). It was acknowledged that progress was being made in both these areas. However, the perceived slowness of this, allied to a view that there was limited flexibility or willingness to adjust the contracts, were seen as having affected CFO – provider relationships.

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Other issues raised in terms of CFO – prime/lead contractor relationships tended to be relatively specific to the context in question. They were also often described as being relatively low level and not overly significant. Concerns raised included changes in staffing leading to some discontinuities in CFO support and some inconsistency in advice or messages given, either between different staff or over time. As noted, there were few such concerns raised in respect of the local CFO provision reviewed, wherein relationships between lead providers and the CFO in question were generally described as ‘good’ or ‘positive’ from both sides.

Suggestions on how to improve or further develop relationships between CFOs and prime/lead contractors tended to reflect the concerns outlined. In particular, there was a widely held view on the part of providers and some CFO representatives that the capacity of CFOs to respond quickly to issues arising should be looked at again and addressed as far as possible. Linked to this there was a desire to increase the local dimension to CFO management processes where this was possible. Indeed, at the time of the research it was noted that in this was being addressed on the part of the Skills Funding Agency, for example, with the introduction of ‘local custodians’ to enhance responsiveness on the local level. In other contexts, while it was recognised that some local CFO management was in place, the need to lessen response times where things needed to be passed to the national tier was nonetheless seen as important.

From the perspective of those involved in the delivery of DWP’s ‘families’ provision at the provider level, the main improvements suggested tended to revolve around increasing the flexibility of the contracts and the prescribed elements of the delivery approach. As noted, at the time of the research it was acknowledged that some progress had been made in these areas, but the perception was that the programme overall would benefit from a more flexible orientation on the part of DWP as a CFO. However, it was also noted by some CFO representatives that the prime contractors delivering this provision had themselves authored some of the aspects to the contracts perceived as causing difficulties – notably the progress measures. Similarly, the point was made that prime contractors had also signed up to the key contractual obligations involved. While some provider representatives acknowledged this aspect, they nonetheless felt that the issues relating to programme design discussed above had been a major cause of delivery difficulties and that some flexibility in response to this would, therefore, be required.

In respect of the other issues raised the general feeling was that many of these could be traced back to the broader issues around restructuring and capacity noted above. In this sense it was noted that a period of staffing stability allied to giving attention to capacity issues would help address many of the issues that had arisen. In addition, it was acknowledged that some of the issues regarding evidence requirements and administrative returns tended to arise from the auditing of CFOs. While there was some frustration at the effects of this among providers, there was also an acknowledgement that such issues could not always be anticipated and were always likely to arise. Nonetheless, some interviewees did feel that CFOs should focus further on reducing such occurrences where possible.

4.6 Delivery relationships – prime/lead providers and sub-contractors/delivery partners

While there was some variation across the provision examined, in the majority of cases relationships between prime/lead providers and their sub-contractors and/or delivery partners were reported as functioning well. This was particularly evident where partnerships had been in operation for a while and initial issues or difficulties that had occurred had been addressed over time. Regular communication that is open and honest, clear guidance and a supportive orientation on the

part of prime/lead providers were commonly cited as key factors in promoting effective delivery relationships. Where it was important for a range of delivery partners to work collaboratively on an on-going basis due to the nature of provision, including those organisations with a role primarily around referrals, regular delivery partnership meetings were seen as particularly key. Such forums were noted as important for building relationships, ironing out any difficulties, and keeping all partners informed of new developments or changes to provision.

Communications between prime/lead contractors and their wider delivery partnerships varied in terms of focus and frequency. Commonly, however, face-to-face meetings were held on a monthly basis, with email and telephone contact being frequent in between these times. For the most part sub-contractors and delivery partners felt that the frequency of contact was appropriate and in some cases staff from those organisations cited that they felt trusted and were given some freedom to deliver as they saw fit. Partly depending on the particular delivery relationship involved, communications varied in terms of their relative focus on information sharing and guidance, performance monitoring, and general discussions around delivery and any issues arising. Meetings involving all partners delivering a particular contract were less frequent than bilateral contact and were generally oriented more around relationship building, sharing practice, and addressing any partnership wide issues that arose.

The main exceptions to the general picture of positive working relationships between prime/lead providers and sub-contractors, and among delivery partners as a whole, concerned forms of provision that had faced particular implementation or performance challenges. In some instances the cash-flow issues prevalent in respect of the DWP ‘families’ provision, described in detail in Section 3.4.2, were reported as having led to some tensions between prime and sub-contractors. Relationships between LAs acting as referral partners in respect of this provision and those delivering it were also noted as having been challenging in some cases. Interestingly, however, even in the context of difficult performance issues, in many cases the relationships involved in delivery of this provision were reported as having remained good. Equally, where issues had arisen these had been addressed and resolved in many, if not all, cases.

Similarly, in other contexts where performance had become an issue this had affected prime/lead provider and delivery partner relationships. There were differences, however, in the extent to which these had been resolved or were continuing. In part, this appeared to relate to the degree to which the prime/lead contractor was perceived as acting in a reasonable and supportive way, and was willing to work with delivery partners to address difficulties. Finally, in one instance where delivery partners worked closely together under a prime contractor issues had arisen between the delivery partners themselves. In this case, the role of the prime contractor in mediating between the partners had proved important in these issues being addressed and resolved.

Partly as a reflection of the widespread feeling that prime/lead provider – delivery partner relationships were functioning well across the provision reviewed, there were no real suggestions for improvement offered. In those instances where issues were reported, these were generally linked to inherent or wider problems in the provision itself which needed addressing or improving rather than the relationships per se. Equally, in other instances problems were generally reported as having been resolved, in the process of being addressed, or as not being overly significant.

4.7 Delivery relationships – engagement and partnership mechanisms

In most cases across the provision reviewed, steering or operational management groups involving relevant delivery and referral partners had been established. While the specific roles and remits

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of such groups varied, where they were in place they were generally reported as working well and acting as an important supporting structure for delivery. Interestingly, even where there had been significant issues in the implementation and/or delivery of provision, relationships between partners involved in such groups and the groups themselves were generally seen as positive and useful. The utility of such partnership and co-ordination arrangements was particularly noted in respect of activity such as DWP's 'families' provision and activity aimed at supporting NEET young people which depend on wider partnerships and referral networks to operate.

While CFOs themselves were generally not involved in such partnerships, there were some notable exceptions. In one example, as part of one of the NOMS case studies undertaken, quarterly provider engagement meetings are being held which bring together all organisations involved in the delivery chain along with input from the NOMS liaison team for the region. Feedback on this from those attending was reported as having been positive, particularly in the sense of the meeting providing a useful forum to identify common problems and gain feedback on delivery issues directly from NOMS. Equally, in the context of some of the Skills Funding Agency NEET provision a steering group had been established at the regional level to oversee provision and hold all prime contractors to account. This was again cited as a useful mechanism, particularly in terms of enabling input from the Education Funding Agency which acts as the policy lead for the provision alongside the Skills Funding Agency as the CFO.

In the main, however, while delivery partnership arrangements involving CFOs were reported as being common in the past, the role of CFOs in this sense was often cited as having changed to a more distant one focused principally on performance management. This was generally linked to the (regional/local) capacity of national CFOs and the related issues perceived as stemming from this as discussed above. As in respect of CFO – prime/lead provider relationships, these changes were generally seen as being unfortunate to the extent that providers felt that a lessening of support and interaction had resulted. Such a view was shared by some CFO representatives in some cases, though it was noted that pressure on resources and restructuring meant that such developments were often unavoidable. In line with these issues, the main suggestions for improving engagement and partnership mechanisms related not to any ideas for changes to the operation of partnerships but rather expanding membership where possible and appropriate to secure more CFO input.

4.8 Summary of findings

The general perception of how well provision had been implemented and was functioning varied across national co-financed provision. The NOMS and Skills Funding Agency activity was largely viewed as working well and meeting objectives. DWP commissioned provision was at an early stage and was dealing with a number of implementation challenges. In respect of voluntary entrants onto the Work Programme, the low numbers coming onto the programme was the key issue. Implementation of the 'families' provision was affected by engagement issues along with providers finding it difficult to meet contractual outputs. As a result both the 'families' provision and the use of ESF to support voluntary entrants onto the Work Programme were widely perceived as yet to meet their strategic aims and objectives.

In the majority of cases the overall implementation and functioning of local CFO and non co-financed delivery was reported to be going well. In many cases this was related to the fact that provision in the second half of the programme was broadly similar to that in the first. As such the experience built up in situations where providers had delivered across both halves of the programme was seen as contributing to effective implementation. Such experience and a maturing of delivery partnerships over time were also cited as key factors in the effective functioning of the NOMS and Skills Funding Agency provision reviewed, as was close collaborative working between delivery partners.

