

In-House Research

**European Social Fund  
Operational Programme 2007-  
2013: synthesis of evidence  
from the first half of the  
programme**

by Paul Ainsworth, Ellenor Brooks, Elizabeth Cole, Simon  
Marlow and Andrew Thomas

Department for Work and Pensions

In-House Research No 5

# **European Social Fund Operational Programme 2007-2013: synthesis of evidence from the first half of the programme**

Paul Ainsworth, Ellenor Brooks, Elizabeth Cole, Simon Marlow and Andrew Thomas



**European Union**  
**European Social Fund**  
Investing in jobs and skills

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## Abbreviations

CFO	Co-Financing Organisation
DWP	Department for Work and Pensions
ESF	European Social Fund
ESOL	English for Speakers of Other Languages
ESFD	European Social Fund Division
EU	European Union
LSC	Learning and Skills Council
NEET	Not in Education, Employment or Training
OLASS	Offender Learning and Skills Service
OP	Operational Programme
YPLA	Young People's Learning Agency



# **SUMMARY**

This report draws together evidence to date from the 2007-2013 evaluation studies of the European Social Fund (ESF) and internal analysis/Management Information in England and Gibraltar to assess the impact of the ESF programme and its effectiveness in meeting its objectives for the first half of the programme.

## **Main Findings:**

### **Adding Value**

We have explored the extent to which the first half of the ESF programme has added value by increasing the quantity and range of support available, and helped some participants find employment and gain qualifications. The conclusions from this are that the first half of the 2007-2013 Operational Programme has:

- Added value by increasing the quantity and range of support available;
- Added value by helping participants find employment and gain qualifications; and
- Added value by helping additional people find employment, and increasing firm profitability and productivity.

However, ESF has had minimal impact on JSA claimants leaving benefit and only a small impact on the likelihood of being in employment. JSA claimants make up two thirds of DWP ESF Priority 1 and Priority 4 participants. The results for IB/ESA claimants are comparable to similar mainstream programmes for this claimant group. However, IB and ESA claimants only comprise 6% of claimants accessing DWP ESF Priority 1 and Priority 4 support.

Evidence from the ESF Impact analysis suggests that the overall impact of ESF on employment rates has been modest.

### **Targeting disadvantaged groups**

ESF has been predominantly targeted on disadvantaged groups, but there is evidence that a significant minority of ESF employment provision participants have been short term jobseekers, who are less likely to be disadvantaged in the labour market. Some Jobcentre Plus advisers appear to have incorrectly interpreted the targets as strict eligibility criteria, which may lead to disadvantaged claimants who need additional support not being able to access ESF.

### **Reducing regional employment and skills differences**

Evidence from the first half of the ESF programme indicates that ESF has been successful in contributing towards reducing regional differences in employment rates and skill levels with more support delivered in areas with lower employment rates and lower proportions of the population with level 2 qualifications. ESF provision has contributed to reducing differences in regional employment rates, which has largely been driven by more provision being available in areas with low employment rates. However, the contribution

of ESF employment provision to reducing regional differences is modest because ESF provision is reasonably evenly distributed across the English regions and the impacts on JSA claimants, the largest claimant group, are small.

# Chapter 1 Introduction

## 1. 1 Aims of the Synthesis Report

This report draws together evidence to date from the 2007-2013 evaluation of the European Social Fund (ESF) in England and Gibraltar specifically to assess the impact of the ESF programme and its effectiveness in meeting its objectives for the first half of the programme. This is not intended to be a summary of all the available evidence - a list of all evaluation reports on the programme to date is included in Annex A.

The overall objective of the England and Gibraltar ESF programme is to support sustainable economic growth and social inclusion in England by contributing to policies to extend employment opportunities, and to develop a more skilled and adaptable workforce. This objective translates into six priorities: Priorities 1, 2 and 3 cover the whole of England and Gibraltar except Cornwall and the Isles of Scilly, and Priorities 4, 5 and 6 focus on the Convergence area of Cornwall and the Isles of Scilly.

- Priorities 1 and 4 aim to improve the employability and skills of unemployed and inactive people, and tackle barriers to work faced by disabled people, lone parents, people aged 50 and over, ethnic minorities, people with no or low qualifications, young people not in education, employment or training (NEET) or at risk of becoming NEET, and other disadvantaged groups, including people experiencing multiple disadvantage.
- Priorities 2 and 5 aim to improve the qualifications and skills of workers without basic skills and with no or low qualifications. They also develop managers and workers in small enterprises. Priority 5 also supports Cornwall's Higher Education and skills strategy.
- Priorities 3 and 6 fund technical assistance activities to support the delivery of the programme.

This report focuses primarily on the added value and impact of the programme in terms of jobs (Priorities 1 and 4) and skills (Priorities 2 and 5). The programme also has a focus on targeting disadvantaged groups (e.g. disabled people, people aged 50 and over, ethnic minorities), and reducing regional differences in employment and skill levels.

The main questions that this synthesis report seeks to answer are the extent to which:

1. ESF has delivered added value;
2. ESF has targeted its support on disadvantaged groups ; and
3. ESF has helped to contribute towards reducing regional employment and skills differences.

This report draws on research and analysis undertaken as part of the formal evaluation of the ESF Operational Programme. This synthesis report has been produced by the ESF Evaluation Team which consists of DWP researchers who are professionally independent from the ESF Managing Authority, the ESF Division and the European Commission.

## 1. 2 Structure of report

The report is structured as follows:

- Chapter 2 provides background information on the European Social Fund, and how it has been delivered in England;
- 
- Chapter 3 assesses whether the ESF programme has added value;
- Chapter 4 assesses whether the ESF programme has targeted its support on disadvantaged groups;
- Chapter 5 assesses whether the ESF programme has contributed towards reducing regional variation in jobs and skills; and
- Chapter 6 brings together conclusions from the synthesis.

## Chapter 2 Background to ESF 2007-2013 Programme in England

The European Social Fund (ESF) was set up to improve employment opportunities in the European Union (EU) and so help raise standards of living. As one of the EU's Structural Funds, ESF seeks to reduce regional imbalances in prosperity and enhance economic and social cohesion across the EU. The ESF is a key part of the Europe 2020 strategy for jobs and smart, sustainable and inclusive growth. It supports the EU's goal of increasing employment by giving unemployed and disadvantaged people the training and support they need to enter jobs. ESF also equips the workforce with the skills needed by business in a competitive global economy.

The ESF is investing about £2.5 billion (€3.1 billion) in England and Gibraltar in 2007-2013. This is matched to about £2.5 billion of national funding.

The 2007-2013 ESF programme operates within two objectives:

- The Convergence Objective aims to develop areas where the economy is lagging behind the rest of the European Union. In England, only Cornwall and the Isles of Scilly benefit from ESF funding under this Objective.
- The Regional Competitiveness and Employment Objective covers all areas outside the Convergence Objective. Within this Objective, the former Objective 1 regions of Merseyside and South Yorkshire received additional transitional funding until 2010.

The priorities in the England and Gibraltar ESF programme (2007-2013) are designed to focus ESF spending on specific activities and to ensure that it reaches the people in most need of support. There are two main priorities in England:

- **Priority 1** is 'Extending employment opportunities'. It supports projects to tackle the barriers to work faced by unemployed and disadvantaged people. About £1.5 billion of ESF money is available for this Priority in 2007-2013.
- **Priority 2** is 'Developing a skilled and adaptable workforce'. It supports projects to train people who do not have basic skills and qualifications needed in the workplace. About £823 million of ESF money is available for this Priority in 2007-2013.

There are similar priorities in the Convergence area of Cornwall and the Isles of Scilly where about £62 million of ESF money is available to tackle barriers to employment (Priority 4), and £98 million of ESF money is available to improve the skills of the local workforce during 2007-2013 (Priority 5). For the purposes of the synthesis report, Priorities 1 and 4, and 2 and 5 have been grouped together as employment and skills priorities respectively. It is worth noting that there is a significant amount of training provision in Priorities 1 and 4 which aim to tackle skills barriers as well as other barriers to work faced by workless people.

In addition to this, technical assistance monies are available (in Priorities 3 and 6) to finance the preparatory, management, monitoring, evaluation, information and control activities of the Operational Programme, together with activities to reinforce the administrative capacity for implementing the funds at national and regional level.

The Department for Work and Pensions (DWP), in its role as Managing Authority, has overall responsibility for ESF funds in England. It manages the England ESF programme at national level and liaises with the European Commission in Brussels. A national Programme Monitoring Committee comprising representatives from government departments and agencies, local authorities, social partners, voluntary sector and sectoral organisations oversees the performance of the programme at national level.

ESF funds are distributed through public agencies known as Co-Financing Organisations (CFOs). Their role is to bring together ESF and domestic funding for employment and skills so that ESF complements domestic programmes. The CFOs contract with the organisations or 'providers' that deliver ESF projects on the ground.

The three main CFOs that operate across the whole of England are:

1. The **Department for Work and Pensions** (DWP), which uses ESF in Priorities 1 and 4 to add value to its domestic employment programmes targeting unemployed and economically inactive people.
2. The **Skills Funding Agency** which, as an ESF CFO, uses ESF to add value to its skills programmes such as Apprenticeships and other work-based learning programmes. In Priorities 1 and 4, it targets unemployed and economically inactive people, particularly providing support to people affected by the economic downturn. The Skills Funding Agency also operates ESF as a shared service for the Young People's Learning Agency (YPLA) and local authorities. For young people, ESF focuses on those under 19 in jobs without training, securing provision of individually tailored packages of education and support to engage such learners. ESF will also enable provision for specific groups of disadvantaged young people (particularly those who are NEET), narrowing the attainment gaps between advantaged and disadvantaged young people. In Priorities 2 and 5, the Skills Funding Agency uses ESF to support additional skills training for adults in the workforce
3. The **National Offenders Management Service** (NOMS) which uses ESF in Priorities 1 and 4 to enhance the employability of offenders; and increase access to employment and skills opportunities. The NOMS ESF programme aims to complement existing provision, particularly the Offender Learning and Skills Service (OLASS) in prisons as well as other existing employment and skills services.

There are also a small number of local authorities who also act as Co-Financing Organisations. In addition, two Regional Development Agencies operated as CFOs in the first half of the programme.

Up until autumn 2010, there was a network of regional ESF teams in Government Offices and regional ESF committees which monitored the performance of the programme at the regional level. Regional priorities were identified in regional ESF frameworks (within the context of the national ESF Operational Programme). The CFOs prepared plans that were designed to respond to regional and local employment and skills needs whilst adding value to domestic programmes where appropriate.

In 2011, following the closure of the Government Office network, the central Managing Authority in DWP was re-organised to incorporate some of the tasks previously delegated to Government Offices and some of the staff previously working in Government Offices.

At the beginning of the programme, the European Commission and the Managing Authority agreed a range of indicators and targets for measuring programme performance. These targets were predicated on the basis of information about performance in ESF and domestic programmes as well as a range of assumptions about future performance. The Operational Programme explains that the purpose of the targets is to steer and stimulate the programme's performance.

The participation targets include the proportion of participants who are: unemployed, economically inactive, female, participants with a disability or health condition, participants from an ethnic minority, participants aged 50 and over, lone parents, participants aged 14 to 19 who are NEET or at risk of becoming NEET; and outcome targets which include the proportion of participants gaining jobs on leaving.

## **2.1 Changing Labour Market Context**

The delivery of the ESF programme has coincided with a global financial crisis and resultant downturn in the UK economy. The economy went into recession in the second quarter of 2007. The unprecedented scale of the economic downturn has impacted on the priorities and outcomes for the ESF programme, and has necessitated a change in focus in order to respond promptly to the challenges of the recession, for example the introduction of the Response to Redundancy Programme<sup>1</sup>, Jobs for the Future<sup>2</sup>, and the European Economic Recovery Plan. ESF provision was refocused to provide more support to people made unemployed as a direct result of the recession. There has been a challenge in maintaining a dual focus on those most disadvantaged in the labour market while supporting those individuals who have recently lost their jobs.

## **2.2 Evaluation Strategy**

This report draws on evidence generated by the programme's evaluation strategy. The strategy sets out an on-going process of evaluation covering the life of the programme. The evaluation strategy uses three main methods:

- Administrative monitoring data. These are used to examine programme performance and consider achievements such as participants' outcomes.

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<sup>1</sup> The Response to Redundancy Programme is a European Social Fund and Skills Funding Agency/Learning and Skills Council funded programme that was launched in response to the economic downturn and increasing numbers of job redundancies experienced by UK workers. It was designed to support both employers and employees who may be involved in the process of redundancy or are likely to be made redundant in the near future. Response to Redundancy assistance is aimed at individuals who are under notice of redundancy, those who have recently been made redundant and those who are unemployed but would be work-ready after a short period of training.

<sup>2</sup> The Government launched Jobs for the Future in September 2009 in response to the global economic crisis. The policy was developed from an analysis of expected growth and emerging global trends, and identified where new jobs could be created in the UK economy of the future. It sets out how the UK's labour market is set to change, the potential employment opportunities that key sectors of the economy will generate and Government action to equip the workforce to win a fair share of these jobs, including the National Skills Strategy and the Higher Education Framework.

- Cohort studies. A sample of participants is contacted during and after leaving projects. These surveys provide information on participants' views of the support they receive and on sustainability of outcomes.
- Research studies. These projects focus on specific priorities or themes such as gender equality and equal opportunities.

During the first phase of the programme from 2007-2010, the evaluation strategy has successfully delivered a series of reports that have examined the effectiveness and impact of the programme, and which have informed the development of the 2011-2013 phase. These reports have addressed most of the operational and strategic needs identified in the original evaluation strategy and plan including: regional ESF frameworks; publicity and information; gender equality and equal opportunities; sustainable development; and in-work training (including higher level skills in Cornwall and the Isles of Scilly). ESF support for disadvantaged groups has been examined through the cohort study and evaluations of equal opportunities and Priorities 1 and 4. The implementation of ESF through Co-financing has also been looked at in a number of studies including those on regional ESF frameworks, in-work training and Priorities 1 and 4. Case studies have been a feature of most of the qualitative evaluations. Two operational issues have not been covered: innovation, transnationality and mainstreaming in ESF will be studied in 2011-2012; and the changed funding situation and legacy of ESF in the UK has not been a priority for evaluation.

It is not the purpose of this synthesis report to summarise all the evaluation reports. However, for reference, summaries of the main findings and recommendations from the reports are at Annex A. The programme has also been informed by research commissioned by regions or Co-Financing Organisations, which is described at Annex B.

The ESF Evaluation Team will update the programme's evaluation strategy to take account of this synthesis report and the findings of the evaluations undertaken so far. The team has identified the following areas as priorities for evaluation in 2011-2013:

- A second cohort study focused on participants who have joined the programme from 2011;
- Further evaluation of Priorities 1 and 4 to examine how provision will engage with and meet the needs of disadvantaged target groups, with a particular focus on the new ESF support for families with multiple problems; and
- An evaluation of the innovation, transnationality and mainstreaming strand which has not yet been evaluated, to examine how it has influenced policy development and delivery.

There are a number of issues that will feature in one or more of these evaluations. They include: the quality of provision including whether it is demand-led and meets the needs of individuals and employers; female participation and achievements, particularly for lone and other disadvantaged parents; and unit costs. Consideration will also be given to doing further impact analysis. The updated ESF programme evaluation strategy and plan will set out in more detail the studies that will be undertaken in 2011-2013 and their rationale.



## Chapter 3 Has ESF added value?

This chapter explores the extent to which ESF has added value during the first half of the 2007-2013 Operational Programme. There are three ways in which it is possible for ESF provision to add value to existing provision:

1. **Inputs:** ESF provision can add value by increasing the quantity or types of support available to claimants, or ESF can test innovative approaches from which lessons can be learnt for national mainstream provision;
2. **Outcomes:** ESF can help more claimants into employment or help more claimants gain qualifications that improve the skills of the workforce; and
3. **Impacts:** ESF can increase the employment rate by helping claimants into work earlier or for longer than they would have been without ESF support, and ESF can increase the productive capacity of the economy by developing a more skilled workforce and by contributing to modernising labour market organisations and adapting the skills levels to the needs of the modern economy

The overall conclusion of this chapter is that ESF has added value in all three dimensions, but the impacts for some claimants are larger than for others.

### 3. 1 Inputs

ESF provision has added value to mainstream provision by increasing the quantity and types of support available, and providing an environment for developing new innovative approaches from which broader lessons can be learnt. The remainder of this section explores each of these aspects in turn.

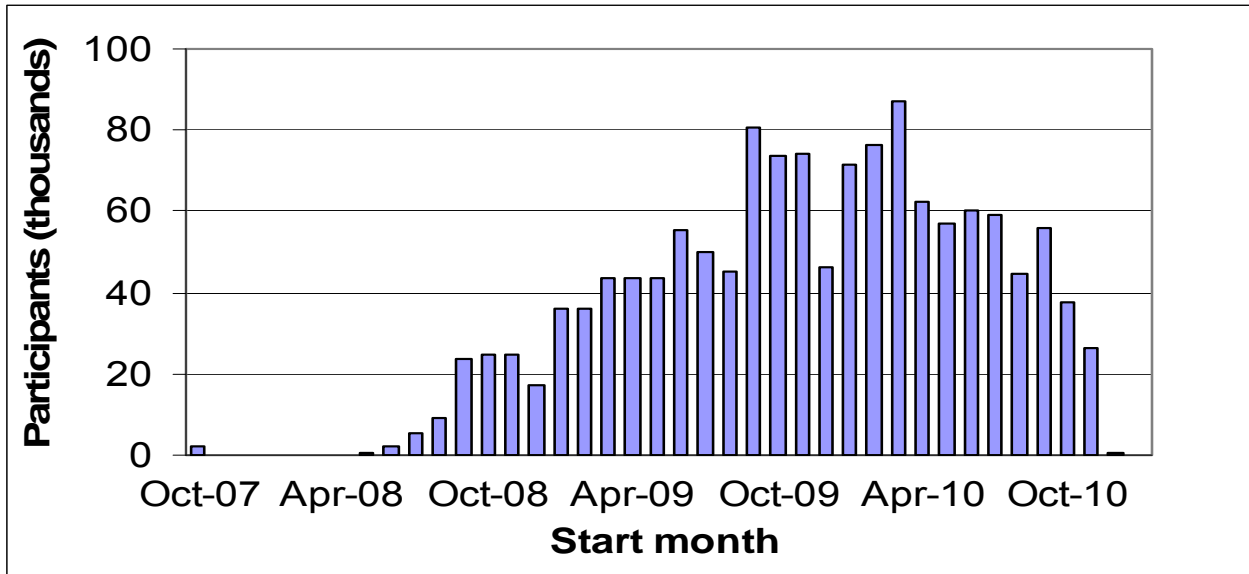
#### Quantity and types of provision available

ESF provision has added value to mainstream national provision by increasing the quantity and types of employment and skills support. Between the start of the programme in October 2007 and January 2011, there have been 1.38 million starts on ESF funded provision, of which 760 thousand have been on Priorities 1 and 4 (employment) provision and 620 thousand on Priorities 2 and 5 (skills) provision.

Figure 1 and Figure 2 below show the volume of ESF provision starts during the first half of the programme.

**Figure 1 ESF Provision Starts**

**ESF provision starts, Participants (thousands)**

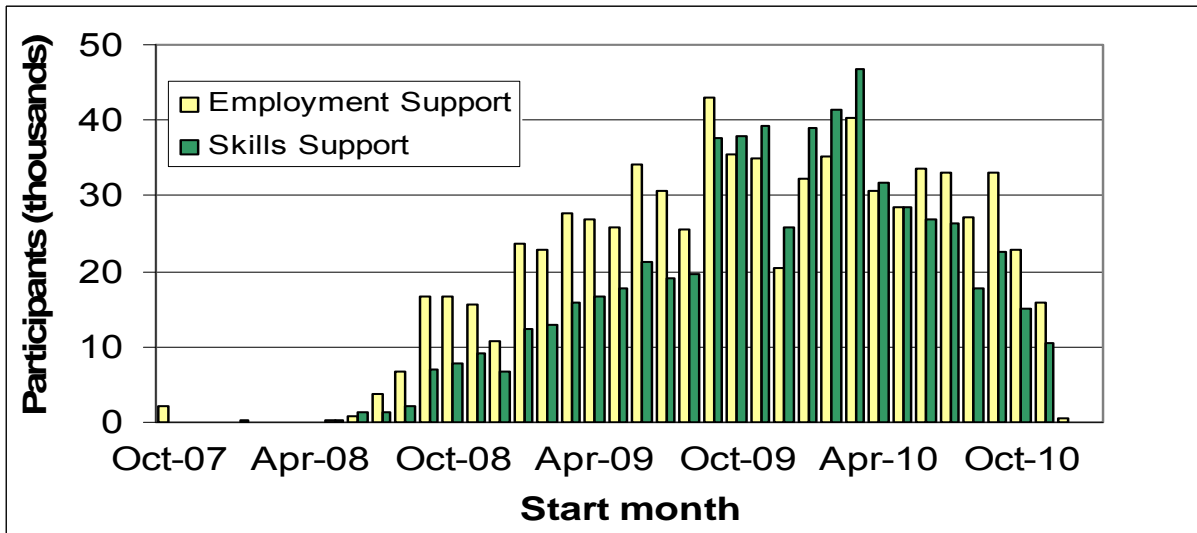


Notes:

1. Data Source: Ines\_0211;
2. Includes provision starts on projects funded entirely or partly by ESF funding.

**Figure 2 ESF Provision Starts**

**ESF provision starts, by priority, Participants (thousands)**



Notes:

1. Data Source: Ines\_0211
2. Includes provision starts on projects funded entirely or partly by ESF funding.
3. Employment support is defined as support under Priorities 1 and 4; Skills support is defined as support under Priorities 2 and 5.

There are four routes through which ESF has increased the amount of support available:

1. Increasing the quantity of mainstream support;
2. Delivering similar support to a wider range of claimants;
3. Delivering different support to mainstream national programmes; and
4. Developing innovative approaches

ESF skills provision has exemplified each of these routes. The evaluation of In Work Training<sup>3</sup> found that around a third of ESF skills provision was delivered through existing delivery models and employers – through National Vocational Qualifications (NVQs), Train to Gain, Skills for Life, higher level skills, and Response to Redundancy.

Most ESF skills provision builds on mainstream provision with most providers using ESF to further develop their provision and either make it more relevant to their target market or to enhance other provision, such as Train to Gain. Examples of this included:

- delivering to groups not eligible for mainstream provision;
- increased the coverage of the provision from a local to a sub regional or regional area;
- improved links with Jobcentre Plus;
- adding specific units on to NVQ provision to make them more employer relevant and attractive to employers;
- funding additional equipment to enhance the learning experience;
- funding 'hook' programmes to entice learners into longer provision;
- adding vocational provision on to Skills for Life provision; and
- embedding ESOL provision in vocational provision.

In addition, the In Work Training evaluation found that around a quarter of ESF skills projects were based on new provision that the provider had not delivered before or did not exist in the market prior to the funding, with these projects focused on enhancing supply side, and raising and meeting skill demands.

However, although all ESF skills provision was additional to mainstream national provision, there is evidence that ESF was used to fund training that would have taken place anyway, albeit on a smaller scale. The In Work Training evaluation reported that:

“Just under half of providers said that their provision would have continued without ESF funding, but on a much smaller scale, while some providers said that their provision was an enhancement to Train to Gain so the mainstream element would continue but not the enhancements. Other providers would have delivered the provision at full cost, which would have meant a big reduction in take-up, but: they would have not been able to deliver to the same sorts of employers and learners (e.g. small to medium-sized enterprises and the third sector), and they would have not been able to deliver the ‘bolt-ons’, such as ESOL and Skills for Life. Others would have continued but on a much reduced geographical area.”

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<sup>3</sup> Dickinson, P., and Lloyd, R. (2010), *European Social Fund – Support for In-Work Training Research*, Department for Work and Pensions Research Report No 666

ESF employment provision, has not only been used to expand the quantity of mainstream national provision, but has delivered similar support to a wider range of claimants and delivered provision different to mainstream provision. For example, the tailored strand of employment support has delivered personalised employment support similar to the Flexible New Deal and Pathways to Work, but enabling a wider group of claimants to access the support. The Priority 1 and 4 evaluation also found that Jobcentre Plus advisers viewed ESF as increasingly the only route to support jobseekers with specific immediate barriers to employment – such as qualifications or accreditations that cost money, or where equipment was needed for particular forms of employment.

In addition, ESF funding has enabled different types of employment support to be delivered. Examples of this include:

- The Intermediate Labour Market provision, which delivered work-like experiences for participants through subsidised temporary employment, for example, social enterprises. These are supported by DWP CFO. ILMs are paid work placements, leading to paid employment, that support claimants with severe or multiple barriers to work. Support continues after a claimant starts work to help job retention. For example, in the East of England, the Shaw Trust's Intermediate Labour Market (ILM) project provided bespoke support for participants with a range of disadvantages, including those with severe and multiple disadvantage in order to help them find work. The provider used paid work placements which are temporary and have a wider social benefit.
- Outreach support, which provided a conduit for claimants to access ESF provision who would not typically engage with Jobcentre Plus or Connexions. Outreach workers engage with claimants in the community and work with specialist organisations to provide the tailored support that individuals need – operating a multi agency approach. For example, DWP CFO providers in the East Midlands worked closely with specialist partner organisations such as Women's Aid, the 'LeicestHERday' Trust and the Derbyshire Parent Partnership in order to help promote female participation in Priority 1 and to ensure that it is provided in appropriate locations. These organisations have established partnerships with Jobcentre Plus Lone Parent advisers and also have outreach facilities in Sure Start centres which enable childcare to be provided within the centres themselves.

ESF funding has enabled more and different employment and skills provision to be delivered than would have been possible by mainstream support alone. ESF has therefore added value to mainstream provision in this respect.

## **Innovation**

There are a number of routes through which ESF provision could enable innovation, including, but not limited to:

- Commissioning; and
- Delivery of support.

The first half of the ESF programme saw provision commissioned at a regional level, which is innovative compared to the standard national approach of DWP, and gave increased scope for local alignment with existing provision and local skills and employment needs.

The first half of the ESF programme has enabled a number of skills projects to try out new models of, and approaches to, delivery that otherwise would not have been funded. These included:

- Developing sector-wide provision;
- Developing new materials and blended learning approaches to accommodate different learning styles;
- Approaches to addressing hard to reach learners by the use of union and non-union learning advocates; and
- Transnational learning:

In addition, the ESF innovation strand has enabled new delivery approaches to be tested. For example, one provider delivered a fitness module 'Fit 4 Work', which it followed up with a module on nutrition and use of personal trainers working with claimants with substantial weight issues. This has been reported to have improved motivation and intention to improve lifestyles, and provide a firmer foundation for finding and sustaining employment.

Overall, there is evidence that ESF has provided scope to test out different ways of commissioning and delivering employment and skills support, which can be used to inform the future commissioning and delivery of national mainstream programmes.

### **3. 2 Outcomes**

The first half of the ESF 2007-13 programme has delivered a range of hard and soft outcomes. These outcomes fall into two distinct categories:

- Employment outcomes; and
- Skills outcomes.

#### **ESF Priority 1 and 4 Employment provision outcomes**

Table 1 below shows the immediate destinations of ESF and match provision participants on leaving their respective provision, drawn from Management Information. The Management Information shows that with the exception of 14-19 year olds who are NEET, the job entry rate for people who benefited from ESF is higher than those who benefited from match funding:

**Table 1 Destination on leaving ESF Priority 1 and Priority 4<sup>4</sup>**

Entry status	ESF		Match	
	Leaving to employment	Leaving to education or training	Leaving to employment	Leaving to education or training
	%	%	%	%
Inactive	19	35	18	5
14-19 years NEET	7	79	15	45
Unemployed:	19	43	12	11
- For less than 6 months	26	36	13	6
- For 6-12 months	21	34	12	20
- For 12-24 months	13	39	11	5
- For 24-36 months	11	61	8	6
- For 36+ months	11	65	8	16
<b>Total</b>	<b>16</b>	<b>51</b>	<b>14</b>	<b>19</b>

The proportion of ESF participants in work on leaving is 16 percent, which is lower than the target of 22 percent but this is affected by regional variations in and across CFOs. The main reason for this is the economic recession and the related focus on response to redundancy. Regional variation is examined in Chapter 5, Table 13.

The third Wave of the cohort survey<sup>5</sup> found that more participants were in work and fewer on benefit following ESF participation, as summarised in Table 2 below. By the third Wave of the cohort survey, approximately 18 months after programme participation 32% of Priority 1 participants were in employment compared to 6% in the week before they started ESF provision, and 34% of Priority 4 participants were in employment compared to 4% in the week before they started ESF provision. The proportion of Priority 1 unemployed by the third Wave had fallen to 38%, down from 70% one week before ESF programme participation, and for Priority 4 had fallen to 20% from 39% in the same period.

**Table 2 Employment pattern by Priority (Priority 1 and 4)**

	Priority 1					Priority 4				
	12 months before course	Week before course	W1 Interview	W2 Interview	W3 Interview	12 months before course	Week before course	W1 Interview	W2 Interview	W3 Interview
	%	%	%	%	%	%	%	%	%	%
In employment	26	6	20	25	32	35	4	29	29	34
Unemployed	42	70	53	42	38	21	39	27	27	20
Economically inactive	32	24	27	33	30	44	57	45	45	46

<sup>4</sup> Source: Ines\_0211, Leaving status of ESF funded participants in Priorities 1 and 4. Includes leavers who entered the programme between October 2007 and January 2011 under Priorities 1 and 4 on projects funded or partly funded by ESF.

<sup>5</sup> Anderson, T., Tait C., and Lloyd, C. (2011) *European Social Fund Cohort Study: Wave 3*, Department for Work and Pensions Research Report No 771

The rate of unemployment among Priority 1 participants decreased by over 30 percentage points from the week before the course to the time of the Wave 3 interview (from 70 per cent to 38 per cent). For these participants, the rate of unemployment was slightly lower at the time of Wave 3 interview compared with 12 months before the course (38 per cent and 42 per cent). In Priority 4, the unemployment rate decreased from 39 per cent to 20 per cent from the week before the course to the time of the Wave 3 interview, although it was similar at the time of the Wave 3 interview to what it had been 12 months before the course (20 per cent and 21 per cent).

The employment rate among Priority 1 participants rose from six per cent in the week before the course to 32 per cent at the time of the Wave 3 interview, and there was also an increase from what it had been 12 months before the course (26 per cent). The employment rate rose from four per cent to 34 per cent among Priority 4 participants over the same period of time. It had been at 35 per cent 12 months before the course.

**Table 3 Employment pattern by funding stream, Priority 1 and Priority 4**

Employment Status	ESF provision				Match provision			
	12 months before ESF provision	Week before ESF provision	Wave 1 interview	Wave 2 interview	12 months before match provision	Week before ESF provision	Wave 1 interview	Wave 2 interview
	%	%	%	%	%	%	%	%
Employed	35	8	30	38	22	5	18	22
Unemployed	31	70	46	39	45	68	51	45
Inactive	34	22	24	23	33	27	31	33

The employment outcomes of ESF provision are also better than the match provision in terms of:

1. **Absolute level** – 38% of ESF participants are in employment by Wave 2 of the cohort survey compared to 22% for match provision; and
2. **Improvement between a week before ESF participation and Wave 2** – with the percentage in employment increasing by 30 percentage points for ESF participants and 17 percentage points for match participants.

However, the differences in employment rates between ESF and match are likely to be driven by differences in the characteristics of participants, as is indicated by the ESF participants having higher employment rates 12 months before starting provision, which is 35% for ESF participants and 22% for match participants.

In addition to employment outcomes, ESF provision also helped participants develop work related skills and soft outcomes. Table 4 summarises some of the results from the second Wave of the ESF cohort survey. The results show that:

- Around two-thirds of ESF participants gained soft skills, which is in line with match funding; and
- Around a third of ESF participants have gained work related skills, which is slightly higher than match participants.

**Table 4 Proportion of participants achieving outcomes by funding stream, employment provision**

	<b>ESF</b>	<b>Match</b>
	<b>%</b>	<b>%</b>
<b><i>Soft outcomes</i></b>		
Communication skills	68	63
Team working	66	60
Problem solving	60	57
Improving motivation	72	66
Independent working	65	55
None	15	22
<b><i>Work Skills</i></b>		
Practical skills relating to particular job	53	41
Basic IT skills	38	34
Reading and writing skills	37	33
Maths and numbers skills	33	28
English speaking skills	32	28
Management and leadership skills	21	17
None	23	34

#### **ESF Priorities 2 and 5 outcomes**

There are three key outcomes from Priorities 2 and 5 ESF skills provision, which are considered in turn:

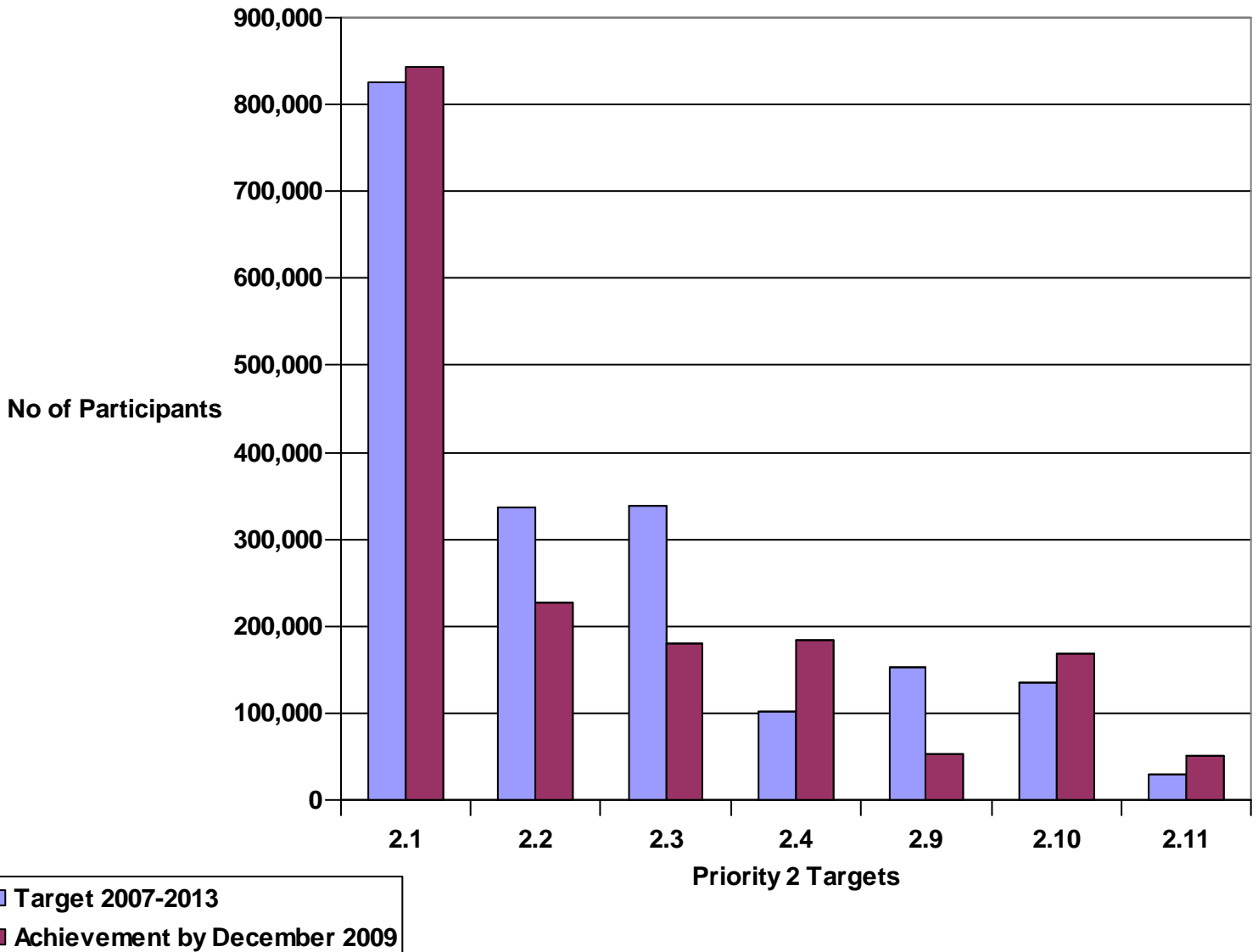
- Qualifications gained;
- Employment outcomes; and
- Soft and Work skills outcomes.

In terms of Priority 2 outcomes, the 2010 annual implementation report showed that:

- In 2010 the number of participants who gained basic skills remained low at 22,000, bringing the total to 53,000. This is about a third of the overall target. The overall proportion of Priority 2 participants without basic skills who gained basic skills also remained low, at 25% against a target of 45%.
- The number of participants who gained level 2 increased from 64,000 in 2009 to 77,000 in 2010 bringing the total above the 135,000 target for 2007-2013. The proportion also increased from 44% to 47%, with the total now standing at 47%, higher than the 40% target.
- The number of participants who gained level 3 increased from 21,000 in 2009 to 24,000 in 2010 bringing the total to more than one and a half times the 30,000 target for 2007-2013. However, the proportion decreased from 34% to 31% over this period but the total of 34% remains above the 30% target.



**Figure 3 Priority 2 achievements against Target**



In terms of Priority 5 outcomes:

- In 2010 the number of participants who gained basic skills increased from 1,000 to 2,000, bringing the total to nearly 4,000. This is about a half of the overall target. The overall proportion of Priority 2 participants without basic skills who gained basic skills remains high, with the total now reaching 89% against a target of 45%.
- The number of participants who gained level 2 increased to over 3,000 in 2010 bringing the total close to the 2007-2013 target of 7,300. The proportion also increased from 40% to 43%, with the total now standing at 41% slightly higher than the 40% target.
- The number of participants who gained level 3 increased to over 1,000 in 2010, bringing the total to over 2,000, far above the target of 1,600 for 2007-2013. The proportion also increased from 22% to 26% over this period, but the total of 24% remains below the 30% target.

Figure 4 Priority 5 achievements against Target

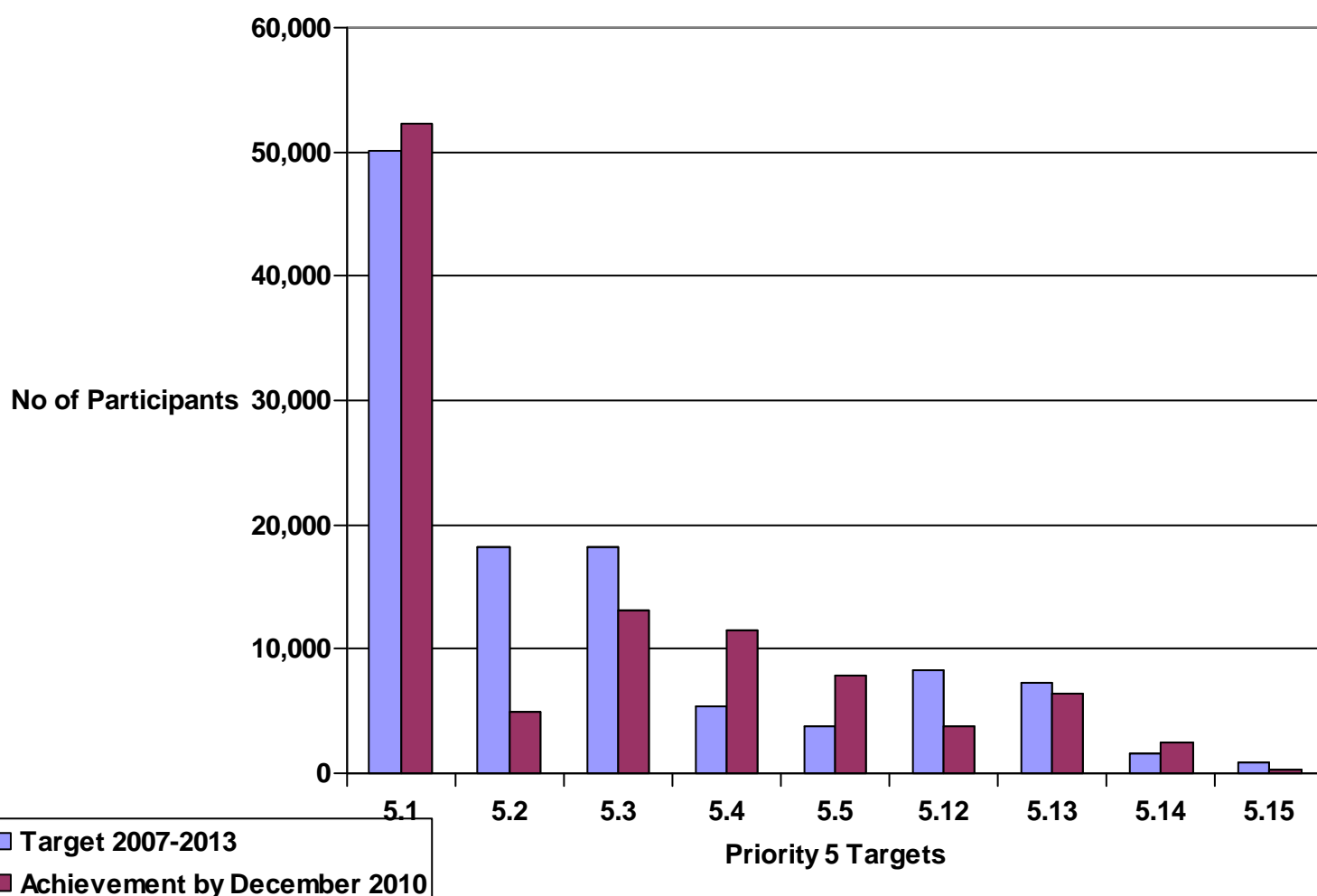


Table 5 below summarises the qualifications gained by ESF skills provision.

Table 5 Proportion of participants gaining qualification, Priority 2 and Priority 5, up to January 2011<sup>6</sup>

Pre-ESF qualification	Number of leavers	Qualification gained		
		Same or lower level	Next level	Higher than next level
		%	%	%
<b>Basic skills need</b>	112,000	-	5	20
<b>Without level 2</b>	104,000	8	11	2
<b>Without level 3</b>	113,000	17	4	0
<b>Without level 4</b>	59,000	20	2	0

<sup>6</sup> Source: Ines\_0211, Leaving status of ESF funded participants with qualification needs in Priorities 2 and 5. Includes leavers who entered the programme between October 2007 and January 2011 under Priorities 2 and 5 on projects funded or partly funded by ESF and who were identified as having a qualification need on entry to the programme.

Table 5 shows that:

- The majority of ESF Priority 2 and Priority 5 skills participants did not have a level 2 qualification;
- 20% of participants without basic skills qualifications gained a qualification two levels higher, and 5% gained a qualification a level higher<sup>7</sup>;
- Participants with high qualification levels tended to gain qualifications at the same or lower level than their highest qualification. These may have been needed because their previous qualifications were academic and/or not relevant to their jobs or to enable them to move to new jobs.

In terms of employment outcomes, the results from the third Wave of the cohort survey summarised in Table 6 below, show that the proportion of Priority 2/Priority 5 participants in employment is very similar before and after programme participation.

**Table 6 Employment patterns of course leavers by funding stream, (Priorities 2 and 5)**

Employment Status	Priority 2					Priority 5				
	12 months before course %	Week before course %	W1 interview %	W2 interview %	W3 interview %	12 months before course %	Week before course %	W1 interview %	W2 interview %	W3 interview %
Unemployed	2	12	13	8	5	0	6	0	3	3
Economically inactive	33	9	9	9	8	14	3	8	7	3

Finally, ESF Priority 2 and Priority 5 provision has also helped participants develop work and soft outcomes.

Table 7 summarises some of the results from the second Wave of the ESF cohort survey. The results show that:

- Around 60% of ESF participants gained soft skills, which is lower than around 80% of match participants; and
- 20 to 30% of ESF participants have gained work related skills, which is lower than between 40 and 50% of match participants.

<sup>7</sup> In regard to modules, of all ESF funded P2/P5 leavers, less than 4,000 modules have been gained. Of those with basic skills needs, less than 400 modules were gained as compared with over 28,000 full qualifications.

**Table 7 Proportion of participants achieving outcomes by funding stream, Priority 2 and Priority 5**

	<b>ESF %</b>	<b>Match %</b>
<b><i>Soft outcomes</i></b>		
Communication skills	60	73
Team working	61	79
Problem solving	64	79
Improving motivation	59	72
Independent working	63	80
None	15	9
<b><i>Work Skills</i></b>		
Practical skills relating to particular job	70	79
Basic IT skills	26	40
Reading and writing skills	31	52
Maths and numbers skills	21	59
English speaking skills	23	44
Management and leadership skills	34	39
None	12	8

ESF Priority 2 and Priority 5 participants were more likely to have gained work skills than ESF Priority 1 and Priority 4 participants. For example, while only 8% of match participants and 12% of ESF participants in Priority 2/Priority 5 provision claimed that they had not gained any work skills, the same was true of 23% of ESF participants 34% of match participants in Priority 1 and Priority 4.