The effective implementation of delivery was often linked to the fact that relationships between CFOs and prime/lead providers were widely viewed as functioning effectively. In a number of instances these relationships were described in very positive terms. They appeared strongest where there was regular communication, expectations were clearly set out, and where there was some flexibility in delivery enabled by the CFO. Issues raised where CFO – provider relationships were perceived as less effective varied. A minority of providers felt that CFOs could appear remote and that support and guidance could be intermittent, difficult to access or take time to be received. Suggestions on how to improve these relationships included enhancing the capacity of CFOs to respond quicker and increasing the local dimension of CFO management processes where possible.

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

The degree to which smaller providers had been engaged in providing activity was also examined. While the scale and nature of involvement varied, smaller organisations were frequently involved in delivery and were often viewed as playing an important role. Often such organisations had been engaged in delivery to serve particular localities. In other instances they were delivering specialist services as part of overall delivery approaches. In the main, the engagement of (often voluntary sector) organisations such as these was viewed as bringing distinct advantages based on their experience, specialisms, local knowledge, and recognition among target groups that the provision sought to support.

5 Implementation of provision 2: engagement, referrals and meeting needs

5.1 Introduction

This chapter continues the examination of the implementation of Priority 1 and 4 provision with a particular focus on engagement and referral processes along with considering how, and to what extent, the provision reviewed is seen as meeting needs. It first examines the overall functioning of engagement and referral mechanisms and how they might be improved, along with reviewing any issues cited around the appropriateness of referrals being made. Issues relating to the engagement of particular Operational Programme (OP) ‘target groups’¹⁵, with a particular focus on female participation, are then considered. The chapter then assesses the degree to which provision is seen as meeting needs; specifically the needs of local communities and of individual European Social Fund (ESF) participants. A conclusion is then offered summarising the key findings from the preceding analysis.

5.2 Overall functioning of engagement and referral mechanisms – national CFOs

Taking the national Co-financing Organisation (CFO) provision reviewed as a whole, in most instances engagement of participants and referral mechanisms, whether onto provision or between organisations involved in delivery, were reported as functioning well. However, in respect of particular types of provision reviewed, notably that being managed by the Department for Work and Pensions (DWP), there were notable issues in respect of engagement and referrals. These principally related to lower than anticipated numbers being referred onto provision and some concerns around the referral routes and mechanisms established for this purpose. These issues are considered in detail below, prior to focusing on engagement and referral issues in respect of the Skills Funding Agency and National Offender Management Service (NOMS) provision reviewed.

5.2.1 DWP co-financed provision

The most significant engagement and referral issues and challenges arising across the national CFO provision reviewed related to DWP’s ‘families’ provision, along with the use of ESF to support voluntary entry onto the Work Programme by Incapacity Benefit (IB) and Income Support (IS) claimants. In the case of the latter, several explanatory factors for the lower than anticipated numbers being referred onto the programme were offered. While some of these were specifically raised by the provider staff interviewed, they were also often acknowledged by CFO representatives. The main factors cited were:

¹⁵ These ‘target groups’ are specified in the OP and cover, in addition to the overall focus on the economically inactive and unemployed, NEET young people or those at risk of being NEET, participants with disabilities or health conditions, participants who are lone parents, participants from ethnic minorities, participants aged fifty or over, and female participants.

- The limited resources available to undertake outreach to engage the IB and IS claimant groups which, as some provider representatives noted, had been required for success in previous programmes targeting those on ‘inactive’ benefits.¹⁶
- The perceived lack of focus by DWP on the performance of the ESF aspect of providers’ Work Programme contracts relative to performance concerning other Work Programme ‘groups’, such as Jobseeker’s Allowance (JSA) claimants.¹⁷
- Provider perceptions that, in the context of limited resources and other Work Programme ‘groups’ attracting similar outcome payments, it made sense to focus their efforts elsewhere.
- The natural shrinkage occurring in the pool of available IB/IS claimants caused by migration over time onto other benefits, notably JSA and the Employment and Support Allowance (ESA).
- Concerns among potential participants around the requirements that would be placed on them as a result of voluntarily engaging with the Work Programme, with these acting as a disincentive to participation.

In particular, it appeared that the structure of payments attached to the IB and IS groups in Work Programme contracts, allied to a perceived lack of significance attached to this aspect of performance, led to a situation of IB and IS voluntary Work Programme entrants being, as one interviewee put it, *‘simply not treated as a priority’*. Some CFO and provider interviewees felt that low engagement numbers might be addressed by looking again at the incentive structure in the contracts, allied to a greater focus on performance in this area. However, others felt that there was little that might be done to have a significant effect. From this perspective using ESF, as one provider representative put it, *‘as just an afterthought, an add-on’* to the Work Programme was seen as being somewhat flawed. This was cited particularly in the context of shrinking numbers of IB and IS claimants.

In a related way, issues around the functioning of engagement and referral mechanisms within the ‘families’ provision were connected by several interviewees to the overall design of the initiative. In particular, the role of LAs as the key referral route onto provision was cited as contributing to a much lower than anticipated on-flow of participants. A range of common explanatory factors were offered for these lower than expected engagement numbers. These tended to include:

- Variations in the level of understanding of the programme among LA staff.
- Issues of trust in the provision leading to a reluctance to refer (given that in many cases LA staff had no prior experience of working with those delivering provision).
- Some confusion between the ESF provision and the ‘Troubled Families’ programme run by the Department for Communities and Local Government (DCLG), leading to uncertainty over which clients are suitable for, and should be referred to, which provision.
- An in-built incentive to focus on the ‘Troubled Families’ programme stemming from a greater financial interest for LAs in this compared to the ESF provision.
- (Particularly from the provider perspective) a lack of leverage to encourage more referrals from LAs given the lack of contractual requirements around this and limited financial incentive to support it.

¹⁶ In particular, the Pathways to Work and New Deal for Lone Parents programmes were raised in this context.

¹⁷ The ESF support for voluntary Work Programme entrants was added to the contracts of those prime contractors delivering the wider Work Programme provision. As part of these contracts providers receive differential payments for supporting particular Work Programme ‘groups’ (e.g. JSA claimants) into work.

- (In some contexts) a feeling that the ESF provision did not have the support of senior LA staff leading to a lack of drive and leadership in promoting it to staff likely to be making referrals.

The above factors were acknowledged to an extent by LA staff. However, there was a tendency to feel that the confusion between the ESF provision and the 'Troubled Families' programme was the key issue, rather than any broader reluctance to support the ESF provision. It was also noted that the approach being taken, being new and relatively untested, would take time to bed-in and for the trust that some cited as an issue to be built. A number of interviewees also made the point that the provision was being implemented at a stage when many LAs were undergoing significant re-structuring in the context of resource constraints, leading to redundancies and functions being transferred between different departments. It was noted that this had provided a challenging backdrop to implementation which had made issues such as relationship development more difficult.

These latter points were also often acknowledged by provider representatives and were linked to another issue seen as affecting referrals – that of the difficulties of relationship building in a context where prime contractors have to engage with a range of LAs within their contract package area. In turn this was linked to the fact that different LAs have different structures and operating procedures, hence further complicating matters. Finally, and partly as a result of this factor, it was noted that different LAs have situated responsibility for co-ordinating referrals in different Directorates. Therefore, in some cases referrals were being co-ordinated by staff in the Children's and Families Directorate or equivalent, while in others by staff from Regeneration Directorates or equivalents were responsible.

A further issue raised mainly though not exclusively by provider representatives concerned the actual process initially put in place around referrals. Delays caused by the process of checking and confirming eligibility between the initial identification of a potential participant on the part of LA staff, and the provider being able to arrange a first meeting with them, were widely cited as problematic. This was perceived to have caused a higher drop-out rate during this process than might otherwise have been the case. The voluntary nature of the programme and the nature of the client group it seeks to support were also raised as reasons why streamlining this aspect of the process had become a priority. As one prime contractor member of staff noted:

'We identified early on ... a real need for more of a 'warm handover'. By the time we were getting in touch to arrange a meeting they [potential participants] had gone cold. They've got lots going on in their lives and things change day-to-day ... you just can't afford to be leaving it that long.'

Some of the above factors had varying effects on the two areas of 'families' provision reviewed for reasons specific to differences between them. In the context of Priority 1 provision the prime contractor concerned was required to build referral relationships with multiple LAs while in the Priority 4 context there was only one. In addition, partly as a result of greater resources being available in the latter context along with greater flexibility, the Priority 4 provision was able to utilise a referral hub jointly run by key partner organisations as part of the referral approach. Therefore, while the difficulties occasioned by lower than expected LA referrals were still seen as a significant challenge in Cornwall, the overall effect of the referral issues discussed was ameliorated to some extent.