ESF Priority 1 and Priority 4 participants were more likely than match participants to have gained work skills. By contrast, in ESF Priority 2 and Priority 5 provision, match participants were more likely than ESF participants to have gained skills in this area.

Overall, the analysis presented in this section shows that ESF has added value by helping participants into employment and helping participants gain qualifications, although participants with basic skills needs and gaining basic skills remain below target.

### **3. 3 Impacts**

The ultimate objective of Priority 1 and Priority 4 support is to help participants find employment quicker, and stay in employment for longer, than would have happened in the absence of the support. The ultimate objective of Priority 2 and Priority 5 support is to help participants develop their skills thereby increasing their productivity and increasing the productive capacity of the economy. Quantifying these additional impacts is notoriously difficult since for people participating in ESF we cannot observe what would have happened if they had not participated in the support.

There are two main sources of information available on the impact of ESF provision:

1. ***Self reported impacts*** – reported by participants, providers and employers; and

2. **Formal impact analysis** – where a control group is constructed against which to compare the outcomes of ESF participants. To date formal impact analysis is only available for Jobseeker’s Allowance and Employment and Support Allowance participants on DWP commissioned employment provision.

### Self reported impacts

Before reporting the self reported impacts it is important to note that claimants’ perceptions of programme impacts, which rely on their judgements about what would have happened in the absence of the programme, are unlikely to be a reliable guide to actual impacts (see for example Smith, Whalley and Wilcox, 2006).<sup>8</sup>

There are two main sources of self-reported impacts of ESF provision – the cohort survey of participants, and surveys of employers and participants undertaken as part of the In Work Training Evaluation. The results suggest that ESF provision has helped additional participants into employment, additional participants have achieved other types of outcomes and ESF Priority 2 and Priority 5 has helped to increase business profitability.

The first Wave of the cohort survey asked participants who were in employment at the time of the interview and who had been out of work in the week before they started ESF provision whether the course had helped them to find a job. The results are summarised in Table 8 below.

**Table 8 Self reported impact of provision on finding employment**

Impact of provision	Priority 1 and 4		Priority 2 and 5	
	ESF %	Match %	ESF %	Match %
Helped a lot	40	33	28	58
Helped a little	17	17	17	8
Not helped at all	43	50	34	34

ESF Priority 1 and Priority 4 provision participants were more likely than Priority 2 and 5 participants to say that the course had ‘helped a lot’ in their search for work (40% compared with 28%) and were more likely to say that it had ‘not helped at all’ (43% compared with 34%).

In addition, the Wave 1 cohort survey asked participants who were in employment a week before starting the ESF provision and at the time of the survey whether a number of things (e.g. pay, hours of work, job security) had changed/improved in their jobs since going on the course, and where there had been a positive change, whether the course helped them to improve this aspect of their work. The results are summarised in Table 9.

The results suggest that a relatively small proportion of participants reported improvements in their jobs, with the exception of pay rises and job security, and that between a third and half of participants felt that the ESF provision helped them a lot in securing the improvement.

<sup>8</sup> Smith J, Whalley, A, Wilcox N, (2006), *Are Program Participants Good Evaluators?* NBER working paper

**Table 9 Self reported impact on participants, Priority 1 and Priority 4**

	Improvement						
	Moved to a permanent contract	Received a pay rise	Taken on higher skilled work for the same employer	Taken on higher skilled work for another employer	Taken on responsibility for managing people	Improved job security	Increased hours
	%	%	%	%	%	%	%
Job status improved	10	30	21	6	16	41	15
Whether ESF helped:							
Helped a lot	34	35	55	56	40	51	28
Helped a little	20	19	25	16	31	35	16
Not helped at all	46	46	19	28	28	14	56

The In Work Training evaluation<sup>9</sup> also surveyed employers and participants, and asked them to identify the main impacts of the ESF Priority 2 and Priority 5 provision. Providers, employers and learners all identified the same range of ‘soft’ and ‘hard’ impacts, i.e. addressing skills needs, improving confidence and increasing productivity. 57% of employers reported increased productivity, and 28% reported increased profitability.

#### Formal impact analysis of Priority 1 and 4 (DWP CFO only)

The most robust evidence available on the impact of ESF provision is for Jobseeker’s Allowance and Incapacity Benefit/Employment and Support Allowance participants on DWP commissioned employment provision undertaken by Ainsworth and Marlow.<sup>10</sup>

The impact assessment found that:

- For **Jobseeker’s Allowance (JSA)** claimants (67% of DWP ESF participants) the impacts of the programme are low.<sup>11</sup> There is an increase in benefit receipt of up to three percentage points among participants over the first 4 months following programme entry, most likely due to reduced job-search activity while participating on the programme (commonly known as lock-in effect).<sup>12</sup> In the following eight months there is almost no difference in the rate of benefit receipt between participants and non-participants. There is a small increase in employment rate among participants, which reaches 4.5 percentage points one year after programme entry.

<sup>9</sup> Dickinson, P., and Lloyd, R. (2010), *European Social Fund – Support for In-Work Training Research*, Department for Work and Pensions Research Report No 666

<sup>10</sup> Ainsworth, P., and Marlow S. (2011) *Early Impacts of the European Social Fund 2007-13*, Department for Work and Pensions, Internal Paper, IHR3

<sup>11</sup> The benefit receipt breakdown of all DWP ESF participants entering the programme between June 2008 and April 2009 is as follows: 67% Jobseeker’s Allowance, 13% Income Support, 5% Incapacity Benefit, 1% Employment Support Allowance, 1% Carer’s Allowance, 13% not in receipt of any of the above DWP benefits.

<sup>12</sup> In this paper, the *rate of benefit receipt* is the proportion of the stated group receiving any of the following DWP benefits: Jobseeker’s Allowance, Income Support, Incapacity Benefit or Employment Support Allowance.

- For ***Incapacity Benefit (IB) and Employment Support Allowance (ESA) claimants*** (6% of DWP ESF participants) the impacts of the programme are higher. There is a reduction in the rate of benefit receipt of nine percentage points and an increase in employment rate of 11 percentage points among participants one year after programme entry.

The results for IB/ESA claimants are in line with evaluations of the New Deal for Disabled People, which similarly delivered employment support to these claimant groups on a voluntary basis.

The results for JSA claimants are, however, modest. The results suggest that ESF has increased the number of days in employment for jobseekers by 10 days over a 12 month period, with no impact on the number of days jobseekers spent on benefit. This compares to the New Deal for Young People, for which it has been estimated that it reduced the number of days spent on benefit by around 60 to 70 days over an 18 month period<sup>13</sup>.

The analysis by Ainsworth and Marlow suggested two explanations for the small impacts for JSA claimants:

- The voluntary nature of ESF provision means that ESF participants are likely to be more 'work-ready' than non-participants. This is particularly the case among JSA claimants who tend to be less disadvantaged and closer to the labour market than IB/ESA claimants. It is therefore likely that many JSA claimants participating on ESF could have achieved jobs without the additional support provided by ESF; and
- JSA claimants tend to move away from benefit receipt quickly even without additional support. The short-term impacts for this group are negative, possibly because time spent on the programme leads to a reduction in job search activity (lock-in effect).

Overall, the self reported impacts and formal impact analysis indicate that DWP CFO ESF provision has delivered additionality (delivered employment outcomes that would not otherwise have been achieved) in terms of helping more people into employment, improve their employment and increase productivity. However, our most robust analysis of impacts suggest that ESF provision has had no impact on the likelihood of JSA claimants being on benefit, and only a small impact on the likelihood of being in employment. There may of course have been other impacts such as improved skills and soft outcomes.

### **3. 4 Summary**

This chapter has explored the extent to which ESF has added value in terms of more support being available, more outcomes being achieved and the impact that ESF has had on helping more people into employment and increasing the productivity of the economy. The conclusions from this are that the first half of the 2007-2013 Operational Programme has:

- Added value by increasing the quantity and range of support available;
- Added value by helping participants find employment and gain qualifications; and

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<sup>13</sup> Thomas, A., (2008), Impact of the New Deal for Young People, Department for Work and Pensions Internal Paper

- Added value by helping additional people find employment, and increasing firm profitability and productivity.

However, our most robust analysis of impacts suggest that DWP CFO ESF provision has had no impact on the likelihood of JSA claimants being on benefit, and only a small impact on the likelihood of being in employment. Although the results for IB/ESA claimants are comparable to similar mainstream programmes for this claimant group, IB and ESA claimants only make up 6% of claimants accessing DWP ESF Priority 1 and Priority 4 support, and the small impacts for JSA claimants are for two-thirds of DWP ESF Priority 1 and Priority 4 participants.



## Chapter 4 Has ESF targeted its support on disadvantaged groups?

A defining feature of ESF support is that it should be targeted on the most disadvantaged claimants. The ESF ex-ante evaluation informed the analysis section of the Operational Programme and justified why these groups should be targeted. The ex-ante evaluation supports the focus on unemployed and inactive people particularly those at a disadvantage in the labour market (within Priorities 1 and 4) and on people with low or no qualifications (within Priorities 2 and 5). However it points to the inherent difficulty of helping inactive people who have a range of barriers to employment, and outlines good practice that may go some way to enhancing outcomes.

The target groups for Priorities 1 and 4 are unemployed and inactive people particularly:

- disabled people;
- lone parents;
- people aged 50 and over;
- people from ethnic minorities;
- people with no or low qualifications;
- young people not in education, employment or training (NEET) or at risk of becoming NEET; and
- other disadvantaged groups, including people experiencing multiple disadvantage.

The main target group for Priorities 2 and 5 is workers who do not possess qualifications up to level 3 or who need to update their qualifications and skills. There is a particular focus on people who are least likely to receive training and on people at a disadvantage in the workplace.

To deliver an additional focus on supporting the most disadvantaged claimants, the 2007-2013 ESF Operational Programme set targets for participation in ESF support for some claimant sub-groups. The targets are set out in Annex C.

The targets for disabled people, older people and ethnic minorities reflect three of the key target groups for raising the national employment rate when the programme was designed in 2006-2007. They are also equal opportunities targets. The equal opportunities targets indicate the extent to which people with protected characteristics are participating in the programme. Other equal opportunities indicators describe how effective the ESF support is for people with these specific protected characteristics. The female participation target reflects the commitment to gender equality in the structural fund regulation, although women were not a key disadvantaged target group in the national employment strategy when the programme was designed.

To assess whether ESF support has been targeted at the most disadvantaged claimants during the first half of the programme this chapter explores the following:

- How has ESF performed against the targets; and
- How appropriate are the targets for assessing disadvantaged groups.

The broad conclusion from this chapter is that there is evidence to support that it has been targeted at the most disadvantaged claimants. However, there is also evidence to indicate that the programme has supported a significant minority of JSA claimants, who

are unlikely to be sufficiently disadvantaged to warrant accessing ESF employment provision.

#### 4. 1 How has ESF performed against the targets?

Figure 5 below shows the proportion of ESF provision and match provision starts who are female, from an ethnic minority background, disabled and aged 50 years and over in the ESF programme as a whole (i.e. Priorities 1, 2, 4 and 5). The targets for the Operational Programme apply to ESF and match provision combined, but they have been separated out below because ESF can influence take up of ESF provision but not take up of match provision since eligibility for match funding provision is determined separately from the ESF programme.

**Figure 5 Performance of ESF and match funded provision against gender and equal opportunities targets<sup>14</sup>**

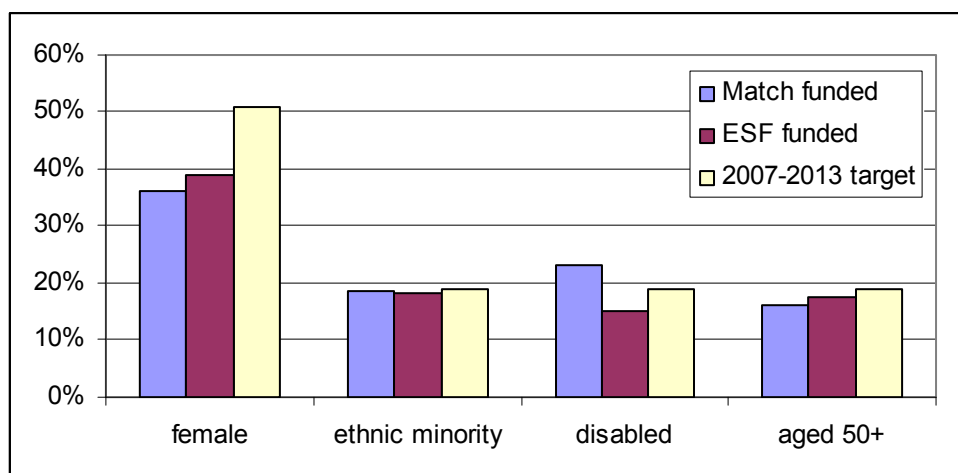


Figure 5 shows that up to January 2011:

- 39% of ESF provision starts are female compared to a target of 51% (in Priority 1);
- 18% of ESF provision starts are from ethnic minority background compared to a target of 19%;
- 15% of ESF provision starts are disabled compared to a target of 19%; and
- 17% of ESF provision starts are aged 50 years or older compared to a target of 19%.

Figure 5 also shows that there are differences between the levels achieved by ESF and match provision. For example, ESF provision is closer to meeting the female target than match provision.

In terms of Priority 1, Figure 6 below indicates the performance of ESF and match funded provision participants who are female, ethnic minority, disabled and aged 50 or over.

<sup>14</sup> Source: Ines\_0211. Includes all participants entering the programme between October 2007 and January 2011. ESF funded participants are those on projects funded or partly funded by ESF. Match funded participants are those on projects funded entirely by match. Proportions for female and disabled are of all participants. Proportions for ethnic minority are of participants with known ethnicity. Proportions for aged 50 or over are of participants who are not 14-19 year old NEETs.

**Figure 6 Performance of Priority 1 ESF and match funded provision against gender and equal opportunities targets<sup>15</sup>**

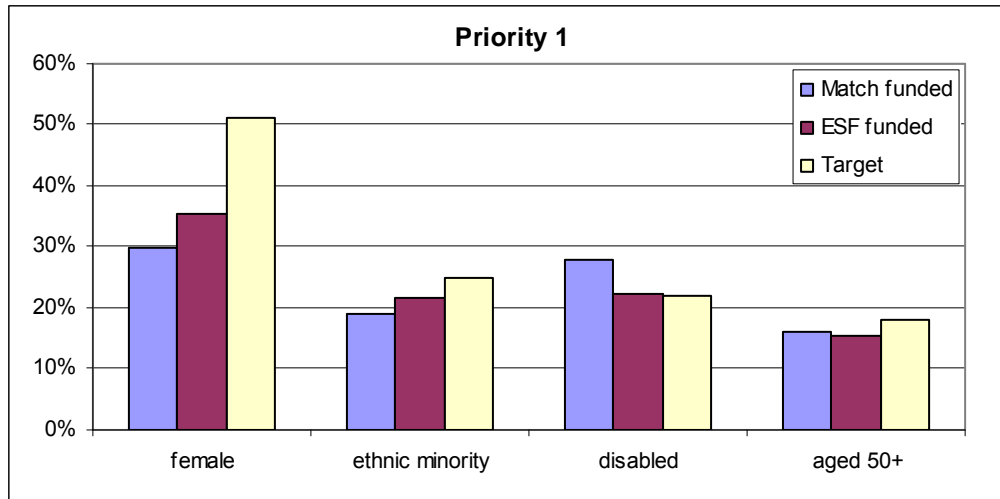


Figure 5 shows that up to January 2011:

- 35% of ESF provision starts are female compared to a target of 51% (in Priority 1);
- 22% of ESF provision starts are from ethnic minority background compared to a target of 25%;
- 22% of ESF provision starts are disabled compared to a target of 22%; and
- 15% of ESF provision starts are aged 50 years or older compared to a target of 18%.

Figure 5 also shows that there are differences between the levels achieved by ESF and match provision. For example, ESF provision is closer to meeting the female target than match provision.

In addition, the Priority 1 lone parent target is 12%. According to the Cohort Survey Wave 3, the ESF lone parents achieved for Priority 1 is 10%.

For Priority 4, Figure 7 below shows the proportion of ESF provision and match provision starts who are female, from an ethnic minority background, disabled and aged 50 years and over.

<sup>15</sup> Source: Ines\_0211. Includes all participants entering the programme between October 2007 and January 2011. ESF funded participants are those on projects funded or partly funded by ESF. Match funded participants are those on projects funded entirely by match. Proportions for female and disabled are of all participants. Proportions for ethnic minority are of participants with known ethnicity. Proportions for aged 50 or over are of participants who are not 14-19 year old NEETs.

**Figure 7 Performance of Priority 4 ESF and match funded provision against gender and equal opportunities targets<sup>16</sup>**

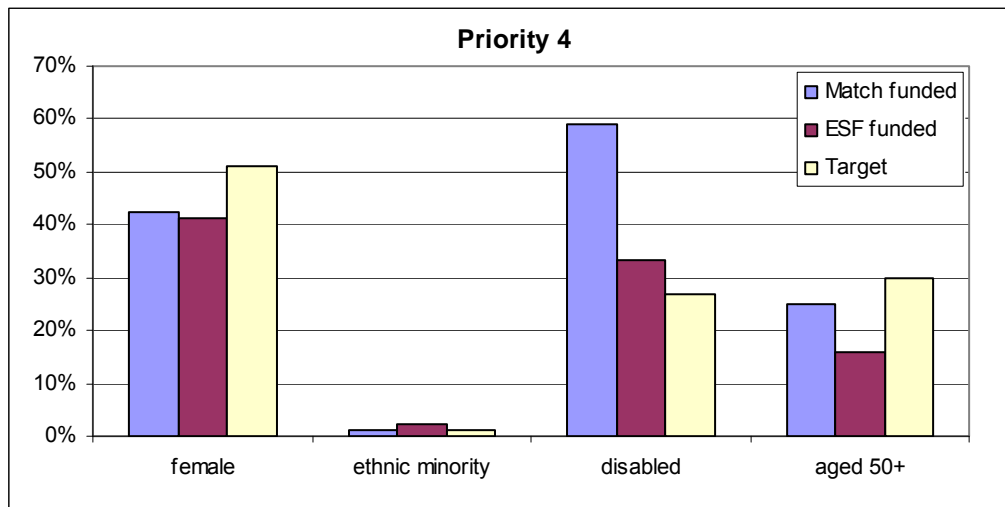


Figure 5 shows that up to January 2011:

- 41% of ESF provision starts are female compared to a target of 51% (in Priority 4);
- 2% of ESF provision starts are from ethnic minority background compared to a target of 1%;
- 33% of ESF provision starts are disabled compared to a target of 27%; and
- 16% of ESF provision starts are aged 50 years or older compared to a target of 30%.

In addition, the Priority 4 lone parent target is 8%. According to the Cohort Survey Wave 3, the ESF lone parents achieved for Priority 4 is 11%.

From this it can clearly be seen that the female target and the target for aged 50 and over are not yet being achieved. Also, match provision is closer to meeting the female target than ESF provision. This also applies to aged 50+. For the disabled group, the target has been exceeded by ESF provision, and also by match.

Moving on to Priority 2, Figure 8 below indicates the performance of ESF and match provision starts who are female, from an ethnic minority background, disabled and aged 50 years and over.

<sup>16</sup> Source: Ines\_0211. Includes all participants entering the programme between October 2007 and January 2011. ESF funded participants are those on projects funded or partly funded by ESF. Match funded participants are those on projects funded entirely by match. Proportions for female and disabled are of all participants. Proportions for ethnic minority are of participants with known ethnicity. Proportions for aged 50 or over are of participants who are not 14-19 year old NEETs.

**Figure 8 Performance of Priority 2 ESF and match funded provision against gender and equal opportunities targets<sup>17</sup>**

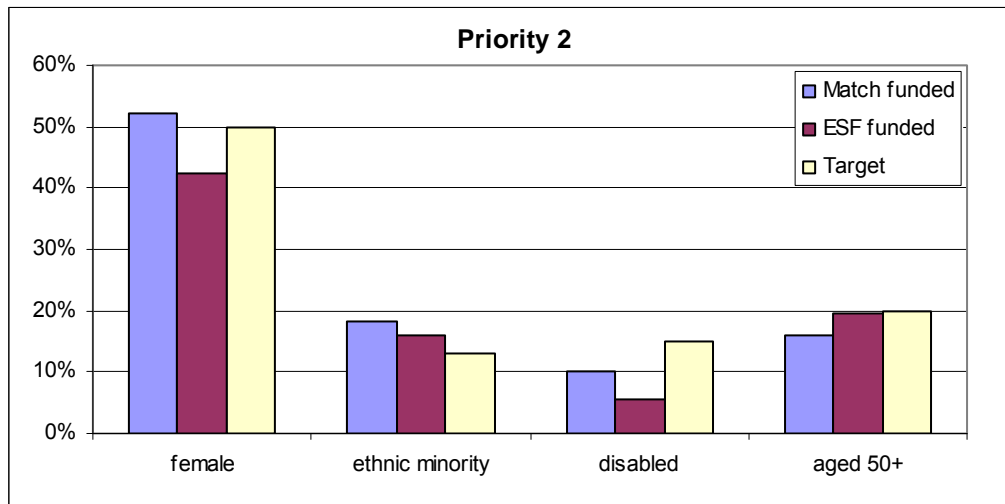


Figure 8 shows that up to January 2011:

- 42% of ESF provision starts are female compared to a target of 50% (in Priority 2);
- 16% of ESF provision starts are from ethnic minority background compared to a target of 13%;
- 5% of ESF provision starts are disabled compared to a target of 15%; and
- 20% of ESF provision starts are aged 50 years or older compared to a target of 20%.

In this graph it can be seen that the female target is not yet being achieved by ESF provision but it being achieved by match. In terms of ethnic minority, the target is being surpassed by both ESF and match. For disabled although match is higher than ESF, neither is currently achieving the target, and for aged 50+, ESF is has achieving the target.

For Priority 5, Figure 9 below indicates the performance against target.

<sup>17</sup> Source: Ines\_0211. Includes all participants entering the programme between October 2007 and January 2011. ESF funded participants are those on projects funded or partly funded by ESF. Match funded participants are those on projects funded entirely by match. Proportions for female and disabled are of all participants. Proportions for ethnic minority are of participants with known ethnicity. Proportions for aged 50 or over are of participants who are not 14-19 year old NEETs.