In terms of how the above issues could be addressed and engagement and referral rates improved, at the time of the research a number of measures had recently been implemented while others were planned. The issue of potential participants dropping out between being initially referred and fully engaged had already been addressed in some of the delivery contexts reviewed. This involved the institution of more of a 'warm handover' between LAs and providers. One instance where this was cited as having a positive effect involved staff from the LA calling the provider while the participant was still present (after the programme had been introduced to them) to fix an initial

appointment. Eligibility was then being confirmed in the interim. Similar variations of this approach were being used to apparently good effect elsewhere also, with the significant aspect being, in the words of one prime contractor manager, *'the chance to strike while the iron's hot'*.

Other means of addressing the issue of referral numbers that had been tried included the provision of lists of potential participants from Jobcentre Plus to providers. This was generally perceived to have worked less well. While some referrals had resulted, in most instances provider managers and delivery staff reported that the 'cold calling' inherent in this approach was not particularly effective in engagement terms. There had also been some temporary relaxations of the requirement for only LAs to refer by enabling, for example, providers to market the provision and signpost people interested via the LA referral route. While this was seen as having some success, it was also felt to have had unintended consequences. In particular, it was perceived as having led to a reduction in LA referrals through the original route, given that that as the provider was now identifying and engaging participants some LA staff assumed there was less need to focus on this.

This latter point may have implications for the changes in the provision that were being brought in around the time of the fieldwork – namely the decision to enable providers to recruit directly. While this was broadly welcomed by provider staff and others interviewed elsewhere in the delivery chain, some notes of caution were raised. These included the potential for this to have unintended consequences of the type noted above, the perception that it might have risks for providers in terms of the potential to identify and recruit ineligible participants, and linked to this the potential to cause a drift away from the initial policy intent of supporting families facing multiple problems. Accepting this, in the main interviewees felt that this change was one of the main things required to address some of the issues discussed and that it did have the potential to be beneficial.

One further way suggested to address the issue of low referrals was the need for more positive publicity material around the programme, aimed not only at potential participants but also at organisations involved in referrals. This was seen as being potentially beneficial in addressing issues around understanding of the programme and in terms of enhancing trust among those referring, particularly if 'good news' stories of successful impacts could be used. As one of the referral partners noted, *'...if we can get good news stories out there it will demonstrate the depth and width [of the support available].'* In some contexts it was evident that such approaches were already happening or were planned.

5.2.2 NOMS co-financed provision

Overall, engagement and referral was reported to be working well in respect of the NOMS provision reviewed. Engagement of those from the secure estate generally involved use of a variety of mechanisms including referral through Counselling, Assessment, Referral, Advice and Throughcare (CARAT) and chaplaincy services, self referral by prisoners who had seen publicity material or talked to others, and in some cases delivery partner agencies approaching those on release lists. For the most part this was seen as working well, although some difficulties were reported around transitions once prisoners were released (particularly when returning to a different area) and the particular effects of working within a custodial context. For example, the tendency for inmates to be moved between prisons and to lose privileges, hence not being referred when expected, were reported as issues. This latter aspect was seen as a particular challenge given the timing of 'course based' support. As one sub-contractor representative noted:

'In terms of things that aren't working so well, it would really just be in terms of ... making sure that people start at the beginning and don't come on at different stages ... due to the increased intensity [of the programme] moving forward.'

In general, such issues were viewed as either being relatively minor or unavoidable due to the context in which delivery took place. As such, no particular suggestions were made for changing or improving referral mechanisms in this context.

Those who had been recently released on probation orders and those serving community sentences were referred by probation teams. In these cases no engagement or referral issues were noted. Indeed, the place of probation trusts within delivery partnerships was cited as one reason that engagement and referral processes for those outside the secure estate worked well. This was related to the staff involved in referrals having a good understanding of the programme and the processes connected to it. More broadly, the nature of the delivery partnerships overall was cited as a key factor in the effective functioning of engagement and referral mechanisms. In particular, it was noted that partners have developed wide linkages and good working relationships with each other over time. As a result there was strong collaborative working ethos in the provision reviewed which was widely cited as helping effective referrals.

5.2.3 Skills Funding Agency co-financed provision

Engagement and referral processes in respect of the Skills Funding Agency provision reviewed were widely noted as functioning effectively. In terms of the NEET provision examined, in some cases delivery partners reported finding it more difficult to meet engagement targets than had been the case in the past. As noted elsewhere in this report a combination of factors were felt to be affecting this, such as changes in key referral organisations and the need to build up more developed outreach approaches. Overall, however, with some exceptions in the case of particular delivery partners, engagement issues were not seen as being overly significant. In other provision being delivered to adults, any issues raised were seen as minor with referral mechanisms generally noted as functioning well after having faced some initial issues.

In cases where referrals had not worked as well as hoped at the outset of delivery, referral mechanisms and processes were noted as having developed over time with any minor issues that arose being addressed. One example was that, in situations where training was required to gain sector accreditation for particular jobs, initially Jobcentre Plus staff were referring people to the National Careers Service (NCS) to then be referred onto provision. Once this was identified as being unnecessary and adding an extra step into the process, the situation was addressed and referrals were subsequently made directly.

While not seen as a major concern, in another instance some variation in the numbers being referred from Jobcentre Plus and the NCS over time was commented on by providers. This was viewed as relating to the extent to which advisers were reminded of ESF as a possible referral route and more natural ebbs and flows in identifying potential participants. Finally, in another particular instance issues were raised by a referral partner around the requirement of the lead provider for those being referred for training leading to sector accreditation to have a letter confirming a job offer. This was reported to be leaving people in a 'catch 22' situation in cases where employers were asking for the accreditation before making a job offer.

Generally, however, such issues were seen as minor and not detracting from the overall effective functioning of engagement and referrals. In line with this no suggestions were made for improving engagement and referrals beyond on-going honing of the processes involved to ensure continuous improvement. This was seen as being what providers would do anyway as part of a commitment to making the provision involved work well. Similarly, in respect of the engagement issues on the NEET provision, a focus on this on the part of the providers affected was reported as having led to gradual improvements in numbers coming onto provision. Continuation and further development of these efforts, including enhanced outreach working, were viewed as being required rather than any particular changes to referral mechanisms.

5.3 Overall functioning of engagement and referral routes – local CFOs and non co-financed provision

In general, engagement and referral mechanisms in respect of the local CFO and non co-financed provision reviewed were working effectively. Several factors were advanced as contributing to this. These included consistency of provision and experience developed over time, deploying dedicated engagement and referral co-ordinators as part of wider teams, extensive partnership working and promotion of services to possible referral partners, and a focus on developing appropriate outreach mechanisms where required. Issues raised tended to be relatively minor and were reported as having been, or in the process of being, addressed. In one case there had been difficulties in ensuring a flow of referrals from a particular set of organisations expected to refer more people, while in another engaging NEET young people in the numbers hoped for had been a challenge.

In the case of some of the provision reviewed, a flexible and outreach-based approach to engagement was noted as working well in particular. A community presence through dedicated shop-fronts, along with services based in locations such as libraries and community centres, was reported as effective in engaging individuals who might otherwise be disconnected from mainstream support services. Where used, dedicated referral co-ordinators were seen as enabling the sort of relationship building with referral partners required to ensure good flows onto provision. The advantage of such dedicated roles in terms of addressing any issues or concerns as they arose was also commented on. Connected to this, the building of relationships over time was noted by some of the local CFOs as an advantage to their approach of seeking to maintain consistency in provision.

The only difficulties or issues reported in the local CFO provision related to lower than anticipated numbers coming onto provision in some contexts. In one case, while overall engagement was going well, one particular anticipated route was yet to work effectively. This related to changes in staffing in the potential referral organisations concerned, allied to difficulties in identifying the appropriate person in different locations to promote referrals. In another instance engagement of NEET young people was below profile due to similar issues to those discussed in respect of Skills Funding Agency provision. The oversupply of provision in the locality concerned was also referenced as a concern that needed to be looked at again in future. Other than this aspect, in those situations where engagement issues were reported, they were generally seen as being possible to address relatively easily. As such, no real suggestions for changes or improvements to engagement and referral mechanisms were offered.

5.4 The appropriateness of referrals onto provision

In the main those delivering provision reported that there were no major issues in respect of inappropriate referrals from partner organisations. The criteria for referral onto the programme were generally reported as being well understood among those involved in making referrals. Similarly, in the different contexts reviewed the nature of provision available and its suitability for particular participants was generally well understood. It was also commonly noted that delivery partners involved in making referrals had developed a good level of understanding of provision over time. These aspects were seen as contributing to most people being referred onto provision being eligible for it and being suited to the activity concerned.

One partial exception raised to this concerned DWP's 'families' provision. There was some variation in views on this issue, and in some areas visited referrals were felt to be appropriate. However, in some instances sub-contractors in particular felt that those referred were not suitable in light of the support on offer. As one sub-contractor manager involved in delivery noted:

'There was a disconnect between the types of clients we were sent and what the programme was trying to achieve. They [the clients] had a very extensive level of need that didn't relate to the progress measures and activity [aimed at helping them]. The majority of clients we were sent had needs way above that.'

The only other similar issue raised was in relation to the NOMS provision. In this instance Work Programme providers had initially been referring anyone with a criminal record to the provision, whereas the eligibility criteria were tighter than this (due to the provision being designed for those in the secure estate and those in the community but serving community sentences or recently having been released). In this case, however, as with the DWP provision such issues were reported as having been addressed over time. In both instances the perception of providers was that referrals had subsequently become more attuned to the nature of the provision, what it sought to achieve, and what was on offer.

5.5 The engagement of particular ESF target groups

Perceptions of the degree to which there were difficulties in engaging particular ESF target groups as defined in the OP varied. In some instances both CFO and provider representatives felt that there had been no particular issues in engaging different groups. However, in other cases difficulties were acknowledged. In the main this issue was seen as significant in relation to female participation, the participation of those from ethnic minorities and, to a lesser degree, lone parents. Engagement difficulties were often seen as relating to a number of interconnected factors. Commonly those cited included:

- The particular nature of the wider groups that specific provision sought to engage.
- Local contextual and demographic factors including labour market conditions.
- Patterns of those claiming benefits and hence being signposted to ESF provision.

Specific explanations for the difficulty engaging as many women as men onto the programme therefore included:

- Relatively higher levels of men claiming JSA compared to women with this claimant group being a key source of referrals.
- Conversely, the fact that some 'hard to reach' groups which had less contact with potential referral routes onto ESF were mainly female (particularly IS lone parent claimants but also among the economically inactive population more widely).
- There being less women than men among the particular target groups for specific sets of ESF provision (for example, in respect of the NOMS provision reviewed given differential rates of male and female offending).

Explanations around levels of ethnic minority participation in the programme varied between scenarios where this was seen as a genuine issue, through to those where the perception was that targets for participation were the issue rather than any engagement difficulties per se. In the case of the latter both providers and CFO representatives felt that the demographic make up of their area was the cause of lower than profiled achievement, even where these profiles had been adjusted to take account of local contexts. In other cases provider representatives noted that the particular ethnic minority groups in their delivery area had proved historically difficult to engage. Cultural reasons were commonly cited in respect of this.

While discussions tended to relate primarily to female participation or to participants from ethnic minorities, in a few cases issues were noted in respect of other target groups. In a small number of instances CFO representatives noted that there may be under-reporting of disabilities among those supported by ESF projects. As a result the impression may be given that the programme is engaging fewer individuals with disabilities than is the case in reality due to MI limitations in this area. A similar point was also made by CFO and provider representatives in respect of those with basic skills needs, with vagaries in the way these figures are reported and recorded leading to a level of under-reporting.

In cases where the projects visited were targeting particular sub-groups, be it NEET young people or offenders, their activity was by definition designed to engage and support these particular groups. However, in respect of NEET young people, as noted there have been issues for some projects in engaging this group as outlined in Section 5.2. This principally related to changes in key referral routes such as Connexions services having an impact and some providers struggling to implement effective outreach approaches in response. Given the nature of referral routes onto the NOMS provision for offenders, there were no equivalent issues around engagement reported.

The degree to which stakeholders felt that there was a need to address some of the above engagement issues varied, as did the extent to which any specific activity had already been put in place in response to them. In those situations where provision was targeting a wider population with the ESF 'target groups' forming a sub-set of this, on the whole those providers visited did not report adopting any particular approaches to targeting or engagement. In many cases this was seen as relating to the fact that engagement of particular groups such as women or ethnic minorities had not been a particular issue. In others there seemed to be a perception that meeting the participation targets for particular groups was more a matter for CFOs. It was also often noted that no specific guidance had been issued that would lead to a particular focus on certain groups.

Equally, in instances where under-representation of, for example, women was recognised as an issue, the providers concerned noted that no specific activity had been taken in response to this. This was seen as primarily relating to the fact that boosting numbers of particular 'target groups' did not appear to those providers to be the main aspect of delivery they were being monitored on. In contrast, total engagements and performance in terms of conversion into positive outcomes were seen as the main focus of CFO management of delivery, with one provider representative noting that this was reflected in the structure of outcome incentives and payments for the contract concerned.

Given this context, there was a tendency for both representatives of CFOs and providers to offer few specific views on potential activity to enhance representation of particular target groups. In addition, those interviewed often argued that the focus of broader ESF provision in particular should not be driven by seeking to engage particular target groups, but rather should aim to support all individuals with a labour market disadvantage regardless of the group they are from.

5.6 Responding to and meeting needs

5.6.1 Responding to and meeting local needs

Across the provision reviewed the overall perspective of the majority of interviewees was that activities were generally effective in reflecting and responding to local needs. There was a feeling among a minority of CFO, provider and referral partner representatives that there had been a move towards more nationally driven and focused ESF activity over the course of the current programme. From this viewpoint provision was regarded as having become less tailored to local circumstances than was the case in the past. More often, however, the provision reviewed was seen as being in tune with local needs. In addition, a number of interviewees noted that in many cases local and

national needs could be viewed as synonymous. From this perspective the requirement for ESF to form part of the response to the challenging economic climate was true locally as it was nationally.

In those cases where perspectives on the degree to which provision reflected local needs were less positive, stakeholders often cited that a move to larger contract areas was making it more difficult to ensure specifically local responsiveness. Different arguments were raised in respect of this. In some cases the lack of local presence or understanding of the prime/lead contractor was referenced. In others the issue was seen as being related more to the implementation of a single overarching (national) design of activity. From this perspective such an approach was viewed as inevitably less responsive to local contexts. However, even on this latter point views varied. Some interviewees across the different groups consulted noted that the issues national provision sought to address were often common across areas, and that some flexibility in local delivery remained possible.¹⁸

There was also some variation around the specific question of whether the provision on offer was actually meeting local needs. Where perspectives on this were more negative this was generally connected to the delivery issues facing some of the provision reviewed as discussed in preceding sections. Therefore, for example, the DWP ‘families’ provision was widely seen as an approach that certainly reflected local needs, and had significant potential to address these in a positive way, but at the time of the research the engagement issues discussed were lessening its overall effect. Likewise, the low referral numbers connected to DWP’s use of ESF to support voluntary work programme entrants were viewed in a similar light. In the majority of other cases, however, the general perception was that the provision did meet local needs to a significant extent.

Specific examples of the way in which provision was being tailored to local needs, hence (in the view of those consulted) enhancing its effectiveness in meeting them included:

- Bringing in new delivery partners over time to widen the scope of support that could be offered in response to locally identified needs.
- Utilising smaller, community based organisations as part of wider delivery structures to meet the needs of particular areas.
- Introducing flexibilities into delivery such as the locations at which support was offered.
- Recruiting staff from specific communities who were felt to have particular insights into the issues facing people in those areas.

Certain broader approaches to meeting local needs were also cited by CFO and provider representatives as representing effective practice. These included the approach taken in respect of some national CFO provision wherein the prime or lead contractor was given as a core responsibility the mapping of available provision to identify any gaps. In line with this, some prime/lead providers cited that they had specifically sought to identify organisations with local knowledge, experience and reputations as delivery partners in the first instance to ensure effective coverage and delivery prior to considering other options. This was felt to have helped ensure that, while contracts and the areas they covered were large, ESF participants were able to benefit from specific local knowledge and understanding in the provision received. As one prime contractor manager outlined:

‘The local aspect of it is what we concentrated on when we tried to set up the model ... When it came to who we looked to engage we went back to the area to identify which providers were local, who worked well, who has a reputation, who has the context, who might the participants already know and have some contact with and trust.’

¹⁸ While not directly in the scope of the evaluation due to its timing, it should be noted that the latest round of ESF procurement undertaken by the Skills Funding Agency involved consultation with Local Enterprise Partnerships (LEPs) to develop specifications reflective of local needs.

In respect of one of the NOMS contracts reviewed the wide demographic variance in the overall contract delivery area had led to a particular focus on ensuring that provision was responsive to the different needs of different areas. As part of this the prime contractor concerned works closely with delivery partners in particular areas to develop approaches that work best with their cohort of offenders. As a staff member from the provider concerned commented:

‘With any ... client group ... we look at something unique ... What works in Birmingham will not work in Warwickshire, what works in Herefordshire will not work in Stoke-on-Trent. The demographic is so different ... It’s a difficult area, you have rural aspects then you have full on inner city issues in Birmingham and the Black Country ... It pretty much comes down to specifically delivering to the demographic in each specific area.’