**Figure 9 Performance of Priority 5 ESF and match funded provision against gender and equal opportunities targets<sup>18</sup>**

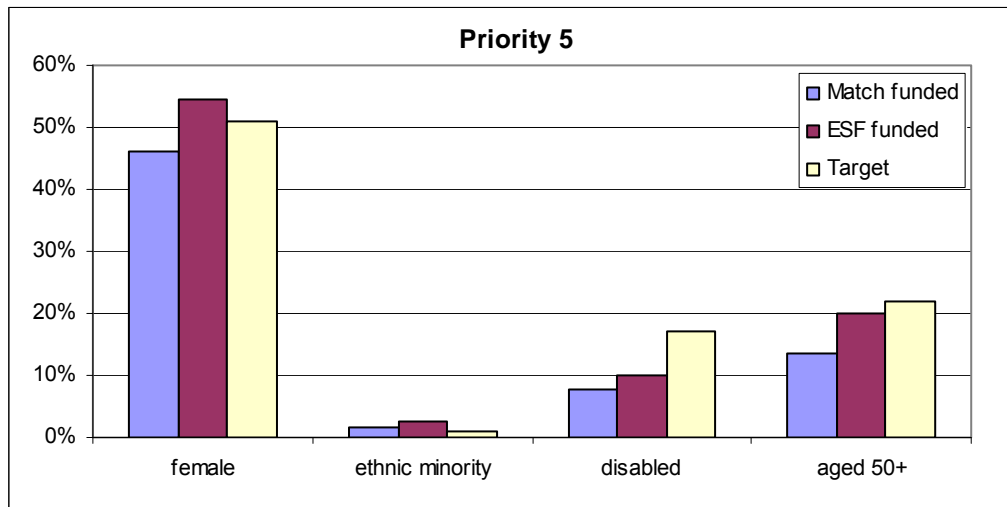


Figure 9 shows that up to January 2011:

- 54% of ESF provision starts are female compared to a target of 51% (in Priority 2);
- 2% of ESF provision starts are from ethnic minority background compared to a target of 1%;
- 10% of ESF provision starts are disabled compared to a target of 17%; and
- 20% of ESF provision starts are aged 50 years or older compared to a target of 22%.

Clearly, it can be seen that the female target is being surpassed in this priority by ESF provision, as is the ethnic minority target. Aged 50+ is close to being achieved by ESF. Again, the disabled target is not being met by either ESF or match.

#### **4. 2 How appropriate are the targets for assessing disadvantaged groups?**

As evaluators, one of the issues of concern is whether the targets remain appropriate and do they reflect the current economic situation. This was not envisaged as an issue at the start of the programme when the economy looked much more settled but became apparent during the course of the evaluation. This section comments on the targets, with a view to any future programme in 2014-2020 rather than making changes to the current programme. It considers DWP CFO provision in Priority 1/Priority 4 only.

There are two aspects to the appropriateness of the targets:

1. How appropriate are the claimant groups selected; and
2. How appropriate are the target levels?

<sup>18</sup> As above

## How appropriate are the claimant groups selected?

The target groups are a set of easily observable characteristics that are associated with disadvantage and have therefore been used as a proxy for disadvantage<sup>19</sup>. When the targets were established it was not assumed that, for example, all disabled people are disadvantaged, but that disabled people are more likely to be disadvantaged than the average population.

The existence of the target groups leads to two questions; how have the targets been implemented, and have disadvantaged claimants been identified and supported by ESF provision.

The Operational Programme clearly states that funds should be targeted on people who are a disadvantage in the labour market, including those who experience multiple disadvantage, and it lists the specific target groups. However, the qualitative evaluation of ESF employment provision (Evaluation of European Social Fund Priority 1 and Priority 4: Extending Employment Opportunities to adults and young people) found that Jobcentre Plus advisers interpreted the eligibility criteria for ESF provision in different ways. In some areas eligibility was strictly restricted to disabled people, ethnic minorities, older people and women (i.e. those groups for which there were targets, although this was clearly not the intention of the Operational Programme as it excludes disadvantaged people who are not in these groups), whereas in other areas provision was open to all those of working age who were unemployed or inactive thus enabling a wider range of disadvantaged people to access provision. The application of eligibility criteria also varied temporally in some cases, with stricter interpretations based around the ESF target groups giving way to interpretations based on all those who were unemployed or economically inactive over time in response to the economic downturn.

Where a strict eligibility criteria was applied there was evidence that where advisers were convinced that a claimant could benefit from ESF provision, but did not fit into one of the targets they would seek to, as one put it, '*...work round the system...*'. In such cases, advisers would seek to 'fit' the claimant in question into a target group by asking whether they could consider themselves as perhaps having a disability or other disadvantage. While examples of such manipulation of criteria were uncommon, they do perhaps illustrate the unintended consequences of approaching eligibility from this strict perspective.

Similarly, where providers had been given guidance that they should restrict engagement to participants from the specific targets (beyond all those who were simply unemployed or inactive), related examples of manipulation and working around imposed criteria were evident.

However, in general consideration of the needs of the individual claimant, and a judgement over the relevance of ESF provision to their needs, were commonly cited. Consultations with Jobcentre Plus advisers revealed a number of typical considerations when deciding whether to refer claimants to ESF provision, which went wider than the ESF targets. These can be summarised as follows:

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<sup>19</sup> In addition to disadvantaged groups, the OP sets out a range of target groups, including NEETs, people without basic skills or Skills for Life, people without full NVQ2 qualifications, people without NVQ3 in sectors where there are skills shortages, and for women and ethnic minorities in sectors and occupational areas where they are under-represented, men and women who want training to enter non-traditional occupations and sectors, and managers and workers in small enterprises. (p93 OP)

- The availability (or otherwise) of alternative provision such as that offered through mainstream Jobcentre Plus employability programmes.
- The needs of the claimant and the types of provision perceived as being helpful in supporting individuals towards or back into work.
- Perceptions of how 'eager' or committed claimants are to returning to work in the judgement of advisers, connected to the voluntary nature of provision and perceptions that such commitment is thus significant.
- The perceptions of individual advisers as to the quality of ESF provision available in their local areas, often based on claimant feedback whether through satisfaction surveys or more informally received.
- Eligibility for referral and/or particular guidance received by advisers around the 'types' of claimant that should be considered for referral.

The research indicated some variability between the different areas and Jobcentre Plus offices as to the relative significance of the above considerations. However, in general, consideration of the needs of the individual claimant, and a judgement over the relevance of ESF provision to their needs, were the most commonly cited across all locations visited.

These differing approaches towards identifying claimants for referral to ESF employment provision both suggest that the target groups alone, although broad, meant that there were claimants who were disadvantaged and could have benefited from ESF provision who were not able to access ESF provision. In areas applying a strict approach, disadvantaged claimants may not have been able to access ESF support because they did not fall into one of the targets, and in other areas some claimants were only able to access ESF provision because advisers took a wider view of disadvantage.

Given the wide range of approaches used by Jobcentre Plus advisers, the second question becomes relevant: are the claimants identified by Jobcentre Plus disadvantaged on using a wider set of metrics available? To assess the level of disadvantage of participants there are two sets of information available:

1. Participant characteristics collected through the cohort survey; and
2. Participant characteristics collected through merging participant information with other DWP claimant databases.

The cohort survey collected information on a wider range of labour market disadvantages including: ethnic minorities; those who do not normally speak English at home; those with a disability or long-term limiting illness; lone parents; those with caring responsibilities; those aged over 50; the long-term unemployed (for 12 months or more); young people classified as NEET; returners to the labour market; offenders and ex-offenders; those with issues with alcohol or substance abuse; those with no qualifications; and those with citizenship and visa issues.

Although we do not have specific targets for multiple disadvantaged participants, it is useful to show the proportion of people with multiple disadvantage being helped by ESF. Table 10 summarises the number of labour market disadvantages experienced by ESF and match provision participants across the programme as a whole (i.e. not just DWP CFO). The results indicate the following:



- Participants starting on employment provision (Priorities 1 and 4) have more labour market disadvantages than skills provision (Priorities 2 and 5) starts, which we would expect as the majority of participants starting skills provision are in employment at this point;
- Over half of ESF employment provision participants have two or more labour market disadvantages; and
- Match employment provision participants have a greater number of disadvantages than ESF employment provision starts.

**Table 10 Participant disadvantages**

Number of disadvantages	Priority 1 and 4		Priority 2 and 5	
	ESF	Match	ESF	Match
0	18	13	50	70
1	30	28	33	23
2	27	26	13	6
3	16	21	3	1
4	6	10	1	0
5+	2	3	0	0

However, the labour market disadvantages included in the cohort survey are very broad, and it is likely that a significant number of unemployed and inactive claimants would fall into these categories. Therefore, even within these groups there will be claimants for whom the labour market disadvantages identified are not barriers to employment.

An alternative approach using DWP’s administrative datasets is to identify the labour market experience of ESF participants, which is illustrated below:

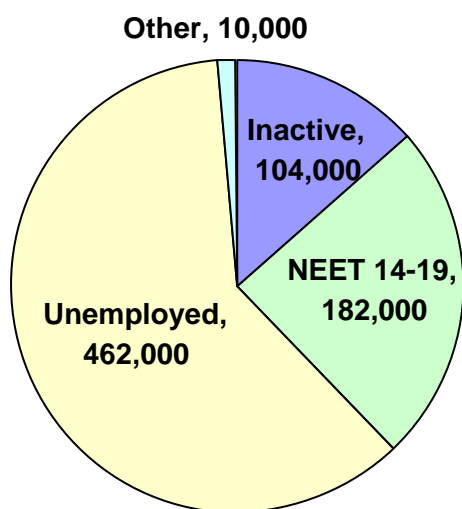
- Figure 10 shows that the majority of DWP CFO ESF employment provision starts were JSA claimants, who are more likely to flow off benefit and find employment, and on average less disadvantaged than IB and ESA claimants. For example, typically over half of JSA claimants flow off JSA within three months, around three-quarters within six months and around 90% within 12 months;
- Figure 11 shows that of all JSA claimants starting DWP CFO ESF provision, over 35% had claimed JSA for less than six months, and over 50% had claimed for less than 12 months.
- Finally, Table 11 shows the proportion of the previous two years that DWP CFO ESF employment and match provision participants had spent on benefit. Comparing the figures shows that in general match participants had spent a greater proportion of the last two years claiming benefit than ESF participants – suggesting that match participants are more disadvantaged.

Taken together, these statistics suggest that a significant minority of ESF employment provision participants were short term jobseekers, without long histories of claiming benefit. This is not to suggest that short-term jobseekers cannot be disadvantaged in the labour market, but segmentation analysis of jobseekers has consistently concluded that it is very challenging to accurately identify which jobseekers are likely to reach long term unemployment early in their claims because the vast majority of short term jobseekers will

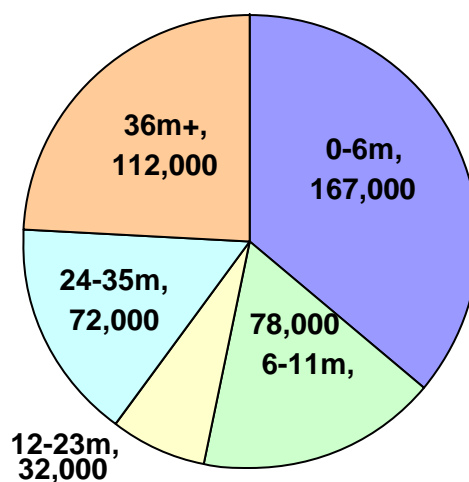
flow off JSA quickly.<sup>20</sup> This therefore suggests that unless Jobcentre Plus advisers have been able to pick out the most disadvantaged short-term jobseekers significantly better than complex modelling, then it is likely that a significant number of jobseekers have accessed ESF support who would have flowed off JSA and found employment without the additional support and are therefore not significantly disadvantaged in the labour market.

This conclusion is supported by the formal impact analysis of DWP CFO ESF employment provision for jobseekers<sup>21</sup> as the lock in effects observed suggest that jobseekers who would have flowed off benefit in the absence of ESF provision have stayed on benefit for longer as a result of participating on ESF provision.

**Figure 10 Labour market status of DWP ESF employment provision starts<sup>22</sup>**



**Figure 11 Length of unemployment spell (in months) for DWP ESF funded unemployed participants<sup>23</sup>**



<sup>20</sup> Bryson A. and Kasparova D (2003), *Profiling benefit claimants in Britain: A feasibility study*, Department for Work and Pensions Research Report 196

<sup>21</sup> Ainsworth, P., and Marlow S. (2011) *Early Impacts of the European Social Fund 2007-13*, Department for Work and Pensions, Internal Paper, IHR3

<sup>22</sup> Source: Ines\_0211, ESF funded participants employment status on entry to the programme. Includes participants entering the programme between October 2007 and January 2011 under Priorities 1 and 4 on projects funded or partly funded by ESF.

<sup>23</sup> Source: Ines\_0211, ESF funded participants current claim duration for unemployed participants (JSA, excluding NEETs) on entry to the programme. Includes participants entering the programme between October 2007 and January 2011 under Priorities 1 and 4 on projects funded or partly funded by ESF.

**Table 11 Benefit History for last 2 years prior to start of programme<sup>24</sup>**

Programme	Benefit history for last 2 years prior start of programme			
	Less than 6m	6-12m	12-24m	Base
	%	%	%	
<b>ESF</b>	<b>42</b>	<b>21</b>	<b>37</b>	<b>173,000</b>
ESF participants on JSA	41	24	34	123,000
ESF participants on IB/ESA	19	21	59	10,000
ESF participants on IS	6	10	84	16,000
<b>Matched</b>	<b>14</b>	<b>27</b>	<b>59</b>	<b>415,000</b>
Matched participants on JSA	5	36	59	197,000
Matched participants on IB/ESA	33	21	46	121,000
Matched participants on IS	10	12	78	46,000

In summary, this analysis suggest that there have been a number of different approaches towards identifying disadvantaged claimants for referral to DWP CFO ESF employment provision, and that ESF has succeeded in targeting its support towards disadvantaged groups. However, there is a significant minority of short term JSA claimants who have accessed ESF employment provision who are less likely to actually face significant barriers to finding employment.

### How appropriate are the target levels?

In addition to the choice of target groups, setting target levels is important in driving the right referral behaviours. The target groups and levels were set to embed gender and equal opportunities into the commissioning, implementation and evaluation of the ESF programme. The target levels were based on a combination of factors including: the gender split and proportions of ethnic minorities, disabled people and aged 50+ in the working age population; performance on existing ESF and national programmes to date; and policy priorities for future performance. The ESF ex-ante evaluation informed the analysis section of the Operational Programme and justified why these groups should be targeted.

Setting the right levels for these targets is important because:

- Setting them too low could mean that claimant groups are not receiving equality of access to ESF provision; and
- Setting them too high could lead to claimant groups receiving a disproportionate level of support compared to their need.

<sup>24</sup> All DWP ESF and Matched starts to December 2010

Comparison of the target levels and take up to date shows that the target levels are close to being achieved for ethnic minorities, disabled people and over 50 years of age. It is noteworthy that female participation remains below target. The number target for inactives has been achieved, although not the percentage target because of the higher number of unemployed participants. Priority 2 targets for participants with basic skills needs and without NVQ level 2 are also currently below target. However, the gender participation analysis<sup>25</sup> suggests that the target levels for females may have been set too high, and there is reason to believe that the target for disabled people could be slightly too low.

Taking the two groups of targets in turn, the target for females was set at 51% based on the proportion of female in the overall population. However, the programme aimed to help a high proportion of unemployed, who are disproportionately more likely to be male. Using the profile of participants the programme expected to attract, a target closer to 40% would have been more consistent with parity of gender participation. Therefore, to hit the female participation target of 51% at the time the target was set, more females than parity would have needed to be referred to ESF provision.

In addition, the recession further increased the number of JSA claimants eligible for ESF provision, which would have further reduced the target level required to achieve parity.

The levels for the other claimant groups were closer to the proportions of these claimant groups in the target population. The target levels are therefore more likely to have been set at appropriate levels to achieve parity than the female target. However, looking more closely at JSA claimants, who have made up more than half of ESF Employment provision starts, it is clear that disadvantaged JSA claimants are not a random subset of all JSA claimants.

Amongst JSA claimants long-term jobseekers are more likely to be disadvantaged, and long-term jobseekers are more likely to be disabled, from an ethnic minority and aged over 50 than the average jobseeker (this is summarised in Table ). This suggests that setting the parity targets based on the workless and working population could under-pitch the target levels for disabled people because this group is less prevalent in the JSA population than in the subset of disadvantaged long-term jobseekers.<sup>26</sup> Separate targets were given for employment provision and skills provision to reflect the differences. For Priority 1 employment provision, these were 22% for disability, 25% for ethnic minorities, and 18% for over 50s. For Priority 2, the targets were 15% disability, 13% for ethnic minority and 20% for the over 50s.

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<sup>25</sup> Gender Participation Paper 2007-2010 – England and Gibraltar European Social Fund Convergence, competitiveness and Employment Programme Monitoring Committee 2007-2013, 16 September 2010. The PMC and Managing Authority agreed not to revise the targets in 2007-2013, but the Managing Authority will explain the reasons for any variations in annual implementation reports. The European Commission has maintained that the female targets were based on a sound analysis of the target group, that evaluation and labour market data still suggests that, overall, that analysis remains relevant, so the OP targets are realistic and should be maintained.

<sup>26</sup> It should be noted that the targets were set on the basis of stock estimates and not flows, but a similar pattern would be exhibited by stocks to the flows.

**Table 12 JSA claimant characteristics<sup>27</sup>**

		<b>Female</b>	<b>Ethnic minority</b>	<b>Disabled</b>	<b>Over 50</b>
		%	%	%	%
New claimants	JSA	28	12	18	13
Long-term claimant	JSA	20	15	27	18

Overall, analysis of the parity targets suggests that the targets have been set at modest levels to achieve parity of participation. For the whole programme, without knowledge of the recession, the disability target might have been set at between 20-25%, whereas with knowledge of the recession, the target should probably be nearer to 30%. The actual disability probability, although it is reaching the target, is being undermined by the low proportion of disability in Priority 2 and 5 skills provision, which is just 7% against the existing 15% target. This also applies to the over 50s and ethnic minorities targets.

In addition, the following conclusions can be drawn for any future ESF programme in 2014-2020:

- ESF participation targets should separate out ESF provision from match provision because the ESF programme has limited levers to affect the characteristics of claimants taking up mainstream match provision; and
- Target levels should be reviewed through the duration of the programme to ensure that they remain appropriate.

#### **4. 3 Summary**

This chapter has assessed whether the first half of the ESF programme has targeted its support on disadvantaged groups, and the conclusion is that there is strong evidence to support that it has. There is also evidence to indicate that DWP CFO ESF provision has supported a significant minority of JSA claimants who are unlikely to be the most disadvantaged and therefore not the highest priorities for accessing ESF employment provision. Therefore there is scope to more tightly target ESF provision on the most disadvantaged claimants.

The aim of the ESF programme is to target support on disadvantaged claimants; however, identifying the target groups specifically may have led some Jobcentre Plus advisers to incorrectly interpret the targets as strict eligibility criteria, which may have resulted in some disadvantaged claimants who need additional support not being able to access DWP CFO ESF support in some areas. This conclusion cannot be drawn for other CFOs.

This approach would suggest giving, for example, Jobcentre Plus advisers greater freedom to identify the most disadvantaged claimants for whom ESF provision is most appropriate. This would build on the findings from the evaluation of ESF employment

<sup>27</sup> Source: National Benefits Database, Characteristics of new and long-term JSA claimants. The data includes all JSA claims starting between April 2008 and March 2009. Figures for 'New JSA claimants' are the proportion of all claims starting during this period which last for at least 12 months.

provision that some Jobcentre Plus advisers targeted DWP CFO ESF employment support based on the following factors:

- The availability (or otherwise) of alternative provision such as that offered through mainstream Jobcentre Plus employability programmes
- The needs of the claimant and the types of provision perceived as being helpful in supporting individuals towards or back into work
- Perceptions of how 'eager' or committed claimants are to returning to work in the judgement of advisers, connected to the voluntary nature of provision and perceptions that such commitment is thus significant.

## Chapter 5 Regional variation

To assess whether ESF has contributed towards reducing regional differences in employment, and a skilled workforce, this chapter considers:

1. The regional distribution in the take up of employment (Priority 1 and 4) and skills (Priority 2 and 5) support;
2. The regional distribution in the achievement of outcomes from ESF provision; and
3. An appraisal of the possible impact that ESF has had on employment rate differences between regions.

Overall, evidence from the first half of the ESF programme suggests that ESF has helped to contribute towards reducing regional differences in employment rates and skill levels, with more support delivered in areas with lower employment rates and lower levels of Level 2 qualifications, and more job outcomes and qualifications secured in these areas. However, evidence from the ESF employment support impact analysis suggests that the overall impact of ESF on employment rates has been modest.

### 5.1 Regional distribution in the take up of employment and skills support

Table 13 and Table 14 below shows the number of people who have accessed ESF employment and ESF skills support, together with the employment rate and Level 2 rate, by region, phasing-in areas and Cornwall. The tables show that overall, more claimants have accessed employment and skills support in areas with lower employment rates and lower levels of Level 2 and above qualifications rates.

**Table 13 Number of Priority 1 and 4 employment provision starts on ESF provision by region, up to January 2011**

Region	Number of starts on Employment support up to Jan 2011	Starts of Working Age Population %	Employment rate, Sept 2010 %
North East	58,000	3	65.5
West Midlands	106,800	3	67.9
London	96,500	2	68.8
Yorkshire and Humber	111,500	3	68.8
North West	158,600	4	68.9
East Midlands	59,200	2	71.8
South West	59,300	1	73.4
East	52,100	2	74.5
South East	40,100	1	75.1
Cornwall	22,500	7	70.1
Merseyside	87,800	10	64.7
South Yorkshire	61,600	7	66.5
<b>England</b>	<b>742,100</b>	<b>2</b>	<b>70.5</b>

Notes:

1. Employment support includes employment skills provision
2. Working Age Population and Employment Rate – Nomis, September 2010
3. Table does not add up to the total due to rounding

**Table 14 Number of Priority 2 and 5 skills provision starts on ESF provision by region, up to January 2011**

Region	Number of starts on Skills support up to Jan 2011	Starts of Working Age population %	% below Level 2, Dec 2009
North East	51,500	3	36.6
West Midlands	62,400	2	39.1
London	81,400	2	35.4
Yorkshire and Humber	74,300	2	36.5
North West	142,900	3	35.6
East Midlands	40,900	1	36.3
South West	69,000	2	31.2
East	50,300	1	35.9
South East	45,000	1	31.0
Cornwall	40,500	13	34.4
Merseyside	79,200	9	36.0
South Yorkshire	31,700	4	37.5
<b>England</b>	<b>617,800</b>	<b>2%</b>	<b>35.0%</b>

Notes:

1. Working Age Population and % below Level 2 – Nomis, December 2009
2. Table does not add up to the total due to rounding

Table 13 and Table 14 show that ESF is helping to contribute towards reducing regional employment and skills differences, by targeting more employment support into regions with low employment rates, and by targeting more skills support into areas with higher proportions of the population with qualifications below level 2.