On the part of smaller local CFOs and in respect of the non co-financed provision reviewed related points were made in terms of the ability to address local needs, though with more emphasis on the distinctive advantages smaller and more localised approaches could bring. While it was acknowledged that the approach of national CFOs could equally be effective in this sense, the view of a number of representatives in these contexts was that being smaller offered enhanced scope for flexible and tailored responses. Examples provided in respect of this added flexibility and the advantages it brought in terms of meeting needs included:

- The ability to respond more flexibly to changes in local labour market conditions and to tailor support accordingly.
- The advantages of using the local intelligence held by CFOs and delivery organisations to develop and deliver activity in tune with specifically local needs.
- The ability to deliver smaller and more tailored contracts resulting in more targeted interventions aimed at particular local issues at different times.
- The direct understanding held by CFOs and the organisation delivering non co-financed activity of local providers and potentially complementary local provision, with this facilitating an overall local approach that could link in ESF provision with the wider employment and skills approach being taken in the area.

In terms of the non co-financed provision examined, for example, those managing the delivery felt that this particular approach enabled more flexibility in determining how to utilise the available funding compared to national level co-financing. This was seen as facilitating an approach that could be more responsive to particular local contexts and needs in two main ways. First, such funding was viewed as enabling the flexible delivery of elements such as short non-accredited training required for particular jobs or sectors. Second, the focus and nature of delivery activity was viewed as being particularly amenable to adjustment in response to changing external factors.

A similar theme was also reflected by representatives of one of the local CFOs engaged in the research where small ‘packages’ of funding were used to address particular local issues. Again, this approach of funding specific local projects in different areas was seen as enhancing ESF’s flexibility and responsiveness to local needs. Importantly, however, in both these instances the place of larger national co-financed programmes of provision and the benefits of co-financing at this level were also recognised. The main point was that more local and smaller pots of funding could act as a useful adjunct to such larger programmes.

In summary, the case studies undertaken for the evaluation provided a range of evidence as to how provision was being tailored to local needs and how it was perceived as meeting them. This was the case in respect of much of the national CFO provision reviewed along with the local CFO provision and non co-financed provision considered. The main exceptions to this related to elements

of Priority 1 and 4 provision that were considered to be functioning less than fully effectively at the time of the research. Even in these instances, however, the provision concerned was seen as having the potential to meet local needs but was yet to do so.

5.6.2 Responding to and meeting the needs of participants

Across the provision reviewed there was good evidence as to the significant extent to which provision is being effectively tailored to the needs of participants. As might be expected, this was often clearest in respect of activity targeted at particular groups such as NEET young people or offenders. However, it was also evident more widely in terms of elements of provision being specifically tailored to the needs of sub-sets of the overall populations supported.

There were also significant indications that the provision was having success in actually meeting the needs of individual participants. This can be seen in those instances where it was possible to engage participants as part of the research, in addition to cases where the widespread view of the range of stakeholders consulted was that the activity involved was having significant beneficial impacts. Given the qualitative and to some extent 'snapshot' nature of the evaluation, however, these indications can only give an impression of the degree of success in this area. Other ESF evaluation activity, including the cohort studies being undertaken as part of the wider suite of research referenced in the introduction to this report, also need to be considered in this context.

In terms of approaches to addressing and meeting needs, all the provision reviewed adopted forms of action planning based on initial individual assessments of participants' circumstances, support needs, and ambitions in terms of entering or progressing towards employment. While there was some variation in the particular approaches and mechanisms used, they were all oriented around common core elements such as those noted. In many cases providers reported that the initial engagement, assessment and action planning phase of activity could be extensive and that this aspect of delivery was generally undertaken according to the level of need or requirement for it. This was consistently cited as a key element of delivery and was seen as crucial in ensuring that what some referred to as the 'client journey' began from a solid base.

Examples of the way in which ESF is tailored towards meeting the needs of individuals from particular groups were also offered. In some instances this related to the perception that ESF was filling gaps in the support available through mainstream provision. While it was the case that there was a mainstream 'offer' for such groups, this was seen as not being particularly tailored or suited to the groups in question. One example here involved provision managed by a local CFO focused on providing employability support to learners with learning difficulties and disabilities (LLDD). While it was recognised that Work Choices and the Work Programme offered elements of the support required, and wider LLDD provision helped with training and skills development, ESF was seen as important in offering specific *employability* focused support which could be delivered in a way suited to the clients involved. As one of the CFO representatives noted in this context:

'For the people with learning disabilities who have gone through college courses or are ready to move on from day services, it means that there's a service there now to refer to whereas before they were reliant pretty much on [mainstream] Jobcentre Plus services.'

There were also some notable examples of activity and its delivery being tailored to the needs of particular sub-sets of wider groups being supported. Some of the NOMS provision fell into this category. In addition to tailoring the support available to the particular needs of offenders, the construction of delivery partnerships had been undertaken with the need to meet particular needs in mind. In one instance, for example, a delivery partner was engaged to provide specific and tailored support to female offenders, including mentoring and one-to-one training and job preparation support. Within the provision concerned, the need to provide outreach support to women with caring responsibilities has also led to arrangements being made to meet participants in women's and Sure Start centres, hence bringing the provision to participants.

In most cases the approach to individual action planning and support, combined with the range of activity on offer, was felt to contribute to the ability of providers to actually *meet* the needs of most participants. Indeed, a number of provider and CFO representatives cited that an individual focus and flexible support offer were what characterised ESF provision and enabled it to meet needs in particular and unique ways. This theme is discussed further in the following chapter in respect of added value. More broadly, the general perspective was that provision was meeting the needs of individual participants to a significant extent. In line with this there were relatively few situations where interviewees felt that provision needed to change significantly to better reflect or meet needs.

It should be noted, however, that such views were not universal or were at least qualified in some instances. In a minority of cases provision in the second half of the current programme was viewed as being less flexible or wide-ranging than it was in the first half, or in previous programmes. This was raised in a couple of contexts relating to Skills Funding Agency and DWP provision and was viewed as compromising the degree to which individual needs could be met. From this perspective, greater flexibility of provision and/or a wider range of activities were cited as potential improvements.

More specifically, in the case of DWP's 'families' provision the issues discussed earlier in the report relating to cash flow and the funding restrictions resulting were viewed by some as having affected the range and flexibility of provision on offer¹⁹. However, as also discussed earlier, in other instances stakeholders felt that where participants had been engaged on the provision it offered a range of tailored support that was seen as working well and meeting their needs. In respect of the Skills Funding Agency provision, in one or two cases provider representatives felt that restrictions on the type or number of qualifications or training that could be funded were an issue from this perspective. Again, however, these issues were seen as relatively limited in terms of their negative effects and the provision concerned was seen as meeting needs to a significant extent.

In cases where participants could be interviewed for the evaluation, accepting the caveats noted above around the 'snapshot' nature of this, their perspectives on provision tended to support the impression that it was effective in meeting needs. In most cases participants were extremely positive about their experience and the extent to which it met their expectations. Of those interviewed, only in one case did a participant feel that the support offered had not met their expectations and needs. This related to a perception on their part that the support had been 'over sold' by their careers adviser, and the fact that the specific qualification they expected to do as part of engaging with provision was not available. Even in this case, however, the participant concerned noted that the support received had helped them decide on a particular career and that they now planned to take a course to progress this.

In other cases the benefits of engaging with provision and its positive effects were widely noted. In one instance an interviewee cited that being supported through the provision on offer, in this case through NOMS, had transformed her life and that no-one else had previously worked with her in such a close and extensive way. She reported feeling like she had real opportunities and career prospects following her involvement. In another case, an interviewee similarly noted that the support they had been given was key in changing their pattern of activity, and that they now felt much more confident that they would be able to find work. The participant in question commented:

'It' [the provision] helped with routines, like getting up in the morning, giving me confidence in getting out of the house, I was becoming a recluse ... Now I'm stress free. I was really lacking confidence and self-esteem.'

In other contexts participants cited a range of outcomes and impacts relating to their participation. These included increases in confidence and self esteem, improved job-searching and organisational skills, looking for new or different types of work not previously considered, becoming more sociable

¹⁹ This issue is explored in more detail in Section 3.4.2 above.

and outward looking, taking qualifications, improved language and mathematics skills, and entering work. In the couple of cases where those interviewed had gained employment, or were now engaged in full-time training or education, phrases such as ‘life-changing’, ‘huge’, and ‘amazing’ were used.

5.7 Summary of findings

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

The DWP co-financed provision was a partial exception to the overall positive picture. The initial stage of the ‘families’ provision encountered some engagement difficulties linked to the use of LAs as a key referral route in the absence of adequate contractual levers or other incentives. The difficult context for implementation in terms of LA restructuring and the launch of the DCLG ‘Troubled Families’ programme, perceived as causing some confusion among those referring, were also cited factors. Lower than anticipated engagement of voluntary entrants to the Work Programme funded by ESF was ascribed to a lack of prioritisation given to this as part of the wider delivery of the programme, along with shrinking numbers within the IB and IS claimant groups. Actions were being put in place to adjust and expand engagement and referral routes as a result of these issues, though at the time of the research it was too early to judge their success.

The evaluation also examined the engagement of particular ESF ‘target groups’, particularly in respect of female participation in the programme. A number of interrelated factors were seen as making the engagement of women more difficult in some contexts. These related to the predominance of men among certain benefit claimant groups that ESF participants are commonly drawn from, along with local contextual or demographic factors. In some cases engagement difficulties relating to other ESF target groups, such as ethnic minorities, were also acknowledged. The extent to which specific actions were put in place by CFOs or providers to address such engagement issues varied. In part this related to the argument that the focus of ESF provision should not be overly driven by seeking to engage particular target groups, but rather should aim to support all individuals with a labour market disadvantage.

In terms of addressing needs there was a range of compelling, and often very positive, evidence as to the degree to which provision was being tailored to local needs and how it was perceived as meeting them. The few exceptions to this related to elements of provision that were viewed as functioning less well than anticipated at the time of the research. Even in these instances, however, the provision concerned was seen as having the potential to meet local needs but was yet to fully do so.

A similar picture was evident in respect of provision being tailored to, and meeting the needs of, ESF participants. The use of an extensive needs assessment and action planning phase, allied to the range of provision on offer, was widely seen as representing an effective approach in this area. There was also notable evidence of how provision was being successfully tailored to the needs of particular ESF target groups such as women and offenders. The positive perspectives of the small number of participants interviewed tended to support the impression of individual needs being well catered for and effectively addressed within Priority 1 and 4 provision.

6 Relationship with other provision and added value

6.1 Introduction

This penultimate chapter first considers how effective the provision commissioned by Co-financing Organisation (CFOs) is in linking with and reinforcing other CFO provision in particular areas, including how this might be improved. Linkages to wider provision, including that offered through ‘mainstream’ employment and skills support, are then examined. The chapter then assesses the ‘added value’ occasioned by Priority 1 and 4 provision, prior to concluding by summarising the main findings of the preceding analysis.

6.2 Linkages within ESF provision

CFO representatives offered differing views on how effective provision commissioned by their organisations was in linking with and reinforcing other CFO activity. As noted in chapter two, the discontinuation of most European Social Fund (ESF) Regional Committees was seen as presenting a challenge to effectively co-ordinating provision on a regional and local basis. However, the view that different CFO provision was relatively distinct in the second half of the current programme was also widely discussed, particularly by national CFO representatives. In many cases this led to a feeling that while specific linkages were not necessarily apparent, this was equally not necessarily a major concern. In particular, the potential for duplication owing to a reduction in strategic co-ordination through regional governance structures was noted as being less significant than might have been the case.

More widely held concerns were raised by local CFO representatives, particularly outside London. The decline in regional level co-ordination meant that while, in many cases, such representatives felt that there might be benefits in linking with other provision, they were often unclear as to its nature or operation. Relatively few concrete linkages were made therefore, either in terms of developing referral or progression pathways for participants or more generally in terms of having on-going relationships and dialogue with other (national) CFOs. As noted previously, a perceived decline in the regional or local capacity of national CFOs was also cited as a contributory factor in this. Relative to those involved in the commissioning of national CFO provision, those at the local CFO level more commonly felt that there was a need to address what they saw as missed opportunities to develop linkages between ESF activity.

In the main, suggestions for improvement mirrored those made in respect of strategic partnership working. In particular, there was a common view that re-instituting some form of regional or sub-regional governance structures would be beneficial, particularly if provision in the next programming period revealed a greater potential for overlap than is currently the case. Local CFO representatives also felt that if they were to continue delivery in the next period, or if other local CFOs were engaged, such co-ordination along with further development of bilateral links between CFOs would be required.

6.3 Linkages to wider provision

Although views varied on the degree to which provision linked with and reinforced wider ‘mainstream’ employment and skills activity, in general the overall perspective of stakeholders was positive in this area. Particularly in respect of national CFO provision, both provider and CFO

representatives frequently noted that the ESF provision concerned had specifically been designed to link to and reinforce mainstream activity. As noted below in respect of added value, this linkage and reinforcement was felt to stem from a combination of providing additional or more in-depth complementary support, providing support that would otherwise not be available, and acting as a pathway onto mainstream activity. Similar themes were also noted in respect of the local CFO and non co-financed provision reviewed.

In respect of the Department for Work and Pensions (DWP) commissioned provision the use of ESF to provide access to the Work Programme on the part of Incapacity Benefit (IB) and Income Support (IS) claimants was noted as directly being part of, and hence reinforcing, mainstream provision. However, the limited scale of activity at the time of the research meant that in some instances interviewees felt that the provision was not really reinforcing the Work Programme, even while it had the potential to do so. Related comments were made in respect of the 'families' provision, in that the implementation challenges faced were seen by some as compromising any *reinforcing* effects, even though the provision was seen as having a distinctive 'place' in relation to mainstream activity. The general perception was that this provision was complementary to the mainstream, therefore, but that it could not as yet be said to be effectively *reinforcing* it.

In respect of the other provision reviewed, many perceptions of *strategic* linkages with mainstream programmes were broadly positive although more issues were raised on the *operational* level. In some areas such as London it was felt that the amount of different ESF provision, related activities funded by Boroughs, and mainstream national programmes still caused issues in terms of effectively linking ESF with other provision. This was cited as having caused some operational issues in terms of confusion between provision along with some difficulties around engagement in certain instances. As a response to these issues, it was noted that ESF technical assistance funding is being used to fully map provision as part of the planning process for the next programming period.

A further issue raised more widely across the areas visited concerned the view that eligibility restrictions relating to mainstream employability programmes, particularly the Work Programme, were causing difficulties. A number of instances were cited by provider representatives of situations where individuals they felt would benefit from ESF support had been identified, but were ineligible due to being on the Work Programme. Such interviewees felt that the (in their view) more tailored and wider nature of the ESF support relative to that available through the Work Programme would have been particularly suitable for some of these individuals. Accepting this, it should be borne in mind that ESF must be additional to national programmes, rather than replacing or substituting for them, and in this instance the Work Programme takes priority as a result.

Likewise, there was a perception among some providers that people who were engaged on ESF provision and had then been mandated onto the Work Programme had to leave ESF provision. While some representatives were aware of the potential for Work Programme participants to continue to benefit from ESF support²⁰, the route to this was often seen as unclear or was felt to be unlikely to be viable. This latter aspect was seen to result from the perceived practical difficulties for participants in continuing to benefit from ESF support while taking part in mandatory Work Programme activity. Linked to this, it was also noted by some provider representatives that the fact that mandatory Work Programme activity took precedence over ESF activity further brought the viability of simultaneously accessing both forms of support into question.

²⁰ Individuals receiving ESF support who reach a mandatory referral point for entry to the Work Programme may be able to benefit from both simultaneously but their Action Plan must demonstrate how the ESF support being received would be additional to that accessed through the Work Programme.

For a number of provider managers and delivery staff interviewed this aspect of the Work Programme, as one interviewee noted, ‘...cutting across...’ ESF provision was cited as having consequences for both individuals and their organisations. As noted, a widely held perception was that this was preventing individuals from accessing support that might be more suited to them. At the level of organisations delivering provision, it was noted that people being mandated onto the Work Programme and leaving ESF resulted in cases where significant support had been provided to participants without the provider concerned being able to claim any outcome payments. This view was particularly, though not exclusively, prevalent among those involved in delivering DWP’s ‘families’ provision.

6.4 The added value of Priority 1 and 4 provision

Perspectives on the added value occasioned by Priority 1 and 4 provision were very positive in many instances. Even where it was felt that significant added value was yet to be achieved, the potential to do so was generally viewed as clear. Across the provision reviewed, added value was felt to be apparent in a number of interrelated ways. These tended to revolve around the role of provision in boosting or adding volume to mainstream activity, complementing the mainstream through offering different forms of provision, providing distinctive forms of support to participants which were more tailored and intensive than mainstream equivalents, and/or filling perceived ‘gaps’ in mainstream provision. In line with the different focus and ‘positioning’ in relation to mainstream provision among the activity examined, the nature of this added value tended to vary by type of provision and between CFOs.

The activity commissioned by the Skills Funding Agency was widely seen as adding value principally in the sense of boosting volumes of qualifications being achieved in addition to providing distinctive support for Not in Employment, Education or Training (NEET) young people. Provision targeted at adult skills development was therefore generally perceived to be acting in a supportive way to mainstream activity and as contributing to wider policy priorities in this area. NEET provision on the other hand was viewed as offering more intensive support and guidance to a group which would not otherwise be able to access such services through the mainstream. In both cases the general perception of those consulted at different levels was that the provision therefore added value to a significant extent. Some minority dissenting views were offered, however, with some interviewees arguing that added value in its purest sense had been lost in focusing more on supporting mainstream policy goals as opposed to maintaining what they saw as the ‘distinctiveness’ of ESF provision.