For example the North East, West Midland, London, Yorkshire and the Humber and the North West have employment rates below 70% and in these areas between 2% and 4% of the working age population received employment support through the European Social Fund. In contrast, the remaining English regions with employment rates above 70% have between 1% and 2% of the working age population accessing ESF employment support.

There is a similar pattern in terms of ESF skills provision, although the relationship is less pronounced. For example, North East and West Midlands have high proportions of population with qualifications below level 2 and receive the most skills support; however East and East Midlands also have high proportions of the population below level 2 qualifications and yet have received less skills support as a proportion of the working age population.

Within the ESF programme additional support is targeted at Cornwall, which is a Convergence area, and Merseyside and South Yorkshire, which are phasing-in areas. The information in Table 13 and Table confirm that more employment and skills support has been delivered in these sub regional areas, contributing towards reducing the employment and skills gap between these areas and the national average.

Overall, ESF employment and skills support has been targeted predominantly at regions, and sub regional areas, with low employment rates and low qualification rates. Targeting resource in this way is expected to help reduce differences between English regions, and help to bring areas with low employment and qualification rates up towards the national average.



## 5.2 Regional distribution in the achievement of outcomes from ESF provision

Table 15 and Table 16 below show the number of people who have achieved job outcomes and qualifications through ESF employment and skills support by region.

The tables show that overall ESF provision has contributed towards reducing regional employment and skill rate differences as more claimants have found employment and gained qualifications in regions with lower employment rates and higher proportions of the population with qualifications below level 2.

In the North East, West Midlands, London, Yorkshire and Humber and the North West employment rates are below 70% and in these areas between 0.2% and 0.6% of jobs in the working age population were gained by people who had received support through the European Social Fund. In contrast, the remaining English regions with employment rates above 70% have between 0.1% and 0.3% of the working age population.

There is a similar pattern for gaining qualifications but the relationship is less pronounced. The proportion of the population gaining level 2 qualifications in most regions is fairly flat, ranging between 0.3% and 0.4% of the population with the exceptions of Yorkshire and the Humber (0.2%) and South East (0.1%).

Within the ESF programme, additional support is targeted at Cornwall, which is a Convergence area, and Merseyside and South Yorkshire, which are phasing-in areas. The information in Table and Table confirm these sub-regional areas achieve more jobs and qualifications than the other regions, contributing towards reducing the employment and skills gap between these areas and the national average.

**Table 15 Number of job outcomes from ESF provision by region, up to January 2011**

Region	Number of job outcomes from employment support, up to Jan 2011	Jobs as a % of Working Age population	Employment rate, Sept 2010 %
North East	9,300	0.6	65.5
West Midlands	9,200	0.3	67.9
London	11,800	0.2	68.8
Yorkshire and Humber	8,600	0.3	68.8
North West	26,500	0.6	68.9
East Midlands	8,800	0.3	71.8
South West	8,700	0.3	73.4
East	6,700	0.2	74.5
South East	5,800	0.1	75.1
Cornwall	3000	0.9	70.1
Merseyside	15,200	1.7	64.7
South Yorkshire	3,400	0.4	66.5
<b>England</b>	<b>95,900</b>	<b>0.3</b>	<b>70.5</b>

Notes:

1. Employment support includes all employment skills provision
2. Working Age Population and Employment Rate, Nomis September 2010
3. Table does not add up to the total due to rounding

**Table 16 Number of qualifications gained from ESF provision by region, up to April 2011**

Region	Number of qualifications gained through skills support	Qualifications as a % of Working Age population	% below Level 2, Dec 2009 %
North East	6,700	0.4	36.6
West Midlands	12,400	0.4	39.1
London	20,500	0.4	35.4
Yorkshire and Humber	6,600	0.2	36.5
North West	19,200	0.4	35.6
East Midlands	8,800	0.3	36.3
South West	11,100	0.3	31.2
East	9,500	0.3	35.9
South East	5,700	0.1	31.0
Cornwall	6,200	1.8	34.4
Merseyside	5,800	0.7	36.0
South Yorkshire	2,500	0.3	37.5
<b>England</b>	<b>100,400</b>	<b>0.3</b>	<b>35.0</b>

Notes:

1. Working Age Population and % below Level 2, Nomis December 2009
2. Table does not add up to the total due to rounding

In summary, ESF is helping to contribute towards reducing regional employment and skills differences, as more job outcomes and qualifications have been achieved in regions with low employment rates and in regions with high proportions of the population with qualifications below level 2.

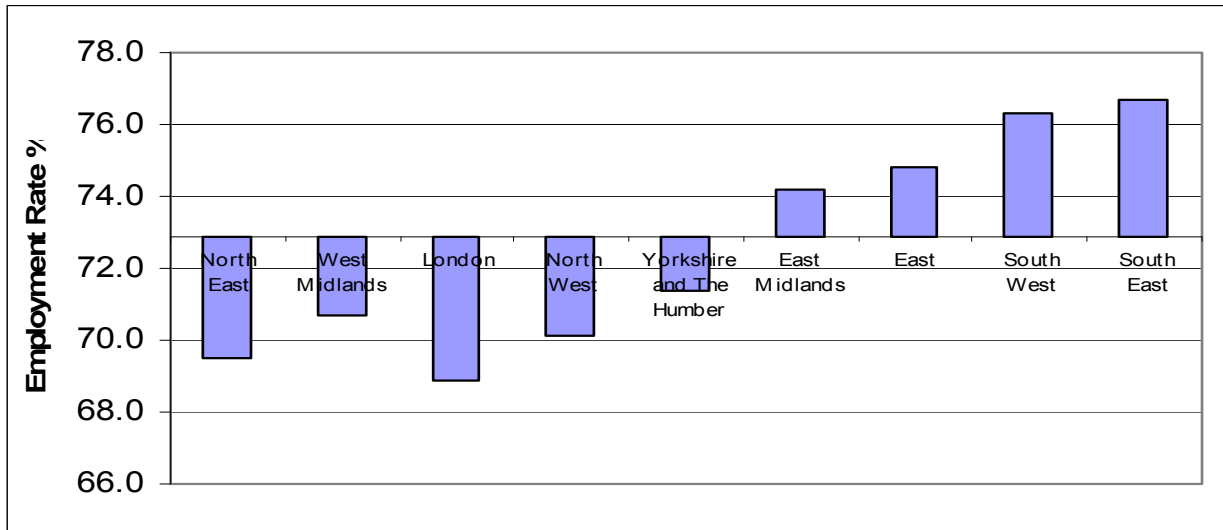
### **5.3 Appraisal of the possible impact that ESF has had on employment rate differences between regions**

Figures 12 and 13 below show the differences in employment rates between English regions at the start of the ESF programme in April 2007, and in the latest period available.<sup>28</sup> The baseline is the national employment rate in April 2007 which was 72.9%. The figures show two changes over the period:

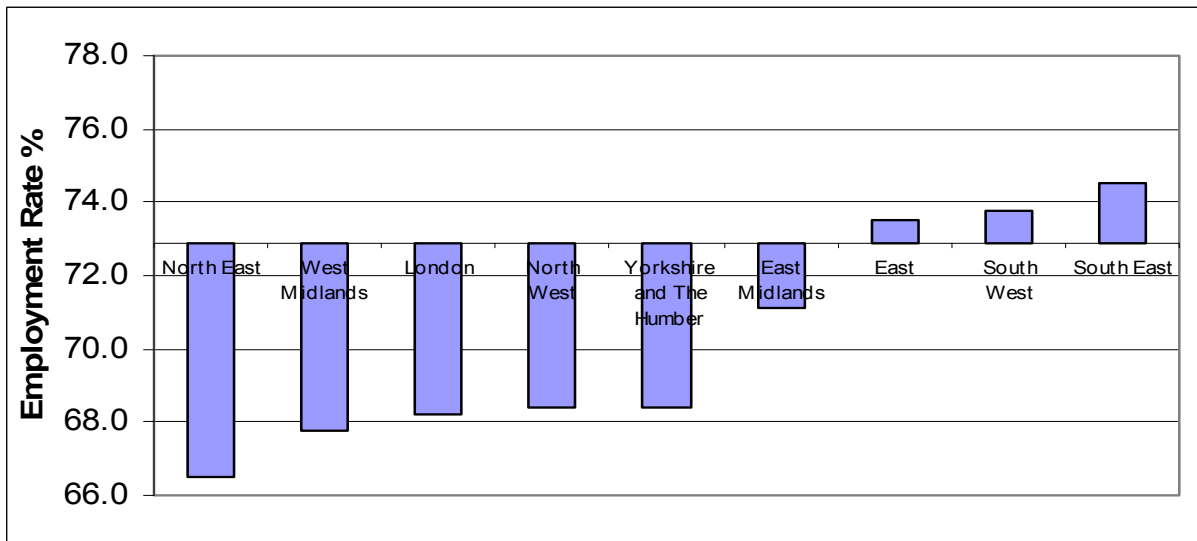
- The employment rate has fallen across all regions, which reflects the impact of the recession; and
- The range of employment rates has remained similar, (about eight percentage points) but some regions have decreased more than others: London and East regions have decreased by one percentage point, while North East, Yorkshire and the Humber and East and West Midlands have decreased by three percentage points.

<sup>28</sup> Source: Nomis, September 2007 and September 2010

**Figure 12 Employment rate by region, September 2007**



**Figure 13 Employment rate by region, September 2010**



The evidence presented above on the take up and outcomes from ESF provision suggests that ESF has contributed in part to the overall narrowing in employment rates. However, there are a wide range of changes that have affected employment rates, most significant of which is the recent recession, in this section we attempt to identify the possible impact that ESF might have contributed towards reducing regional differences in employment rates.

To estimate the potential contribution of ESF to reducing differences in regional employment rates, we have used the results from the ESF impact assessment (by Ainsworth P and Marlow S) and made the following plausible assumptions:

- The impacts reported in Ainsworth and Marlow (2011) for DWP ESF funded provision: JSA claimants of 10 additional days in employment (zero additional days off benefit) and for IB/ESA claimants of 25 additional days in

- The impacts for the Skills Funding Agency ESF adult employment provision are the same as for DWP ESF funded provision;
- The impacts for non-JSA ESF claimants are in line with the impacts for IB/ESA claimants;
- There are no wider substitution or displacement affects, which would reduce the impact of ESF on overall employment outcomes;
- We calculate the steady state impact of ESF provision on employment rates based on the number of ESF provision starts in 2009.

On the basis of these assumptions, the steady state impact of ESF provision on the number of people in employment has been calculated as the average impact (in days) per programme start multiplied by the number of programme starts in 2009 divided by 365 days. The percentage impact on employment has been calculated as the impact on employment divided by the number in employment. These estimates are summarised in Table 17 and similar calculations for the rate of benefit claiming are summarised in Table 18.

**Table 17 Impact of ESF on steady state employment**

Region	Impact on employment	Employment rate, Sep 2010 %	% impact on employment
North East	800	65.5	0.07
West Midlands	1,500	67.9	0.07
London	1,400	68.8	0.04
Yorkshire and Humber	1,300	68.8	0.06
North West	2,300	68.9	0.08
East Midlands	800	71.8	0.04
South West	900	73.4	0.02
East	600	74.5	0.04
South East	600	75.1	0.02
Cornwall	400	70.1	0.16
Merseyside	800	64.7	0.14
South Yorkshire	800	66.5	0.14
<b>England</b>	<b>10,200</b>	<b>70.5</b>	<b>0.04</b>

Notes: Impacts are from one year of starts between Jan 2009 – Dec 2009

1. Working Age Population and Employment Rate – Nomis September 2010
2. Table does not add up to the total due to rounding

**Table 18 Impact of ESF on steady state benefit claims (JSA, IB/ESA, IS Lone Parent)**

<b>Region</b>	<b>Impact on benefit claims</b>	<b>% of working age population claiming benefit</b>	<b>% impact on benefit claims</b>
North East	300	19	0.09
West Midlands	200	16	0.09
London	700	14	0.09
Yorkshire and Humber	400	16	0.09
North West	800	18	0.1%
East Midlands	300	14	0.07
South West	300	12	0.09
East	300	12	0.03
South East	200	11	0.04
Cornwall	200	14	0.37
Merseyside	300	23	0.14
South Yorkshire	300	18	0.21
<b>England</b>	<b>3,600</b>	<b>14%</b>	<b>0.07%</b>

Notes:

1. Benefits are JSA, IB/ESA, IS Lone Parent caseload as of Nov 2010, Nomis
2. Table does not add up to the total due to rounding

The calculations included in Table 17 suggest that in steady state ESF has increased the number of people in employment by around 10,000, with an overall level of employment of 24.6 million. It also suggests that the areas with the lowest employment rates such as the North East, Yorkshire and the Humber and the North West have gained significantly more than areas with higher employment rates, thereby reducing differences in employment rates – the impact is over four times more in the north. Moreover, the impacts in Cornwall, Merseyside and South Yorkshire are over ten times higher than the southern regions.

In terms of closing the employment gap between, for example, the highest employment rate 75.1% in the South East and the lowest 65.5% in the North East, ESF has contributed to closing the eight percentage point gap by 0.06 percentage points which represents nearly 1% of the employment rate gap.

In a similar way Table 18 suggests that in steady state ESF has reduced the number on benefit by 3,600 from an overall number of 4.7 million benefit claimants. In the same way as for employment areas with higher numbers of benefit claimants have reduced the number on benefit significantly more than areas with lower numbers of benefit claimants.

These findings assume that impacts on employment and off benefit are uniform across the country. If the impacts are different in some regions, for example higher in regions with lower employment rates, then the impacts could be ten or twenty times larger in the north of England than in the south of England.

Overall ESF has contributed to 0.04% of the number of people in employment. This should not though be treated as an indication of failure. DWP's most successful programmes, such as the New Deal for Young People (NDYP)<sup>29</sup> and New Deal for Disabled People (NDDP)<sup>30</sup> reduced the average number of days spent on benefit by around 64 days over 18 months and 45 days over 2 years (25 days over 2 years on the likelihood of being in employment) respectively. Therefore, although NDYP has a much greater impact on benefit than ESF, particularly for JSA claimants, the impacts for NDDP are very similar to ESF, particularly for IB/ESA claimants.

Similar calculations suggest that NDYP, based on an annual 170,000 starts, reduced the number of benefit claims by 20,000, equivalent to about 2% of the JSA caseload; NDDP, based on 70,000 starts, reduced the number of benefit claims by 4,000, equivalent to 0.2% of the IB caseload and increased the number of people in employment by about 2,500, equivalent to 0.02% of the employed population.

Therefore, even if ESF had been as successful as NDYP, the reduction in regional differences would not have been significantly more and if ESF had been as successful as NDDP then the reduction in regional differences would have been comparable. This analysis does however suggest that within the limited ESF resources available for employment support, a greater reduction in regional employment rate differences will only be possible if resources are more tightly targeted on areas with low employment rates.

## 5.4 Summary

Overall, evidence from the first half of the ESF programme suggests that ESF has helped to contribute towards reducing regional differences in employment rates and skill levels, with more support delivered in areas with lower employment rates and lower proportions of the population with level 2 qualifications, and more job outcomes and qualifications secured in these areas. However, evidence from the ESF employment support impact analysis suggests that the overall impact of ESF on employment rates has been modest.

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<sup>29</sup> Beale I, Bloss C and Thomas A (2008), The longer-term impact of the New Deal for Young People, Department for Work and Pensions Working Paper No 23

<sup>30</sup> Redway, H., (2001). *New Deal For Disabled People, Using Administrative Data to Access the Impact on exits from Benefit*, Department for Work and Pensions In House Report No 81.

## Chapter 6 Conclusions

This report has drawn together evidence to date from the 2007-2013 evaluation studies of the European Social Fund (ESF) in England and Gibraltar, and assessed the extent to which the programme has:

1. Added value above and beyond national mainstream programmes;
2. Targeted disadvantaged groups (e.g. disabled people, people aged 50 and over, ethnic minorities); and
3. Reduced regional differences in the employment and skill levels.

The conclusions drawn from this synthesis for the second half of the ESF programme, and for future programmes are as follows.

### 6.1 Added value

The first half of the ESF programme has:

- Added value by increasing the quantity and range of support available;
- Added value by helping participants find employment and gain qualifications; and
- Added value by helping additional people find employment, and increasing firm profitability and productivity.

However, our most robust analysis of impacts suggest that DWP CFO ESF provision has had no impact on the likelihood of JSA claimants being on benefit, and only a small impact on the likelihood of being in employment. Although the results for IB/ESA claimants are comparable to similar mainstream programmes for this claimant group, IB and ESA claimants only make up 6% of claimants accessing DWP ESF employment support, and the small impacts for JSA claimants are for two-thirds of DWP ESF employment support participants.

### 6.2 Targeting disadvantaged groups

There is evidence to support ESF provision being predominantly targeted on disadvantaged groups as outlined in the Operational Programme during the first half of the programme. However, there is also evidence that a significant minority of DWP CFO ESF employment provision participants have been short term jobseekers, who are less likely to be disadvantaged in the labour market. Therefore there is scope to more tightly target ESF provision on the most disadvantaged claimants.

The clear aim of the ESF programme is to target support on disadvantaged claimants; however, identifying the target groups specifically may have led some Jobcentre Plus advisers to incorrectly interpret some of the targets as strict eligibility criteria, which may have resulted in some disadvantaged claimants who need additional support not being able to access DWP CFO ESF support in some areas.

This approach would suggest giving, for example, Jobcentre Plus advisers greater freedom to identify the most disadvantaged claimants for whom ESF provision is appropriate. This would build on the findings from the evaluation of ESF employment provision that some Jobcentre Plus advisers applied a number of more sophisticated considerations to target DWP CFO ESF employment support among the target groups.

## **6.3 Reducing regional employment and skills differences**

The analysis included in this report suggests that ESF provision has contributed to reducing differences in regional employment rates, which has largely been driven by more provision being available in areas with low employment rates. However, the contribution of ESF employment provision to reducing regional differences is modest because ESF provision is reasonably evenly distributed across the English regions and the impacts on JSA claimants, the largest ESA group, are small.

To increase the impact of ESF provision on employment rates there are two options:

1. Increase the impact of ESF employment provision – potentially by more tightly targeting employment support from within the pool of JSA claimants; and
2. Increase the proportion of funding made available to regions with low employment rates relative to regions with high employment rates.



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## Annex A

### List of Evaluations on the current programme

Anderson, T., Tait C., and Lloyd, C. (2011) *European Social Fund Cohort Study: Wave 3*, Department for Work and Pensions Research Report No 771

#### Summary

The ESF Cohort Study is a large scale longitudinal quantitative survey designed to evaluate the longer term outcomes of the training and advice provided through the ESF programme. It involved three Waves of interviews, which were mainly conducted by telephone supplemented by a small number of face-to-face interviews with more vulnerable respondents. Respondents were first interviewed between April and September 2009 after they had started their course, and approached again between January and March 2010 (Wave 2) and January and March 2011 (Wave 3) subject to consent to be recontacted. Full interviews were conducted with 2,740 respondents in Wave 3.

Survey data has been weighted so that it is representative of the profile of ESF and match participants according to management information available in April 2009, when the sample for the study was drawn.

The study covered four of the ESF priorities, including: Priorities 1 and 4, which have a focus on extending employment opportunities and tackling barriers to employment; and Priorities 2 and 5, which aim to develop and improve the skills of the workforce.

This report contains the findings from participants who responded to all three Waves of the ESF Cohort Study, and uses responses from all three interviews. While the Wave 1 and 2 reports focussed upon the characteristics of participants, respondents' experiences of the programme as well as outcomes, the purpose of the third Wave is to provide information on the longer term outcomes of ESF provision. This Wave also collected data related to sustainability to explore the integration of this cross-cutting theme into ESF provision. The report examines the involvement of ESF and match funded participants in training about green issues and the degree to which they are employed by organisations providing related products and services.

#### Course completion

Only a minority of respondents (1 per cent) had still to finish their course when they took part in the Wave 3 ESF Cohort Study, with 74 per cent of participants staying to the end of the course and 25 per cent leaving early.

The participants' courses lasted six months on average but ranged from less than one month to three years or more. Longer courses were more common among Priority 2 and 5 participants with average lengths of 13 and 8 months respectively, compared with 4 months among Priority 1 participants and 5 months among Priority 4 participants.

A higher proportion of Priority 2 and 5 participants had stayed until the end of their course compared with those in Priorities 1 and 4. Five per cent of Priority 2 and 11 per cent of Priority 5 participants left their course early. Among participants in Priorities 1 and 4, the

comparable figures were 29 per cent and 25 per cent respectively. Participants were also more likely to have left the course early if they had multiple disadvantages or if they had been 'made to' or 'persuaded to' take part in the course rather than it being their own idea. Being aged 16-19, not having prior qualifications and not being in employment were found to be significantly associated with non-completion once other factors were taken into consideration. While a proportion of participants left early because they found a job, this suggests that further support may be necessary to encourage continued participation among these groups. The level of satisfaction with the quality of the course was also a significant factor.

## **Qualifications**

Before starting the course, 16 per cent of participants had no qualifications, while a further 25 per cent had qualifications below Level 2 or had 'other' qualifications. Participants with a disability or long term limiting illness were less likely to have qualifications.

By the time of the Wave 3 interview, 36 per cent per cent of participants had gained full qualifications through the course, although this figure was higher in Priority 2 (80 per cent) and Priority 5 (73 per cent). Gaining a qualification was more common among women compared with men and less common among participants aged 50 or more. Whether a Priority 2 participant gained a qualification also significantly differed with the size of the employer. Those working for smaller employers with less than 25 employees were more likely to gain a qualification than those working for very large employers. For Priorities 2 and 5, ESF funded participants were less likely to gain a full qualification compared with match funded participants (61 per cent compared with 90 per cent).

Once other respondent characteristics were controlled for, not gaining work skills on the course, being a lone parent and being female were found to have a significant negative relationship with qualification acquisition. Differences in provision by funding stream and course intensity also appear to play a role.

In addition to the acquisition of full qualifications, 12 per cent of participants had gained units or modules towards qualifications by the time of the Wave 3 interview. Again, this was higher among Priority 2 (24 per cent) and Priority 5 (22 per cent) participants.