The provision commissioned by NOMS was almost universally perceived as adding significant value to mainstream employment and skills activity. This was frequently related to the view that the provision was proving successful in offering distinctive and tailored activity to offenders. The perception that this group was one of the hardest to help from an employability support standpoint was also often noted by way of reflecting on the importance of the provision in the wider framework of support available. At the provider level the intensive one-to-one and course based support being offered was viewed as being distinct from, and significantly adding to, equivalent support available through mainstream programmes. In addition to the individual tailoring viewed as characteristic of the support, the specific focus on supporting transitions from prison into the community was also widely discussed from this standpoint.

In the case of the DWP co-financed provision reviewed, the general perception was that the use of ESF to support families and enable voluntary entrants to the Work Programme offered clear potential added value. The design and nature of the support for families was seen as offering an innovative and distinctive form of support relative to mainstream employability programmes. The

IB/IS Work Programme provision was widely noted as having the potential to boost and add volume to mainstream activity. At the time of the research, however, it was widely felt that while the ‘families’ provision was having positive effects for those engaged, the lower than anticipated levels of engagement meant that the potential added value of this approach was still to be fully realised. Likewise, the lack of capitalisation on potential added value due to the low numbers voluntarily engaging with the Work Programme was viewed in a similar light.

Among the local CFO and non co-financed provision reviewed, added value was principally identified in respect of being able to offer distinctive, flexible, and locally oriented solutions to employability and skills challenges. The notion of ‘gap filling’ relative to other support available in local areas was frequently referenced. From this perspective value was therefore being added not only to mainstream provision but also to some extent to the ESF support commissioned by national CFOs. In particular, the ability to respond flexibly to local needs and changes in economic and labour market contexts was widely noted, as was the nature of the provision itself. The intensive, tailored and individualised support able to be offered through provision commissioned at these levels was, therefore, felt to offer significant added value in harness with the local dimension to activity.

Partly due to the positive perspectives outlined above, few of those interviewed offered any specific suggestions for how added value might be enhanced. The main comments in this area related to wider adjustments aimed at improving implementation of the DWP provision so as to realise the potentially significant added value latent within it.

6.5 Summary of findings

Views varied on the extent to which the particular Priority 1 and 4 provision delivered by CFOs linked effectively with and reinforced other ESF activity. Reduced partnership and co-ordination opportunities resulting from changes in the supporting infrastructure at the regional scale was seen as a key factor in this. However, the relatively distinct type of activity delivered by national CFOs was seen as mitigating against any potential duplication that may otherwise have occurred. Despite this, local CFOs in particular felt that there may be benefits in co-ordination terms from re-instituting some form of regional or sub-regional partnership structures.

In the main, the provision reviewed was perceived to be linking effectively with and supporting wider ‘mainstream’ skills and employment activity. In many instances provision had been designed from this perspective. However, while many perceptions of strategic linkages with mainstream programmes were broadly positive, there were more issues raised on the operational level. In particular, eligibility restrictions relating to the Work Programme and their effects on delivery of ESF provision were seen as issues.

Priority 1 and 4 provision was widely perceived to be adding significant value to mainstream employability and skills activity. Such added value involved boosting or adding volume to mainstream activity, offering different and distinctive forms of provision, and/or filling perceived ‘gaps’ in the mainstream ‘offer’. In a minority of cases, added value was perceived to be only potential at the moment. In these instances, particularly in respect of DWP co-financed provision, addressing implementation difficulties was viewed as a pre-requisite for realising the latent added value apparent.

7 Conclusion

This final chapter ends the report by offering some overall concluding observations relating to the review of Priority 1 and 4 provision undertaken. Summary answers to the key research questions defined at the outset of the evaluation are also provided. Some issues for consideration arising from the study are then detailed. Due to the broad nature of these and the wide scope of the evaluation, covering multiple co-financing organisations (CFOs) and non co-financed provision, they are not presented as recommendations per se. Rather, the intention is that they should be considered more broadly, where relevant, by those involved in the development of Priority 1 or 4 provision or equivalent in future European Social Fund (ESF) programming periods.

7.1 Concluding observations

The review of Priority 1 and 4 provision has served to illustrate that on the whole the wide range of activity being delivered in the second half of the current ESF programme has been effectively implemented and is functioning well. The added value offered by the provision, and the manner in which it links with and complements mainstream activity, serves to demonstrate the important role ESF plays in supporting policies around skills development and enhancing the employability of those facing labour market disadvantage. A significant aspect to this concerns the successful tailoring of Priority 1 and 4 activity to meet individual needs, along with the wider needs of local areas and of specific groups such as offenders and young people not in employment, education or training (NEET).

While the overall picture presented is relatively positive, at the time the research was undertaken certain elements of provision had clearly faced significant implementation challenges. Although in most cases the key processes and mechanisms related to the delivery of provision, such as engagement and referrals, were working well, the provision commissioned by the Department for Work and Pensions (DWP) had faced a number of issues in these areas. It was clear, however, that plans were in place to help address these, and that the ‘families’ provision in particular was seen as having significant potential to benefit individuals and their families if the challenges faced could be addressed.

There was also significant evidence as to the positive working relationships developed at and between different levels of the ESF delivery chain. This was the case even where implementation challenges were prevalent and such relationships were seen as a key contributory factor in the widely acknowledged successful aspects to delivery. There was also evidence of the specific benefits that smaller, more specialist organisations can bring, along with the distinctive role that provision commissioned by local CFOs can play. This was also true in respect of the non co-financed provision reviewed.

The evaluation also served to highlight where the delivery of Priority 1 and 4 provision, and possibly of ESF more broadly, could be usefully reconsidered. In particular, there would appear to be a need to enhance opportunities for more strategic partnership working and planning between CFOs at regional and sub-regional scales. In some instances procurement approaches might also be re-examined to ensure that the provision commissioned is fully attuned to local needs and that these processes run as smoothly and effectively as possible. Equally, while outcome related payment structures can play a useful incentivising role, careful design is clearly required to minimise any unintended consequences or effects. These issues inform the ‘issues for consideration’ offered below.

7.2 Summary answers to the key research questions

Summary responses to the key research questions set for the evaluation are provided below. Where appropriate, questions are grouped together to aid clarity and conciseness.

1 How well are relationships between the Managing Authority (MA) and CFOs functioning and how might they be improved?

In the majority of cases relationships were reported as working well. In a small number of instances, representatives from some local CFOs felt that the MA should ideally enhance its understanding of the specific challenges facing their organisations.

2 What is the nature and effectiveness of any strategic relationships between CFOs as part of the delivery of provision? How might this be improved?

Formal strategic partnerships between CFOs were relatively uncommon at regional or sub-regional levels, in part due to changes in governance structures. However, more informal relationships between CFOs were common and appeared to work well. The main suggested improvement, particularly on the part of local CFOs, involved re-instituting formal governance and partnership structures at the regional or sub-regional level.

3 How effective are relationships between CFOs and prime contractors/lead providers? How might these be further developed/improved?

Relationships were widely described as functioning effectively, often in very positive terms. They were strongest when characterised by clear expectations, regular communication and a willingness of CFOs to operate flexibly. Potential improvements related to the minority of cases where relationships were less positive. They included enhancing the local dimension of national CFO processes and their capacity to respond more quickly.

4 How well are procurement and contracting mechanisms functioning and could they be improved?

Procurement appeared to function effectively in many cases, though in a minority of instances issues were raised over online mechanisms and assessment criteria. While efficiency and consistency gains from centralising processes were acknowledged, a perceived reduction in the local focus of procurement was also raised in some quarters. Enhanced guidance for providers, improving online procurement mechanisms and a more local procurement focus were suggested by some as improvements.

5 How well is the process of contracting and contract management functioning between CFOs and prime contractors/lead providers? Are there any ways in which this might be improved?

Contract management processes were generally cited as functioning effectively with the level of monitoring and frequency of contact commonly seen as appropriate. As such few improvements were suggested. Exceptions to this arose in some cases where performance issues were evident, wherein the providers concerned felt that more flexibility in varying contractual requirements (when unavoidable) would be beneficial.

6 What mechanisms are being used to incentivise or ‘drive’ provider performance? What effects are these having and would they benefit from any adjustment?

Extensive use of payment by results (PBR) mechanisms was the main contractual route to incentivising providers. PBR approaches were generally seen as beneficial and effective in focusing attention on key delivery outcomes and were often mirrored by prime/lead providers to incentivise delivery at lower levels in the delivery chain. In some instances adjustment may be beneficial due to issues stemming from the specific design of PBR mechanisms, particularly where this has led to limited cash-flow into the delivery chain.