A number of results targets relating to qualification acquisition exist for the Priorities 2 and 5. For both priorities, there is a 40 per cent target for the proportion of participants without a prior level 2 qualification gaining a full level 2 qualification. Similarly a target of 30 per cent exists for the achievement of a full level 3 qualification amongst those with only a level 2 prior to the course. The findings from the cohort study suggest that these targets have been met. At the time of interview, of those without a prior Level 2 qualification, 40 per cent of Priority 2 and 5 participants had obtained a Level 2 qualification. Of those participants without a prior Level 3 qualification, 32 per cent of Priority 2 and 5 participants had obtained a Level 3 qualification by the Wave 3 interview.

Forty-four per cent of participants had taken part in some form of vocational training since the course. Most commonly, participants had received training in how to look for a job (23 per cent), followed by general training in the world of work (20 per cent) and training in personal skills (18 per cent). Around half of these participants would not have done undertaken this training without the original course, suggesting that ESF and match funded provision plays an important in engaging participants with wider training opportunities.

## Employment outcomes

Priorities 1 and 4 have a number of results targets related to employment. For Priority 1, there are targets of 22 per cent of participants in employment on leaving the course and 26 per cent in employment six months after this. The findings from the ESF Cohort Study suggest that the programme has been successful in this regard. While the study does not provide us with a snapshot of participants' employment status at the exact point of leaving and six months later, the employment status of participants at the various Waves is in line with these targets. Similarly for Priority 4 participants, targets were set at 24 per cent in employment on leaving and 30 per cent in employment six months later. Once again the survey data suggest that these targets have been met.

The study found that the employment rate among Priority 1 participants rose from six per cent on the week before the course to 32 per cent rate at the time of the Wave 3 interview, while the rate of unemployment fell from 70 per cent to 38 per cent over the same period and the proportion economically inactive rose from 24 to 30 per cent. Among Priority 4 participants the employment rate rose from 4 per cent to 34 per cent, with a corresponding fall in the proportion who were unemployed of 39 per cent to 20 per cent and a fall in the proportion who were economically inactive of 57 per cent to 46 per cent. When comparing the rate of unemployment at the time of interview with the rate 12 months before the course there was a small decline in unemployment (from 42% to 38% in Priority 1). It is also important to note that interviews took place during the economic recession, which may contribute to the reduction in unemployment not being higher.

Among the target groups, the lowest Wave 3 employment rates were reported for those participants with disabilities or health conditions and those aged 50 or older. Indeed, even once other factors were controlled for, having a physical or mental disability had a negative association with being in employment at Wave 3, presenting a considerable barrier in many cases. Having no prior qualifications and being long-term unemployed were also significant factors, as were having no recent work experience and being made to go on the course.

For Priorities 1 and 4, a greater increase in the proportion of participants in employment between the week before the course and the Wave 3 interview was seen among ESF funded participants (38 percentage points compared with 23 percentage points for match funded participants). As the courses funded by the ESF programme include a group of the population that have become unemployed and have been identified as potentially benefiting from these courses this is not unexpected.

For many, employment was sustained between earlier Waves and the Wave 3 interview. Among Priority 1 participants, 80 per cent of those employed at Wave 1 were still employed at Wave 3 and similarly 80 per cent of those employed at Wave 2. Among Priority 4 participants, 70 per cent of those employed at Wave 1 were still employed at Wave 3 and 76 per cent of those employed at Wave 2.

Of those participants who were in employment at the time of the interview and who had been out of work in the week before the course, 21 per cent said that someone on the course had suggested that they apply for their current job, while a similar proportion (22 per cent) had used contacts from the course when applying for their current job.

Of those Priority 1 and 4 participants not in work at the time of the Wave 3 interview, 66 per cent were looking for work, with a further 22 per cent wanting work although not currently looking. Intentions among this group were similar to those observed at Wave 2, as were their self rated likelihood of finding work and confidence in finding work.

Of those participants who were unemployed at the Wave 3 interview, most had made job applications (67 per cent) since the Wave 2 interview while a slightly smaller proportion had been to job interviews (63 per cent). Thirty-five per cent of unemployed participants had used contacts from the course in their job search, while 28 per cent said that someone on the course had suggested that they apply for particular jobs.

At this stage, as at previous Waves, the most cited barriers to getting a job were the lack of jobs locally, a lack of recent work experience and not having the right skills. While these barriers are based on participants' perceptions, consideration of local opportunities and matching skills training and work experience opportunities with these is clearly important in helping to ensure that ESF provision assists participants move towards work. At the time of the Wave 3 interview, access to and the cost of transportation and childcare was also cited as a barrier for some, suggesting that further support would be beneficial to participants after they have finished their course.

Improvements in employment were also observed among those participants in employment both before the course and at the time of the Wave 3 interview. Sixty-nine per cent of such participants said that, since they had been on the course, they had improved their job security. (This was more prevalent among participants working for small employers with less than 25 staff than larger employers.) A high proportion of participants (87 per cent) agreed that the course had helped them in this area. The course also seemed particularly beneficial to those employees who had taken on higher skilled work for an existing employer (51 per cent) – with 90 per cent acknowledging that the course had helped them to do this work. Participants also reported other positive changes such as increased hours, taking on responsibility for others and movement to a permanent contract. These positive changes suggest that the skills and qualifications acquired via the ESF provision have increased the value of participants to their employer and the labour market, although the degree to which these changes are attributable to this cannot be ascertained.

### **Green Training**

Fourteen per cent of participants reported having received training on green issues as part of their ESF/match funded programme. Of those in employment, 23 per cent had received such training in their current job. This most commonly covered recycling (18 per cent), reducing waste (17 per cent), energy conservation (15 per cent) and use of sustainable resources (14 per cent).

Overall, 45% of working participants said they worked in organisations offering one or more green products or services; most commonly recycling (34 per cent) and other waste disposal (25 per cent).

### **Conclusion**

This Wave of the ESF Cohort Study aimed to provide information on the longer term outcomes of provision and whether the outcomes identified in earlier Waves have been sustained.

Participants in ESF provision have reported improved employment prospects with some moving into employment since the course, evidence of progression within the workplace among those already in employment and the development of higher level skills and qualification acquisition amongst others.

While qualifications gained are a permanent achievement, employment outcomes can be transitory. However, the study suggests that that majority of those in employment at the previous Wave have remained in employment at Wave 3 (and, in a period of economic

difficulty, this proportion may be lower than would otherwise have been). Further improvements have also been observed since Wave 2 amongst those who have been in employment since the start of the course. Similarly, among those who have not secured employment, work search activity remains at similar levels to those seen at Wave 2; and levels of motivation to look for work and confidence in finding work appear to have been sustained. These outcomes have been observed across the board including amongst those participants facing disadvantages that hinder their labour market activities.

On the basis of the cohort study it appears that ESF and match-funded provision has had a positive and sustained impact upon participants in line with the targets that were set. The findings from the study do highlight some areas which could be given further consideration for future programmes with a view to improving outcomes. This includes additional efforts to engage younger participants and those 'made to' go on the course, additional support for participants who face certain disadvantages linked with poorer outcomes (i.e. those with disabilities or long term health problems, the long term unemployed and those with no prior qualifications), particularly provision to increase their confidence and greater work experience opportunities.

Ainsworth, P., and Marlow S. (2011) *Early Impacts of the European Social Fund 2007-13*, Department for Work and Pensions, Internal Paper, IHR3

## Summary

The European Social Fund (ESF) was set up to improve employment opportunities in the European Union and so help raise standards of living. Its aim is to help people fulfil their potential by giving them better skills and better job prospects. Employment support provided through the European Social Fund is varied and flexible, including activities such as job search guidance, basic skills training, case worker support and advice on tackling specific barriers to work.

This paper describes findings from an evaluation of the net impacts of the 2007-13 European Social Fund (ESF) Programme for England. The study is focused on the Department for Work and Pensions (DWP) ESF funded employment provision part of the programme. In this paper, we estimate the impacts of ESF support on participants who entered the programme between June 2008 and April 2009. We provide separate impact estimates for two broad DWP claimant groups: participants in receipt of Jobseeker's Allowance and participants in receipt of Incapacity Benefit or Employment Support Allowance.

Read the report - [Early Impacts of the European Social Fund 2007-13](#) 

## Summary

This report presents findings from the evaluation of the sustainable development cross-cutting theme, and the promotion of green jobs, within the European Social Fund (ESF). The study explored progress towards the achievement of the England Sustainable Development Mainstreaming Plan, and provided recommendations for future ESF programming. It also investigated the extent to which ESF projects were: Complying with European Commission requirements regarding minimising any negative impact of their delivery on the environment - 'horizontal mainstreaming'; and Supporting the development of 'green' skills and jobs as a core focus of their activities - through 'vertical mainstreaming'.

The study followed a predominantly qualitative methodology, and featured:

- The review of relevant documentation, and interviews with the Managing Authority and a series of national stakeholders;
- A programme of fieldwork featuring:
  - Interviews with staff in Government Offices in all nine regions, in 20 Co-Financing Organisations, and in the Innovation, Transnationality and Mainstreaming Unit;
  - A telephone survey of 50 ESF projects; and
  - Case studies of 11 'vertical' projects - including consultations with project staff, partners and participants.

## Sustainable Development and Green Jobs under ESF

While the primary focus of ESF is on raising prosperity by increasing the labour supply and promoting skills, the current ESF programme also features two cross-cutting themes – gender equality and equal opportunities, and sustainable development. The sustainable development theme focuses on ensuring that “...*the implementation of the programme will take account of environmental concerns and respect the principles of sustainable development*”. ESF regulations require projects to consider the impact of their activities on the environment, to fulfil the commitment to sustainable development set out in the operational programme document.

The current programme places greater emphasis on sustainable development, through a renewed Sustainable Development Strategy and the formation of an ESF Sustainable Development Sub-Committee to report on progress, enhanced efforts to communicate the importance of compliance with ESF environmental requirements, and the development of a sustainable development toolkit and provision of workshops for Government Office and CFO staff. The Strategy also promotes activity to support the development of skills for sustainable development, improve 'sustainability literacy' and green jobs through project activity ('vertical mainstreaming').

## Key Findings

The findings of the study are summarised below:



## **Government Office and CFO Perspectives**

The study found that:

- Understanding of the sustainable development theme varied, with many respondents requiring additional clarity in defining what sustainable development means.
- Monitoring of the horizontal aspect tended to be light touch, notably around implementing sustainability plans, with CFO staff often requiring more support on effective monitoring, and good practice examples to help them benchmark practice.
- The majority of GO and CFO staff considered that the guidance materials from the Managing Authority were helpful, and widely welcomed developments such as the sustainable development toolkit and workshops for staff. Many considered that additional and on-going support would be useful, and extended to providers.
- The study found that comparatively few vertical projects (less than 30) were being funded under Competitiveness and Convergence. Around one in three of the CFOs interviewed had discrete sustainable development/green jobs dimensions, or had invited calls for such projects when commissioning.

## **Project Experiences - Horizontal Mainstreaming**

The telephone survey of 50 ESF projects found that:

- Virtually all the projects had sustainable development policies in place, although one in five did not have implementation plans. These policies and plans most commonly pre-dated the current programme, and were driven by requirements other than ESF.
- Nevertheless positive impacts of compliance were reported, including raised awareness of the need to minimise environmental impacts, a raised profile for sustainability issues within their organisations, and similar approaches being applied to other services.
- Most of the projects were satisfied with the way in which sustainable development was introduced to them by their CFO, although one in five were unclear what it meant. Projects' experiences of monitoring ranged from dedicated reviews and support, to being an element in their broader review process.
- The increased profile of sustainable development in the current ESF programme had impacted on projects' awareness, priorities and practical actions. Even when not delivering vertical activities, many projects thought that market opportunities existed in this area. More broadly, demand was reported for vertical projects in rural areas, the construction sector and in sustainable development organisational processes.

## **Project Experiences – Vertical Mainstreaming**

The project survey and case study fieldwork found that:

- Most of the vertical projects focused on addressing worklessness, increasing skills and exploiting market opportunities - and so were typical of other ESF projects. Increasing environmental awareness and activities were the main wholly 'green' project types, with drivers of project activity including environmental and practical factors.
- As with project activity, participant demand was also driven by practical (meeting legislation, reducing costs), attraction (outdoors manual work, exploiting market opportunities) and an interest in promoting sustainable development in its own right.
- The projects were at different points in their lifecycles, although the majority had met or were likely to meet their output targets. Impacts reported by the projects included:
  - For employers/employees – improved competitiveness; skills; career opportunities; environmental awareness, and business diversification;
  - For unemployed people – jobs; vocational, basic and employability skills; increased confidence and motivation; a sense of achievement; reduced social isolation, and increased environmental awareness; and
  - Other impacts – meeting LAA targets; supporting regional priorities; new provision; networking, and improved environmental awareness.

## **Conclusions and Recommendations**

### **Conclusions**

The study concluded that:

- The profile of, and commitment to, the sustainable development theme had been raised considerably in the current programme, as a result of the increased emphasis from the Managing Authority. However understanding of what the theme meant in detail varied.
- Efforts to increase the capability of Managing Authority and CFO staff to provide support have been successful, with the toolkit and training being seen as useful and valuable.
- While sustainable development has become a highly visible cross-cutting theme, a series of issues were identified, including:
  - The monitoring of sustainable development plan implementation by CFOs was often light touch and piecemeal, and challenges were faced in the absence of quantified measures or good practice examples to benchmark provider progress; and
  - Despite efforts to promote vertical projects, comparatively few appear to have been funded, which are clustered in a few regions.

It also emerged that:

- There is an apparent lack of accredited qualifications in some sustainable development topic areas - which led several projects to develop new provision.
- Demand appears to exist for the services of the vertical projects on the basis of the performance of those consulted to date, although the sample size was small.

## Recommendations

The recommendations of the study focused on the remainder of the current programme period and into the next programme from 2013 on, included:

- For the **horizontal** theme:
  - Continue to support commissioners and providers in understanding environmental sustainability requirements and in developing policies and plans; and consider how the sustainable development toolkit and GO/CFO training can be continued.
  - Review the current approach to the monitoring of providers' sustainable development plans.
  - Seek to develop provider networks focusing on sustainable development – on a virtual or physical basis and funded through Technical Assistance.
- For the **vertical** theme:
  - Seek to increase the number of vertical projects by: introducing a specific sustainable development priority or strand of activity; promoting sustainable development projects alongside others in future guidance materials; and working with CFOs to promote vertical projects for inclusion in future commissioning rounds.
  - Ensure guidance materials provide a working definition of what constitutes green skills and jobs, illustrated by examples of current vertical projects.
  - Provide access to specialist support and advice to help develop CFO strategies and prospectuses, where this is not available within the individual CFO.
  - Explore the opportunity to utilise “the environment’ to support progress in other areas, for example exploring the role of the theme for engaging hard to reach clients, and promote effective approaches in new guidance materials.

## **Summary**

### **Research aims and context**

This evaluation forms part of a suite of research gathering evidence on the delivery of the European Social Fund (ESF). It aims to improve understanding of the processes, range and delivery of ESF Priority 1 and Priority 4 provision within the 2007-2013 England and Gibraltar ESF Operational Programme (OP). Priority 1 and Priority 4 seek to increase employment and tackle worklessness through a mix of employment and skills provision, intended to support people to enter jobs and in some instances progress within work.

The evaluation sought to better understand: how participants are referred onto provision (and who is not referred); the range, delivery and tailoring of provision; and the relationships between key players involved in delivery. For reasons of practicality and resource efficiency, the study was restricted to provision delivered in England rather than England and Gibraltar.

### **Research methodology**

Priority 1 and 4 provision was examined through a qualitative, case study based approach. Fieldwork was undertaken between January and March 2011. Ten locality based case studies were used to examine the delivery of ESF provision commissioned by the two largest Co-financing Organisations (CFOs) – the Department for Work and Pensions (DWP) and the Skills Funding Agency. Selection criteria were developed to identify the provision to be reviewed and facilitate selection of fieldwork localities.

Each case study involved between 15 and 26 in depth interviews with a range of stakeholder groups encompassing: high level stakeholders in Jobcentre Plus and the CFOs covered by the research; DWP Performance Managers and Skills Funding Agency Account Managers; Jobcentre Plus advisers and adviser managers; managerial and operational staff in organisations delivering provision, and representatives of organisations that refer ESF participants onto provision. Relevant interviewees were identified through a 'snowball sampling' approach. For all interviews topic guides were used to inform discussions and written notes were taken. Interviewees were assured that their anonymity would be protected.

### **Key findings**

#### **Training, guidance and understanding of ESF**

Formal ESF-specific training appeared limited amongst Jobcentre Plus advisers and staff working for ESF providers. Generic, informal, and 'on the job' training supplemented by additional information and guidance specific to ESF was more common. Training and guidance was largely viewed as sufficient by Jobcentre Plus and provider staff. However, variable levels of understanding of ESF provision amongst Jobcentre Plus advisers indicates that further information and guidance may be beneficial.

Interviews with Jobcentre Plus advisers also showed that some forms of guidance are better received and seen as more useful. In particular, depending on the staff intranet and email to keep advisers informed of changes to ESF provision has the potential to lead to such information being missed, certainly in the absence of it being reinforced through team meetings and other face-to-face forms of communication.

For operational staff in ESF providers, the training and guidance received appeared to be appropriate and beneficial even where such training was not specific to ESF. As with Jobcentre Plus staff, there was little evidence of a perceived need for increased levels of,

or more ESF-specific, training. There may, however, be a need to encourage lead contractors to ensure that relevant information and guidance is passed down the delivery chain more effectively (to sub-contractors and delivery partners), given the variability with which this seems to occur.

### **The development of delivery approaches by ESF providers**

A combination of reasons informed the decision of lead contractors to bid to deliver provision. These included the opportunity to build on existing expertise, the chance to meet the needs of particular groups, an overlap between organisational objectives and the aims of ESF, and commercial considerations in expanding the nature, scope and geographical coverage of operations. Reasons for involvement were similar for sub-contractors and delivery partners, often relating to the opportunity to bring specialist experience to bear in line with a commitment to helping particular groups.

The key consideration behind developing supply chains for prime and lead contractors related to establishing a provision 'offer' reflecting the range, nature and geographical spread of provision required. Contractors generally started from the point of assessing these requirements, and frequently developed supply chains on the basis of pre-existing delivery partnerships and relationships. A variety of routes to formalising supply chains were evident. These generally rested on contractual arrangements between prime and lead contractors and their sub-contractors or delivery partners, with service level agreements forming part of the approach in some instances.

Liaison between providers was common, though variable in its frequency, focus, and the mechanisms used. There was a division between liaison focused mainly on information transfer and delivery monitoring on the one hand, and more open forms of networking around sharing effective practice and informing delivery improvements on the other. Effective practice rested on ongoing, regular formal and informal liaison, open and honest communication, and a responsive and open orientation by prime and lead contractors.

In the provision reviewed, providers had established effective approaches to tailoring provision to the needs of ESF participants and target groups. This rested largely on addressing *individual* needs, but also included approaches designed to meet the needs of particular groups where applicable. Factors cited in effectively tailoring provision included: the use of comprehensive and flexible needs assessments; consistent contact with participants; ensuring an appropriate range of provision; and integrating skills development support into wider employability assistance.

### **Contract and performance management**

Several factors contribute to effective contract performance and delivery. These include close liaison between CFO contract managers and those managing provision within contractors, ongoing liaison between more formal performance reviews and management meetings, and clear, consistently applied performance and contract requirements. The importance of the above factors was mirrored in arrangements between prime or lead contractors and their sub-contractors or delivery partners. Where there were close, open and honest relationships performance was supported. In most instances effective approaches to contract management could be observed, giving the impression that approaches in this area were functioning well.

Performance targets used within the ESF delivery system to promote effective delivery also appeared to work well. On balance, various actors within the ESF delivery chain felt that targets were appropriate and fair. The establishment of outcome based systems of payments to providers was also widely perceived as beneficial. Such systems were seen as supporting performance improvement and encouraging a focus on achieving positive outcomes. However, some sub-contractors and delivery partners saw these systems as leading to a focus on outputs at the expense of ensuring *quality* in provision.

Such negative effects appeared to be limited in reality. However, isolated cases showed how outcome based systems could lead providers to support those closer to the labour market at the expense of others in certain contexts. Without careful management there is also potential for contractual limits to be exceeded and provision restricted towards the end of delivery periods as a result.

### **Engagement and referral of participants**

As part of referral processes there was notable variation in the way 'eligibility criteria' were defined and understood, particularly amongst Jobcentre Plus advisers. Variation reflected different guidance on approaches to 'eligibility' relayed to staff in different areas. In general, formal eligibility criteria, such as ESF participants needing to be unemployed, were consistently understood and applied by Jobcentre Plus and provider staff. However, beyond this there were notable differences in defining and applying eligibility criteria.

These related to the approach taken to eligibility within different areas and amongst different advisers. 'Eligibility' was sometimes defined not simply in its formal sense, but also as relating to the range of target groups – such as the over 50s and lone parents – that ESF seeks to engage. In some areas this led to provision being restricted to these target groups, whilst in others provision was open to all of working age. Application of criteria also varied over time in some cases, with stricter interpretations based on 'target groups' giving way to those based on all unemployed or inactive individuals. This seemed to relate to performance, with criteria being relaxed where under-performance was identified.

Use of ESF as a referral option amongst Jobcentre Plus advisers varied according to roles and experience. While there was some variation in referral mechanisms between different areas, on the whole these processes appeared to be effective and were viewed as straightforward. Referral processes between lead providers and sub-contractors also appeared to function effectively in the main. Some limited exceptions occurred where lead contractors did not always refer participants to partners where this may have been in their interests. In particular this was the case where lead contractors were struggling to achieve outcomes.

### **Wider issues relating to provision**

The range, variety and coverage of ESF provision delivered under Priority 1 and 4 was widely viewed as representing one of its key strengths. While geographical variation in terms of the availability of provision was acknowledged, there appeared to be few gaps in the type of activities and support individuals require to progress towards and into employment. ESF also appeared to be delivering notable added value in terms of enhancing mainstream activity, offering different approaches and support, and accessing different target groups.

While the economic downturn did not appear to have led to qualitatively new ESF provision and activities, a range of more subtle effects relating to the delivery were evident. These included the need to concentrate more than ever on developing effective approaches to supporting individuals into work, and the need to support a more varied group of participants. There have also been notable 'double-edged' effects on ESF providers stemming from difficult economic conditions. Whilst meeting engagement targets has become easier, achieving targets around job-entries has become ever more challenging.

### **Key recommendations**

1. There may be benefits in offering further training and guidance to Jobcentre Plus advisers, oriented around enhancing their understanding of provision so as to more effectively communicate this to claimants.

2. Delivery relationships between prime and lead contractors and their delivery partners may need closer monitoring, principally to ensure effective information flows within the ESF delivery chain and that the latter are not disadvantaged by the approach of some lead contractors to target allocation.
3. Further consideration could usefully be given to the setting of 'tolerance levels' in respect of over-performance by providers to ensure that ESF 'places' remain available to participants towards the end of contracting periods.
4. There is a need to address consistency in the use of referral and eligibility criteria amongst staff in Jobcentre Plus so as to avoid some of the inconsistent availability of access to ESF provision identified through the research.
5. Further research on the correlation between the development of particular delivery models and levels of performance may be beneficial from the perspective of improving the delivery of ESF in future, perhaps covering a wider selection of CFOs.

## **Summary**

The ESF Cohort Study considers the success of the work-related training and advice provided through the European Social Fund. It looks at whether ESF has made a difference to the employability and skills of participants, particularly those from groups that are disadvantaged in the labour market (such as people with a disability or long-term limiting illness). It also explores the outcomes of ESF training, looking at whether ESF has helped people into jobs and supported progression in the workplace, and whether participants have gained any 'soft outcomes', in addition to jobs and qualifications.

## **Methodology**

The ESF Cohort Study involves a large-scale longitudinal quantitative survey with two Waves of interviews. These are mainly telephone interviews supplemented by a small number of face-to-face interviews with more vulnerable respondents. Wave 1 of the study took place between April and September 2009, and included interviews with 10,947 respondents. All Wave 1 participants were contacted again between January and March 2010. Interviews were achieved with 7,400 participants. This summary reviews findings from the Wave 2 research.

## **Main findings**

While Wave 1 of the study focused on participants' experiences of the intervention, Wave 2 has a greater emphasis on the outcomes on participants exploring, for example, whether participants have gained qualifications or found work since they started training.

## **Supporting participants into employment**

The specified objective of Priority 1 is to extend employment opportunities to vulnerable groups, while Priority 4 aims to tackle barriers to employment. Reflecting these objectives, most Priority 1 and 4 participants (89%) agreed that the intervention had given them help in finding work. Most commonly, participants had received general advice about the world of work (68%), advice or guidance about what work or training they could do (66%) and information about vacancies to try for (65%).

In terms of outcomes, the ESF Cohort Study found that, among Priority 1 participants, employment rose from six per cent to 27 per cent in the week before the ESF intervention to the time of the Wave 2 interview. In the same period, unemployment fell from 69 per cent to 43 per cent and economic inactivity rose from 25 per cent to 30 per cent. Among Priority 4 participants the pattern was similar, with the rate of employment rising from six per cent to 30 per cent and unemployment falling from 39 per cent to 25 per cent. The rate of economic inactivity among Priority 4 participants fell from 55 per cent to 45 per cent during this period.

The research included a multivariate analysis to review the characteristics of those Priority 1 and 4 participants who had found work at the time of the Wave 2 interview (and who had been unemployed or inactive in the week before the intervention). It was found that:

- **Gender:** Women were more likely than men to have found work at the time of the Wave 2 interview. For example, while the employment rate among Priority 1 male



participants rose from six per cent to 24 per cent, among women it rose from six per cent to 32 per cent;

- **Age:** Participants aged 16 to 19 and those aged 20 to 49 were more likely to have entered employment at the time of the Wave 2 interview than those aged over 50. For example, while the rate of employment among Priority 1 participants aged over 50 rose by 10 percentage points from the week before the course to the time of the Wave 2 interview (from 6% to 16%), it rose by 21 percentage points among those aged 16 to 19 (from 8% to 29%) and by 24 percentage points among those aged 20 to 49 (from 5% to 29%).
- **Disability:** The rate of employment rose less for people with a disability or long-term limiting illness (LTLI) than for those without. For example, among Priority 1 participants, the employment rate rose by 13 percentage points in this period among people with a LTLI or a disability, compared with a rise of 26 percentage points among non-disabled people.
- **Ethnicity:** The employment patterns of participants from ethnic minority groups were similar to those of white people.
- **Lone parents:** Similarly, the multivariate analysis found that lone parent status was not a significant predictor of employment status at the Wave 2 interview.
- **Other factors:** The research found that other factors that were significant predictors of participants having found work at the time of the Wave 2 interview included:
  - **Whether the participant had qualifications:** Participants with no qualifications before the intervention were less likely to have entered employment than those with qualifications;
  - **Whether the participant was an offenders or an ex-offender:** Participants who were offenders or ex-offenders were also less likely to have found employment compared with those who were not; and
  - **Length of unemployment:** Participants who had been unemployed for longer than three months when they started the intervention, and those who had never had a full time job, were less likely to have found work than those who had been out of work for less than three months.

Of those Priority 1 and 4 participants who were still unemployed at the Wave 2 interview, most had made job applications (69%) since the Wave 1 interview, while over half had been to job interviews (56%). Sixty-nine per cent of participants who were unemployed at Wave 2 said that they were more confident about finding work since taking part in the intervention.

### **Gaining qualifications**

Priorities 2 and 5 have a specific objective to develop and improve the skills of the workforce. The research found that 69 per cent of Priority 2 participants and 68 per cent of Priority 5 participants had gained a full qualification as part of the course. (In addition, 24 per cent of Priority 2 participants and 19 per cent of Priority 5 participants had obtained units or modules towards full qualifications.) Most frequently, participants had gained NVQs (54%), while other relatively common qualification types studied by participants were City and Guilds (12%), OCR qualifications (4%) and BTEC qualifications (3%).

The Wave 2 ESF Cohort Study used a multivariate analysis to look at those characteristics and attitudes associated with Priority 2 and 5 participants gaining full qualifications on the course:

- **Gender:** Women were more likely than men to have gained a full qualification on the course. For example, among Priority 2 participants 74 per cent of women gained full qualifications, while the same was true for only 65 per cent of men.
- **Age:** Participants aged 20 to 49 were more likely to have gained qualifications than those aged over 50. For example, while 53 per cent of those aged over 50 had gained a qualification on the course, this rose to 80 per cent among those aged 20 to 24, 73 per cent among those aged 25 to 34 and 62 per cent among those aged 35 to 49.
- **Disability:** Disability was not a significant predictor of whether participants had gained qualifications on the course.
- **Ethnicity:** Similarly, the multivariate showed that ethnicity was not a significant predictor of whether participants had gained qualifications on the course.

### **Progressing in employment**

Seventy-two per cent of participants said that had gained work skills as part of the course. Most commonly, participants had gained practical skills relating to a particular job (49%). Around a third had gained skills in reading and writing (36%), basic computing or IT (35%) and maths and number skills (32%). An even higher proportion of participants (81%) said that they had gained soft skills on the course. These soft skills include improving motivation (67%), communication (65%), team working (63%), ability to work independently (61%) and problem solving (60%).

Among participants from Priority 2 and 5, 55 per cent said that since they had been on the course, they had improved their job security. Of these, a high proportion (87%) agreed that the intervention had helped them in this area. The course also seemed particularly beneficial to those employees who had taken on higher skilled work for an existing employer (34%), with 87% acknowledging that provision had helped them to do this work. Additionally, the intervention was helpful to those who had taken on responsibility for managing people (27%), with 78 per cent agreeing that the course had helped them with this. Forty-four per cent of participants had received a pay rise since undertaking the provision, with 46 per cent saying that this was due to undertaking the provision.

McNaughton Nicholls, C., Mitchell, M., Brown, A., Rahim, N., Drever, E., Lloyd, C. (2010), *Evaluation of Gender Equality and Equal Opportunities within the European Social Fund*, Department For Work and Pensions, Research Report 667

## **Summary**

The ESF Gender Equality and Equal Opportunities Mainstreaming Plan for England and Gibraltar 2007 – 2013, outlined the vision for mainstreaming Gender Equality (GE) and Equal Opportunities (EO) across all levels of the ESF programme. NatGen was commissioned to evaluate the mainstreaming of GE and EO within ESF, in light of the Mainstreaming Plan.

## **Research Aims**

The aims of the evaluation of GE and EO within ESF were to:

- Assess progress towards implementing the GE and EO Mainstreaming Plan at different levels of ESF operation
- Examine GE and EO Policies and processes at different levels of ESF
- Identify and make recommendations on good practice to encourage GE and EO among ESF providers.

These considerations were made within the context of understanding barriers to accessibility experienced by different groups.

## **Methods**

The evaluation was primarily qualitative and consisted of five stages:

- Stage 1: literature review
- Stage 2: review of 34 Equal Opportunities Policies drawn from across ESF provider organisations and regions
- Stage 3: in-depth interviews with 32 strategic staff members including Contract Managers representing different CFOs and regions
- Stage 4: Case Studies of 12 provider organisations, which consisted of 45 in-depth interviews with strategic and operational staff, recipients, stakeholders and employers
- Stage 5: triangulation of the qualitative data with relevant Cohort Study and MI data

## **GE and EO Policies and processes at different levels of ESF**

### **Legislation and Policies**

- The Mainstreaming Plan operates within a context where the equalities agenda is highly salient and driven by a number of intersecting factors, including UK and EU equalities legislation.
- GE & EO legislation and EO Policies are perceived by CMs and provider staff, to be valuable tools in the promotion of equalities, for placing equalities high on the agenda of publicly funded bodies and organisations, and setting out standards, which should then be reflected in an organisation's practice.

- ESF stakeholders promoted equality in line with their public duties. However the review of policies indicated variation in quality, and improvements could be encouraged.

### **Knowledge, training and understanding**

- Whilst there is a commitment to the promotion of GE and EO at all levels within ESF, the extent to which this operates in practice varies according to the knowledge, skills and capacity of staff (at all levels) and views they hold about their role in relation to GE and EO.
- Targeting further training, based on existing knowledge of GE and EO and the CFO/role of staff member, is recommended to ensure a consistent level of expertise. Setting standards for training provider staff and recipients on GE and EO is also recommended.

### **Procurement, contract management and monitoring**

- Good progress has been made to mainstream GE and EO in relation to procurement and monitoring. These are viewed as developed and successful processes of mainstreaming in operation. However there are also concerns that procurement and accreditation can become a 'paper exercise' and there is a need to ensure that GE and EO practices outlined in the procurement process are translated into action.
- Contract Managers perceived their roles and responsibilities regarding GE and EO differently between different CFOs and different individuals. Clarifying roles and responsibilities is a priority area to address the varying levels of expertise and commitment currently in existence. This is in the context that there was also a sense the promotion of GE and EO is not necessarily the role of CMs, posing the question whose responsibility it should be.
- This lack of clarity led to variation in the support available to providers to promote GE and EO during contract management.
- Performance targets for GE and EO have focused on recipients. There is less clarity about whether the promotion of GE and EO within ESF should also apply to the employment practices of organisations receiving and procuring ESF funding and, if so, how this should be implemented. Despite the principle of balanced participation ESFD may need to consider whether this area of mainstreaming should receive greater attention.

### **Encouraging GE and EO in the context of barriers to employment**

- Findings from provider staff and recipient interviews point to the proactive and sustained promotion of GE and EO as integral to ESF service provision. This is in terms of serving the general population of ESF recipients in a manner that takes account of GE and EO, as well as providing niche services for specific groups facing particular disadvantages in the labour market – the dual approach. There are concerns from niche providers this approach may be threatened by increasing prime contractors however.

- Keys ways in which ESF funded providers work to promote GE and EO is through the design and delivery of services, that encompass the following:
  - ‘Active’ outreach to recipient groups, and building links with community and voluntary sector organisations
  - Flexibility in terms of service design - providers make appropriate and timely changes in service offers, such as support around self-employment and flexible working options, in response to individual recipient needs
  - Flexibility in the delivery of ESF funded provision - in terms of the level of intensive support, flexibility in timings, location and structure of training being tailored to meet diverse recipient needs and circumstances
  - ‘Active’ employer engagement, in which providers built sustainable relationships with employers, facilitate the creation of work placement opportunities, challenge negative employer perceptions of different recipient groups, or provide guidance and support around necessary adjustments
  
- However the extent to which providers are able to promote GE and EO varies, depending on the target group that providers aim to help, and the knowledge and understanding of staff regarding GE and EO. This returns to the need to clarify the roles of CMs to ensure consistency in the support and advice providers receive to promote mainstreaming of GE and EO via the Contract Management process.

### **Achieving and understanding equality targets**

- Results from the MI data and Cohort Study indicate progress is being made to meet the equality targets with regards to certain characteristics. For example, targets are being achieved in relation to disability in Priority 1 and 4, and gender and minority ethnic targets are being achieved in Priority 5. Engaging recipients over 50 is meeting the target if referring to the Cohort Study data, but not MI data.
- Rates for women and minority ethnic groups are particularly low in Priority 1 in comparison to the targets set.
- Provider staff report that the gender target of 51 per cent women is unrealistic, especially given the current economic situation, with traditional male industries being particularly affected.
- Good work is being done to engage minority ethnic groups, but this appears to be applied without consistency and more may need to be done to encourage innovative ways of working and to ensure minority ethnic groups are aware of ESF and what the provision can offer.
- An ethos was found of providers ‘working with whoever needs the service’, especially if their overall performance is good. This may indicate a lack of understanding of group-based inequality. Successful targeting of particular groups may be necessary to meet the equality targets, and promoting awareness to staff of why this engagement is important, and not just a ‘paper exercise’, is recommended.

- Examples of successful targeting are provided in the report and include posters in different languages, drop-in sessions in community centres frequented by different groups, a presence at community events, and having staff involved in provider organisations with specialist knowledge of certain groups.

### **Progress implementing the Mainstreaming Plan**

Good progress has been made, however mainstreaming can also be described as a work 'in progress':

- Mainstreaming is well advanced and this stems from the promotion of GE and EO already being embedded in the structure of the organisations involved in ESF. This includes the promotion of equality in line with public duties under the equalities legislation which is occurring via providers and CFOs policies and practice.
- Achievements are seen in terms of the Plan offering a benchmark to aim for, and that the procurement and monitoring processes provide ways of ensuring that specific GE and EO Policies and practices are put in place against which providers can be assessed. This embeds GE and EO within the planning, deliver and monitoring process.
- The procurement process and 'ways of working' providers adopt both act to support the dual approach successfully.
- The ECOTEC training and GE and EO being a cross cutting theme of the programme both act to promote the visibility of GE and EO.
- Progress is being made towards the equality targets and a number are being met.

However:

- There is variation in the extent to which GE and EO are integrated into delivery and planning at all levels, which stems from variation in the priority given to GE and EO, and knowledge regarding GE and EO, that CMs can disseminate to providers.
- Sharing of new ideas and good practice is still be limited, and underpins variation in knowledge and understanding regarding GE and EO. Existing ESF resources such as websites, are under-utilised.

Therefore:

Work still needs to be done in order to make mainstreaming more effective, including: clarification of what specific work should be undertaken by CMs and providers to promote GE and EO, including whether this involves staffing practice as well as service delivery; the application of consistent measures of progress and good practice in relation the promotion of GE and EO; and further dissemination of knowledge and information.

## **Summary**

This report presents the findings of a research study into the nature and delivery of projects to support in-work training under the European Social Fund (ESF) in England. The main aims of the study were to explore: how effectively ESF has been targeted at priority sectors identified in regional ESF frameworks, used to engage learners facing barriers to access and progress within the labour market; and the impact and added value of the programme for employers, employees and other learners. The research was based on detailed case study fieldwork with 41 projects funded under Priority 2 of the Competitiveness and Priority 5 of the Convergence programme, including visits to projects and interviews with project leads, partners and participating employers and learners. In total some 166 staff were interviewed across the 41 case study projects, and 61 employers and 130 learners. The approach also featured consultations with the national Managing Authority and Government Offices and co-financing organisations across England.

The ESF is a key component of the European Union's (EU) Lisbon strategy for growth and jobs, and aims to reduce differences in prosperity across the EU. The programme has two broad objectives – first to increase employment by providing training and support to unemployed and disadvantaged groups, and second to provide targeted support to build a better and more competitive workforce. It also features two cross-cutting themes: gender equality and equal opportunities; and sustainable development. The current England ESF programme was launched in 2007, and will invest a total of £2.5 billion (€3.1 billion) of funding to 2013: £823 million (€992 million) in Competitiveness Priority 2 activities and £98.2 million (€117.9 million) in Convergence Priority 5. The ESF programme is managed through a number of regional co-financing organisations, including Regional Development Agencies and local authorities but principally the Learning and Skills Council.

## **Key Findings**

The case study projects exemplified the diversity of provision supported by Priorities 2 and 5, and could be grouped into those which added value to mainstream provision (i.e. Train to Gain, Skills for Life, Integrated Employment and Skills (IES) and higher level skills); those enhancing the supply side, and those raising and meeting demand for learning. There was close strategic alignment, which was expected given the development of regional ESF Frameworks and CFO plans, and the involvement of partners such as the LSC, RDAs and Jobcentre Plus. Fewer strategic partnerships were identified at the project level (with the exception of the Convergence projects in Cornwall), although a range of operational partnerships were identified to support project delivery.

The individuals participating in the projects included employees and other learners, including those recently made redundant or at risk under the Response to Redundancy theme. The targeting of employers and learners tended to focus on sectors/occupations, geographical areas, business start-ups, those recently made/at risk of redundancy and those with low/no skills. There was little targeting of specific population groups – and while many projects reported working with 'hard to help' employers and learners few targeted them explicitly. The majority of the case study projects were led by FE colleges (including college consortia) or private providers.

## **Project Delivery Models**

A four-step model was used to characterise the 'participant journey', and to explore the delivery approach followed by the case study projects.

**Step 1: Engagement** – this step covered the promotion, awareness raising and initial engagement activities followed by the projects. Most of the case study providers' followed their existing and well developed employer engagement processes, with just three describing introducing new approaches to employer recruitment. The main engagement activities included recruiting employers with whom they had existing relationships, as well as through links with sector and business organisations, cross referrals between providers and marketing through various forms of media and word of mouth. These included employers described as 'hard to reach', although no universal definition was applied and variables included size, location in rural areas, and previous training history.

As most of the provision explored was in-work training, providers tended to access individual employees via their employer – although other learners were recruited directly under the Response to Redundancy and Skills for Life provision under Priorities 2 and 5, and the Priority 5 HE projects in Cornwall. The projects used their existing recruitment processes where individual learners were recruited directly, and followed similar promotional approaches to those with employers.

A series of barriers to employer and learner engagement were identified, including a reluctance to offer time off for training, existing negative perceptions of training, engaging with employers in rural areas and perceptions of the paperwork involved. Facilitators of engagement included developing personal relationships with employers, offering responsive and relevant provision, preparing to be flexible in delivery and developing links with referral agencies.

**Step 2: Assessment** – this step featured the processes followed to assess the specific skills development needs of employers and individuals, and how the providers can best respond to them. Each provider described having formal training/organisational needs analysis procedures, which were for the most part delivered by the provider (although some were contracted out to third parties – for example independent skills brokers). Assessment processes followed with individual learners mirrored those for employers, although the need for sensitivity in their application was noted when dealing with learners not involved in learning since school or where basic skills deficiencies were suspected.

Barriers to employer and employee assessment were rare, as most providers followed tried and tested approaches. Where challenges were described they referred to assessing individuals and employees, where the paperwork involved was an issue for those with basic skills needs and language barriers.

**Step 3: Delivery and support** – this stage included the delivery of a wide range of project provision, and the support offered to participants during delivery. Six main types of delivery were identified:

- **NVQs** – including to those not eligible for Train to Gain support (e.g. second Level 2s, or Level 1, 3 and 4), and in specific sectors or occupations (such as leadership and management, care, claimant care, third sector, leisure, marine and aerospace). However, a number were delivering across a broad range of sectors and occupations.
- **Response to Redundancy** – targeting individuals recently made or at risk of being made redundant, including two projects led by Trades Unions. This provision tended to be delivered at the provider's learning centre(s) on a group basis, and tended to be structured around the four elements of: induction/initial assessment; employability skills; Skills for Life, and vocational provision – with the vocational element including offering work placements and accredited and non-accredited units to full NVQs.



- **Holistic support** - offering a range of support depending on identified needs, including working with employers on a geographic or sectoral basis or developing learning advocates in the workplace. The projects with a sector or geographic focus included the development of sector relevant qualifications and accredited provision from Skills for Life/ESOL to Level 4, and delivery models included blended learning, one to one, learning centre based, specific workshops, distance learning and providing specialist equipment.
- **Skills for Life and ESOL provision** - here projects delivered Skills for Life or ESOL provision predominantly to migrant workers, mainly in group sessions at the workplace. Most provision was stand alone accredited ESOL and Skills for Life qualifications, but some provision was embedded and non-accredited.
- **Higher Education provision** – four of the case study projects funded under Priority 5 of the Convergence programme in Cornwall supported the implementation of the Cornwall Higher Education and Skills Strategy. The projects took different approaches to enhancing HE capacity, service provision and target groups. All aimed to increase the level of higher level skills within the workforce, the projects targeted both existing employees and individual graduates/post-graduates.
- **Other provision** – a final group of projects were difficult to classify due to the specificity of their focus, including one project focusing on converting migrant worker qualifications, two on environmental skills, one on enterprise for graduates, one on developing the skills of Maths tutors, and one on management and marketing training for micro businesses and third sector organisations. The provision varied in duration from single day courses to others lasting nine months, and included a range of delivery mechanisms, accredited and non accredited provision, progression and post-project support. These projects also included an example from the Innovation and Transnationality strand of Priority 2, and sought to identify transferable lessons from the German Dual Training System.

A number of common barriers to delivery were identified, including the reluctance of employers to release employees to train, delivery in rural areas, and other issues such as covering the range of client languages and the effects of the recession. Areas where delivery was considered to have worked well included the development and delivery of flexible and relevant provision, creating links with other provision to support progression, and the overall quality of provision offered.

**Step 4: Progression and aftercare** – few examples were identified of progression and after care support amongst the case study projects, although examples of less formalised routes were found and expected as part of the final advice and guidance session with learners.

### **Benefits and Impacts**

The providers, employers and learners offered examples of the benefits that their participation in ESF funded training had provided to date. These included:

- **For employers** - improved business performance (both in terms of profit and improved efficiencies), increased workforce and management skills, and the increased propensity to train.

- **For employees** – improved confidence, achieving qualifications, help with career progression, improved skills and improved attitudes to training. The majority of the employees interviewed stated that the training received had helped them to do their existing jobs better.