7 What provider engagement mechanisms have been developed in different areas and how/how well do these support the effective delivery of provision? Could they be improved?

Regular provider engagement meetings run by CFOs were relatively uncommon across the provision reviewed. More often, prime or lead providers convened meetings of delivery partnerships to cascade information and discuss delivery issues. Occasionally such meetings included CFO representation. Overall, engagement mechanisms were viewed positively and no major improvements were suggested.

8 How effective are linkages and relationships between prime/lead providers and sub-contractors functioning? How might they be improved?

In general linkages and relationships were viewed as functioning well, particularly where delivery partnerships had been in operation for a period of time. Regular, honest and open communication allied to a supportive and flexible orientation on the part of prime/lead providers were cited as important. Rather than common potential improvements being evident, any suggested tended to be specific to the context and relationship in question.

9 How effective is P1 and P4 provision in identifying and engaging with potential participants? If necessary how might this aspect be improved?

10 What criteria are being used to assess whether potential participants should be referred to ESF provision? How effective are the processes being used in supporting effective referral?

In most instances identification and engagement of participants was functioning well with no issues being raised in respect of referral criteria. Use of dedicated engagement staff, development of positive links with referral partners and effective outreach (rather than specific application of referral criteria) were cited as notable factors in this. Engagement difficulties evident related to provision being new, engagement routes functioning less well than anticipated, and contextual factors relating to target groups or the pattern of provision in some areas. Changes were being implemented at the time of the research in response, principally around widening engagement, though it was too early to judge their effect.

11 Are certain target groups as defined in the Operational Programme (OP) proving more or less difficult to engage and why? How might this be addressed?

Difficulties in engaging women and/or ethnic minorities were sometimes acknowledged. The predominance of men among benefit claimant groups from which participants are drawn, along with local demographic considerations, were common explanations offered. Some providers also noted that CFO monitoring focused more on overall engagement, rather than setting targets for particular groups. There were differing views on how and whether these issues could or should be addressed. While an increase in provision targeting particular groups was advanced as a possibility, the view that ESF should address labour market disadvantage more generally was also prevalent.

12 How well are referral mechanisms functioning – both into ESF provision and between those involved in delivering it? How might these be improved?

13 Overall, to what extent are the referral mechanisms developed functioning as anticipated? Are any adjustments required?

As noted in respect of questions nine and ten, referral/engagement mechanisms into ESF provision were generally working well with some exceptions where (particularly new) referral routes were working less well than anticipated. Adjustments relating to these latter instances are in the process of being implemented. Referral between delivery partners once participants had been engaged was generally viewed as working effectively and very few issues were raised. As such no significant improvements were suggested.

14 To what extent is the provision being offered effectively tailored to the needs of the OP target groups? If necessary how might this be improved?

The extent to which provision was tailored to the needs of particular groups varied, partly in relation to the nature of the activity concerned. Beyond those cases where provision was designed for a particular group, such as NEETs or ex-offenders, there were some good examples of provision being tailored to the needs of specific ‘sub-groups’ such as women and those with learning difficulties. In other instances tailoring was cited as focusing on individuals rather than particular groups. Few improvements were suggested on the grounds that the individualised and tailored nature of ESF delivery, allied to the range of provision available, was felt to largely meet individual and target group needs.

15 To what extent is provision meeting local needs?

There was a range of compelling, often very positive, evidence on how provision was being tailored to local needs and how it was perceived as meeting them. The few exceptions concerned cases where provision was functioning less well than expected at the time of the research. Even in these instances, however, the provision concerned was seen as having the potential to meet local needs but was yet to fully do so.

16 How effectively is ESF provision commissioned by CFOs linking with and reinforcing other CFO provision in particular areas? How might this be improved?

Views varied on the degree of effective linkages and reinforcement effects, with more negative perceptions often relating to the perceived effects of a decline in regional ESF governance and partnership structures. From another perspective, however, the relatively distinct nature of the provision involved meant that the scope for such linkages was less (and less important) than may have been the case in the past. As noted in respect of question two, the main suggested improvement involved re-instituting formal governance and partnership structures at the regional or sub-regional level. This was seen as particularly important from the perspective of some of the local CFOs involved in delivery.

17 How effectively is P1 and P4 provision linking with and reinforcing wider/‘mainstream’ employment and skills provision? How might this be improved?

In general, provision appears to be linking effectively with and reinforcing ‘mainstream’ skills and employment activity and was often designed from this perspective. However, while strategic linkages with mainstream programmes were clear, issues were apparent on the operational level. Eligibility restrictions relating to the Work Programme and their effects on ESF delivery were seen as issues in some cases. Difficulties related to effects on being able to engage participants on ESF activity and to participants having to leave provision due to mandatory Work Programme referral.

18 To what extent are smaller providers being engaged in the delivery of ESF provision?

While the scale and nature of involvement varied, smaller organisations were frequently involved in delivery and were often engaged to serve particular localities or deliver specialist services. The engagement of smaller (often voluntary sector) organisations was viewed as bringing distinct advantages based on their experience, specialisms, local knowledge, and recognition among those the provision supported.

19 What is the experience of ESF participants of their provision?**20 To what extent has provision met participants' expectations and needs?****21 What outcomes and impacts has provision had for participants?**

While only providing 'snapshot' perspectives on some of the provision reviewed, most of the participants interviewed offered very positive views as to their experience. In the majority of cases provision was seen as meeting expectations and needs. Interviewees cited a range of outcomes and impacts. These included increased confidence and self esteem, improved job-searching and organisational skills, looking for new or different types of work not previously considered, becoming more sociable and outward looking, taking qualifications, improved language and mathematics skills, and entering work.

22 How and to what extent is ESF provision adding value? Could the added value of provision be enhanced and if so how?

The provision reviewed was widely perceived to be adding significant value to mainstream activity in terms of adding volume, offering different and distinctive forms of provision, and/or filling perceived 'gaps' in the mainstream 'offer'. In a minority of cases, added value was perceived to be only potential at the time of the research. Addressing implementation difficulties was seen as a pre-requisite for realising this latent added value and enhancing the overall added value of Priority 1 and 4.

23 Overall, to what extent has provision been successfully implemented as expected?**24 Overall, to what extent does the provision implemented reflect the strategic aims and objectives set for it?**

On the whole the wide range of activity being delivered in the second half of the current ESF programme appears to have been implemented as expected and is functioning well. In line with this the majority of provision was seen as reflecting the strategic aims and objectives set for it. A partial exception concerns the DWP provision reviewed which, at the time of the research, had faced initial implementation challenges which were in the process of being addressed. Successfully addressing these challenges was generally seen as a pre-requisite for this provision to fully reflect the strategic aims and objectives set for it.

7.3 Issues for consideration

A selection of issues that might usefully be considered in the context of the future design, implementation and delivery of ESF provision can be summarised as follows:

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

- While more nationally driven approaches to procurement and contract management and associated processes can bring benefits in terms of efficiency and consistency, it appears important to find an appropriate balance wherein provision managed locally can be undertaken in a supportive and responsive manner.
- The implementation challenges faced by some of the types of activity reviewed serve to re-emphasise the need to allow adequate time to design, procure and implement provision. Such considerations appear particularly pertinent where such activity is new or innovative, either in terms of what it is trying to achieve or in respect of the particular delivery models adopted. In such contexts there may be a need to 'game play' scenarios likely to affect implementation, or to pilot new provision under innovation strands of the ESF programme prior to any wider roll-out.
- The potential to 'game play' implementation scenarios is likely to be particularly significant in the context of on-going use of outcome based payment structures. This should at least help to ameliorate any unintended or unanticipated consequences stemming from the implementation of such incentive systems.

This evaluation report forms part of a suite of research gathering evidence on the delivery of the European Social Fund (ESF). The evaluation seeks to assess whether provision in the second half of the current 2007–2013 England and Gibraltar ESF Operational Programme (OP) is being implemented as expected. The study examines the delivery of Priority 1 and 4 provisions through 14 in-depth case studies covering activity delivered by all Co-Financing Organisations involved in commissioning provision. Non co-financed provision is also examined through one of the case studies. ESF Priority 1 and 4 seek to increase employment and tackle worklessness through a mix of employment and skills support, intended to help people to enter jobs and in some instances progress within work.

The evaluation involved interviews with 187 individuals, including CFO representatives, managers and delivery staff within ESF providers, organisations referring individuals onto ESF provision, and a small number of ESF participants. Fieldwork for the evaluation was undertaken between July and September 2012.

The evaluation was part-funded by ESF technical assistance under the 2007–2013 England and Gibraltar ESF programme evaluation strategy.

For more information see www.esf.gov.uk

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