Other ‘unanticipated’ benefits cited by the **case study providers** included attracting new business and providing potential progression routes for existing clients. Several examples of new or improved partnership arrangements were also described, as were examples where joint delivery had served to further cement existing relationships.

The providers also identified a number of ways in which ESF **added value** to their provision. The main contribution ESF made to the projects through:

- Enhancing provision - with ESF being used to further develop provision to either increase its relevance to their target markets or to enhance other provision, such as Train to Gain.
- Supporting learners and employers to invest in training – with many considering that without ESF support many hard to reach employers and learners would not have been able to take up the provision. This included provision to redundant workers, hard to reach learner groups e.g. migrant workers and hard to reach employer groups, as well as delivery in rural areas
- Developing innovative provision - ESF has allowed a number of projects to try out new models of, and approaches to, delivery, which would otherwise not have been funded. These included: developing sector-wide provision, developing new materials and blended learning approaches for different learning styles, and approaches to addressing hard to reach learners by the use of union and non-union learning advocates.
- Improving the flexibility of provision - to address some of the barriers faced by employers and learners, such as time off for learning, and allowing providers to be less prescriptive about the type of learning undertaken.

## **Recommendations**

The report featured a series of recommendations for consideration as part of the continued implementation of the current ESF programme, which included:

- Innovation - the co-financing approach had a positive effect on the strategic alignment of ESF funded provision, although its effect on innovation should be monitored, and steps taken at the Managing Authority level to ensure this important and valued aspect of ESF programming is maintained.
- Progression and aftercare – an increased emphasis should be placed on maximising the benefits of positive employer and learner experiences through more active approaches to progression and aftercare. Such emphasis could be provided through, for example, requirements to include explicit progression strategies in project applications/delivery plans, and the provision of additional support to enhance mechanisms to aid progression, such as stimulating cross-referrals between projects and provision for mutual gain.
- Flexibility and responsiveness - the relevance and responsiveness of provision was praised by many of the participants interviewed, although

providers reported sometimes having to work within certain inflexible programme parameters. It is not clear whether this is due to the interpretation of ESF by CFOs, the alignment of ESF with regional and other priorities, or specific contracting decisions. Such processes should be as flexible as possible to support providers in delivering flexible and responsive provision, and the Managing Authority and individual CFOs should ensure that they accurately communicate the parameters of the current programme to potential providers.

Issues of delayed starts – delayed starts resulted in many of the case study projects not engaging with the number of employers and learners expected by the time of study. While delays are to some degree inevitable, and we recommend that the importance of prompt starts, and of prompt contract finalisation processes, are emphasised to providers, CFOs and others.

## Summary

The ESF Cohort Study involves a large scale quantitative survey with two Waves of interviews. The survey is designed to evaluate the longer term outcomes of the training and advice provided through the ESF programme. It will also be used to measure a number of indicators and targets that cannot be captured through respondent monitoring information.

Wave 1 of the ESF Cohort Study took place between April and September 2009, and included interviews with 10,947 ESF participants. Most participants were interviewed by phone, although a small number of face-to-face interviews took place with more vulnerable respondents.

This report contains the findings of Wave 1 of the ESF Cohort Study 2008-2010. Survey data has been weighted so that it is representative of the profile of ESF participants according to management information available in April 2009, when the sample for the study was drawn.

The study covered four of the ESF priorities, including: Priorities 1 and 4, which have a focus on extending employment opportunities and tackling barriers to employment; and Priorities 2 and 5, which aim to develop and improve the skills of the workforce.

## Respondent characteristics

ESF funding is targeted towards groups that are seen to be disadvantaged in the labour market, such as people with disabilities, lone parents, and people aged over 50. The ESF Cohort Study (Wave 1) found that:

- Thirty-seven per cent of participants were female;
- Fifteen per cent were aged over 50;
- Eighteen per cent were from an ethnic minority group;
- Thirty-two per cent said that they had a disability or long-term limiting illness (LTLI);
- Eight per cent of participants were lone parents, while seven per cent had caring responsibilities for a sick, disabled or elderly person.

Projects under Priorities 1 and 4 had an objective to support participants who were out of work, including those who were unemployed, economically inactive and young people who were not in employment, education or training (NEET). The survey found that 95 per cent of Priority 1 participants and 93 per cent of Priority 4 participants were out of work, including 10 per cent in Priority 1 who were NEET and four per cent in Priority 5.

By contrast, the majority of Priority 2 (78%) and Priority 5 (89%) participants were in employment, in line with the objective of these priorities to develop the skills of the workforce. Twenty-one per cent of employees worked part time, around three-quarters (73%) earned less than £15,000 per year and most (85%) worked for small and medium-sized enterprises (SMEs).

## Expectations and experiences of ESF

Most participants felt that their ESF course was helping them to gain or improve the skills needed for work and that it was boosting their self-confidence about working. The ESF Cohort Study found that:

- In terms of work skills gained, 49 per cent of participants were gaining practical skills relating to a particular job, 34 per cent were improving their basic computing or IT skills and the same proportion (34%) were gaining reading and writing skills;
- Sixty-six per cent of participants said that the course was improving their motivation about working, while 63 per cent said it was helping them with communication skills.
- Ten per cent of participants who were parents were receiving help with their childcare responsibilities.

Satisfaction levels with ESF provision were relatively high, with 78 per cent of participants saying that the course was relevant to their needs, 57 per cent saying that the level was 'about right' and 73 per cent confirming that they were 'very or fairly satisfied' with the course.

There were some differences in expectations and experiences of the course among different priorities and demographic groups. For example, younger people and women tended to be more satisfied with the course. Generally, people from ethnic minority groups were more positive than White people about their experiences of the course, while people with a disability or LTLI tended to have more negative views.

### **Qualifications:**

Before starting the course, 17 per cent of participants had no qualifications, while a further 26 per cent had qualifications below Level 2 or had 'other' qualifications. Participants who were lone parents or disabled were less likely to have qualifications.

Thirty-eight per cent of participants were studying towards qualifications through the course, although this figure was higher in Priority 2 (78%) and Priority 5 (74%). Of these, most were studying towards NVQs (71%). Other qualifications that participants were studying towards included City and Guild qualifications (20%), GCSEs (6%), A Levels (5%), OCR qualifications (5%) and BTECs (4%).

Six per cent of participants were studying towards 'other work-related qualifications'. Three per cent were doing basic skills qualifications.

### **Outcomes:**

The majority of participants (82%) had already finished the course when they took part in the Wave 1 ESF Cohort Study, and the report looks at early outcomes of these participants.

The study found that the rate of unemployment among Priority 1 and 4 participants fell from 70 per cent in the week before the course to 50 per cent at the time of the interview, while the

employment rate rose from five per cent to 22 per cent in the same period. However, the rate of unemployment at the time of interview was not as low as it had been among these participants 12 months before the course (41%). Participants with disabilities and no qualifications were less likely than other groups to have moved into work.

Of those participants who were in employment at the time of the interview and who had been out of work in the week before the course, 52 per cent said that the course had helped them to find a job. Younger people were more likely to say that the course had helped them to find work.

Of those who remained unemployed, most had made job applications (68%) while around one-third had been to job interviews (34%). Thirty per cent of unemployed participants had used contacts from the course in their job search, while 24 per cent said that someone on the course had suggested that they apply for particular jobs.

Forty-one per cent of those participants who were employees said that, since they had been on the course, they had improved their job security. Of these, a high proportion (86%) agreed that the course had helped them in this area. The course also seemed particularly beneficial to those employees who had taken on higher skilled work for an existing employer (21%) – with 81 per cent acknowledging that the course had helped them to do this work.

## **Summary**

The European Commission (EC) and Managing Authorities are committed to improving the transparency of Structural Fund programmes at European and Member State levels in 2007-2013. This is to be achieved through co-operation on specific publicity measures and evaluating the impact of publicity activity and awareness of European Union (EU) support amongst participants on European Social Fund (ESF) supported projects and the general public.

The programme's Managing Authority, European Social Fund Division (ESFD) of the Department for Work and Pensions (DWP), drew up a Communication Plan for the Operational Programme. A strategic seven year document, it aims to provide strategic direction and is critical to maintaining a consistent and coherent approach across the regions.

## **The aims of the evaluation**

The aim of this evaluation was to assess progress towards achieving the objectives set out in the Communication Plan, including the visibility and awareness of the Operational Programme and the role played by the Community, during the first half of the 'Convergence, Competitiveness and Employment Programme 2007-2013'.

The specific objectives of the study were:

- to assess whether a consistent set of messages on ESF investment in employment and skills was used in publicity and information measures
- to examine progress against the indicators used to measure the achievement of the objectives of the Communication Plan
- to identify good practice to aid the development of future information and publicity
- to identify changes or improvements for the development of information and publicity measures for the second half of the programme.

Evidence from the study will inform the production of information and publicity materials, as well as events and activities, for the remainder of the programme.

The research consisted of three elements:

- initially an assessment was undertaken of a sample of printed/published materials sourced from all parties delivering the programme
- alongside the desk assessment exercise, a further source of information was the formal monitoring data which forms part of the required reporting within the programme by both central and regional Managing Authorities and Co-financing Organisations (CFOs)
- within the context set by the desk assessment of materials and the collated monitoring information, a total of 18 face to face interviews with stakeholders were undertaken in four study areas across England during October-November 2009.

The study areas consisted of the Convergence region (Region A), two regions covered by the Regional Competitiveness and Employment Objective (Regions B and D) and one region also benefiting from transitional funding (Region C). The overall objective of the interviews was to explore stakeholder experiences regarding information and publicity activity and to further inform progress against the indicators.

### **Requirements, implementation and monitoring**

The Communication Plan provides a strategic framework for delivery of publicity and information measures including key messages, target audiences and responsibilities. It is also the key monitoring document. A key aim of the plan is to ensure that all publicity and information measures use a consistent set of messages about ESF investment in employment and skills. The Communication Plan envisages the greatest degree of variation in materials to be most likely at the level of CFOs, which are expected to develop specific messages for specific audiences. The plan also recognises that different media will be used to communicate to each audience and that both existing and new media will be used as appropriate.

### **Understanding of requirements**

The stakeholder interviews provided an indication of perception and understanding of the requirements. The key understanding of the need for structured publicity and information requirements is to support the development of a more consistent approach across England thus ensuring that not just the ESF funded projects per se are publicised, but actually the ESF investment itself. However, this understanding is on two levels. The first, most basic understanding found predominantly amongst providers but also some CFOs was in terms of the contractual requirements regarding the use of the ESF logo and branding (EU flags, supporting statements and images). The second understanding, most common amongst the Managing Authority and CFOs, is based on wider benefits and opportunities which the requirements encourage.

### **Implementation measures**

Several measures were established to aid the implementation of the requirements. At national level a Publicity Strategy Group was established to assist ESFD with the strategic management and delivery of the Communication Plan. At regional level CFOs produced Communication Plans, the structure and content of which varied both between individual CFOs and regions. Some CFOs used the process of developing a Communication Plan to consider what could be provided above and beyond the statutory requirements, including considering different audiences, and these plans therefore contained more detail.

Some regions have established close working links between individual CFOs leading to the production of regional plans. In addition a number of regions have accessed technical assistance (TA) to fund Public Relations (PR) agencies and/or organisations to coordinate activity across the region.

The time, commitment and expertise required to effectively manage, or even to simply encourage, activity 'beyond the basics' should not be under-estimated. There was clear evidence from the regions that those with marketing backgrounds were able to look at the implementation of the requirements in a more strategic way.

### **Monitoring roles**

Each delivery organisation has different responsibilities in monitoring how requirements are complied with. The stakeholder interviews highlighted a key difference between CFOs in terms of whether they saw their role in monitoring as auditor or facilitator. The former



tended to consider reviews as a means to reinforce regulatory aspects of publicity and quality assurance. Whilst not technically incorrect, this may place limitations on how effectively the message about ESF investment is dispersed. On the other hand, those who view their role as facilitators see themselves more as conduits for information and support.

## **ESF information and publicity activity**

A range of materials have been produced and activities undertaken which have been effective in raising awareness of ESF investment. Materials and activities both differ in terms of objective and target audience.

### **Printed materials**

Printed materials at Managing Authority and CFO level include booklets, good practice guides and newsletters. The key messages and branding are clearly evident in printed materials at these levels. At provider level, printed material generally takes the form of leaflets or flyers. These are tailored to provide potential participants and referral agencies with information about the project. Although effective at informing target audiences about projects there are some issues with the effectiveness of such printed material in raising awareness of ESF investment in a meaningful way. The prominence of the ESF logo is one particular issue – often it is one of many rendering it indistinguishable. Also, the key messages about ESF investment were often absent at provider level.

### **Case studies**

Case studies are given high prominence throughout the programme due to their suitability in targeting a range of audiences, adaptability to use across most media and the role they play in bringing the ESF story to life. However, some stakeholders expressed concerns over the process of gaining consent and the potential ‘overload’ of case studies in the media.

### **Web-based materials**

The web is increasingly used as a means of communicating with a variety of audiences both formally through websites and informally through social networking sites. It was recognised that further guidance on the use of new technologies was needed.

### **Events**

A wide range of events have taken place across the programme with the driving force being the publicity priorities of 2008 and 2009. The key strengths of major events are the additional levels of publicity activity generated and the number of audiences which can be targeted simultaneously. Other specific marketing activities are also undertaken across all delivery organisations. Word of mouth remains a key activity of providers when marketing projects.

### **Media engagement**

Engagement with the media is principally through press releases. The assessment of materials showed that there was a wide range of publications in which ESF news appears. Radio and television are less frequently used but some providers have found innovative ways of securing airtime (e.g. a business quiz on a local radio station).

### **Integration**

The integration of the cross-cutting themes of gender equality and equal opportunities and sustainable development into publicity and information measures has been difficult to implement at provider level. Partly this was due to inconsistencies in understanding at

CFO level about what the themes mean in practice, although good practice guides have been produced by ESFD.

### **Overall progress and ways forward**

Overall, progress has been good in terms of meeting the publicity and information objectives. Progress specifically against the indicators in the Communication Plan (which are assessed annually by ESFD) is variable. The indicators which have been met are:

- providing a range of high quality products
- publicising activities to the general public
- communicating with the media
- complying with EU regulatory requirements

Indicators which were only partly met are:

- ensuring project providers make their participants aware of ESF throughout the project
- using a consistent set of messages on ESF investment in employment and skills in all publicity and information measures
- integrating the cross-cutting themes into publicity and information measures.

### **Suggested improvements**

The evaluation process suggested areas where improvements could be made to strengthen the second half of the programme and facilitate progress against the latter set of indicators.

- there is a need to refine indicators of progress to facilitate ongoing evaluation of progress made. For example, rather than use the number of overall hits on the ESF website as an indicator of the activities being publicised to the general public more qualitative indicators could be used. The Publicity Network Group is ideally placed to decide on relevant qualitative indicators
- part of developing the qualitative assessment of measures could be through annual reviews of communication plans to pick up the added value of activities
- evaluations should be undertaken after each key event or publicity priority measure undertaken by the Managing Authority, and the results disseminated through the Publicity Network
- a continuous dialogue needs to be established between CFOs and all providers (both prime and sub-contractors) to pass back information and good practice from the overall programme. This requires monitoring for effectiveness
- guidance on the use of new media needs to be established by the Managing Authority in collaboration with those already using it
- clarification around the transfer of materials across regions from technical assistance funded projects needs to be made
- awareness of cross-cutting themes needs to be further developed, particularly at provider level, based on a consistent understanding of what they mean across all levels of the programme.

## **Conclusion**

All of the suggestions for improvement and consolidation in the second half of the programme build on and reinforce the brand of ESF investment. The key messages around ESF investment making a real difference run through many materials and activities, but there are audiences where achievements are not yet being habitually linked to ESF investment. A strong brand, with consistent messages and approach across all levels, would facilitate greater awareness.

## **Summary**

The England and Gibraltar Operational Programme (OP) outlines a single programme which establishes national European Social Fund (ESF) priorities in line with the Lisbon Agenda and the Government's employment and skills strategies. Within this framework of national priorities, ESF has the flexibility to address regional employment and skills needs. The policy mechanism to enable the programme to address distinctive regional employment and skills is the Regional ESF Framework (REF).

## **Regional ESF Frameworks and Co Financing Organisation Plans**

The desire for a strong regional dimension to the ESF Programme in England led to Regional Skills Partnerships (RSP) having a strategic role in developing the REFs and reviewing and updating them as necessary. The majority of ESF activity is commissioned through co-financing organisations (CFOs) which include Regional Development Agencies and Local Authorities in some areas. The largest share of the funding is delivered through the Learning and Skills Council (LSC) and Department of Work and Pensions (DWP) which are CFOs in all areas. The REFs set the regional context for the development of the delivery plans of the CFOs and have a key role to play in ensuring that ESF adds value to existing strategies and plans.

## **The evaluation of REFs**

The aim of the research is to evaluate the extent to which the REFs for 2007-10 address regional employment and skills needs and inform the plans of the CFOs. The main objectives of the study are:

- To assess whether Regional ESF Frameworks address the ESF Operational Programme and regional priorities
- To assess whether ESF Frameworks effectively inform CFO plans
- To identify improvements to the process for future bidding rounds
- To identify changes or improvements for the development of future Regional ESF Frameworks for 2010-2013 and
- To identify good practice to aid the development of future frameworks

The research is based on five regional case studies drawing on a combination of primary and secondary data to provide key evidence to evaluate the Regional ESF Frameworks. A selection strategy which takes into account a variety of institutional and social-economic factors was developed to underpin the selection of the case study areas. The areas selected through the operation of the framework were the Convergence Area (Cornwall and the Isles of Scilly), East of England, London, North West and South West. Key secondary data was collected and reviewed in each case study area. A further key aspect of the research methodology was qualitative interviews with 61 key stakeholders involved in the development and/or implementation of the Regional ESF Frameworks and CFO Plans.

## **REF Development Process**

In all case study areas the RSP worked closely with key partners and stakeholders with Government Office playing a major role in the process. There were two key characteristics of the process in all areas:

- (i) establishment of a steering group to oversee the development of the REF;
- (ii) an iterative development process to develop successive drafts.

The RSP adopted various approaches to REF development, in some areas adopting a 'hands on' approach and in others an 'enabling' approach. All case study areas performed a consultation exercise, with some regional variation in the scale and scope apparent. The vast majority of the stakeholders contributing to the research in each of the case study areas reported that they valued the development process and outlined an approach which was in their view open and inclusive.

### **Link to regional context**

The REFs in each of the case study areas recognise the dynamic and emergent employment and skills policy context at the national, regional and local levels. They incorporate this context through reference to the key documents such as the Regional Economic Strategy (RES) and some assess their implications for the development and implementation of ESF in the region. The majority of stakeholders in each region point to the importance of the REF and the RSP in setting ESF in the wider regional context. Generally stakeholders suggest that the REF has helped to forge greater strategic connections through explicit reference to key regional strategies along with reference to other local policy interventions such as Local Economic Development Plans and Local Area Agreements.

### **From Frameworks to Plans**

Those involved in the development of the CFO Plans in each case study region report early and substantial involvement in discussions associated with the development of the ESF Programme in the region. This has resulted in the ESF Frameworks and the CFO Plans both informing and being informed by each other in each of the case study areas. The CFOs in all the case study areas report that the REF, and the scrutiny applied to their Plans by the regional stakeholders through for example the RSP, the regional steering group and/or the Regional Monitoring Committee has ensured that the Plans reflect both the regional strategic context and the interests of ESF.

### **Target groups and value adding activity**

A review of the REFs and the CFO Plans along with the qualitative data collected through the stakeholder interviews suggests that the REFs address the target groups and activities outlined in the Operational Plan (OP). The stakeholders contributing to the research generally report that target groups articulated in the Framework broadly reflects the interests of each case study area. There is some qualitative evidence of regional influence on the national programme through the different emphasis given to for example, resource allocation to specific priorities or particular target groups in a particular region. There is also some evidence of development work to inform the spatial emphasis of the programme in each case study area but less evidence of sectoral focus or emphasis of ESF in each area. However there are sometimes tensions between national and regional aspirations which have been (and continue to be) played out and negotiated. One such issue is associated with higher level skills where this is viewed as a top priority by the majority of stakeholders in several case study areas but given limited coverage in the OP, Regional ESF Frameworks and CFO Plans. This reflects the emphasis of national skills

policy which suggests that given the high return on investment for both individuals and employers associated with higher level skills, public funding should be focussed on the low skilled and disadvantaged in the labour market where the rationale for intervention associated with market failure and equity issues is most pronounced.

A review of the documents suggests that the REFs and CFO Plans reflect the activities proposed to support ESF Programme Priorities outlined in the OP. The stakeholders confirm this view and more generally outline considerable effort to further map provision and activities to ensure that duplication is minimised and that ESF activity adds value to mainstream provision. This is not a simple task as mainstream provision continues to flex and ESF funded activity has to respond to these changes to ensure that it continues to add value.

The REFs and CFO Plans all recognise the importance of developing linkages between ESF and ERDF (and other funding streams). The documents outline a range of approaches to support this including joint monitoring committees and efforts to establish connections at the design and commissioning stages of implementation. The stakeholder interviews in each of the case study areas identify several challenges associated with establishing effective connections between the programmes in practice.

### **Cross-cutting issues**

The REFs and the CFO Plans outline the general approach to be adopted in each case study area to take forward the cross cutting issues and make limited reference to the evidence base to guide regional focus. The stakeholders in each case study area generally suggest that the cross cutting issues have been dealt with adequately by the REFs and CFO Plans; however a minority of stakeholders in each case study area suggest that 'more could be done'. The majority of stakeholders value the support provided through the ESF Programme in terms of for example further guidance, champions and capacity building workshops.

### **From CFO Plans to delivery**

The Regional ESF Frameworks provide an indication of the proposed delivery of the programme in each case study area in terms of for example, project selection and tendering arrangements. All CFOs operate an open and competitive process however the detail of the process is different and the lead in time for commissioning varies substantially (up to 18 months in the case of one CFO). Several regional stakeholders commented on the 'standard approach' to commissioning which was perceived to take the process away from the region and potentially dilute the regional dimension of the programme as it moves towards delivery.

### **Some implications for further development**

The case study research identifies a number of issues to be considered in future funding rounds including:

- Retaining a long term view when economic conditions are unfavourable in the short term (including cross cutting issues and complementarity)
- Reconciling national-regional interests and the regional preference for more flexibility
- The influence of new local structures such as employment and skills boards and city regions on the development of the Regional ESF Frameworks

The case study research also identifies some potential changes and areas of good practice to be built upon in the development of future frameworks for 2010—2013. These include:

- Establishing a clear link between the evidence, analysis, and targeting of ESF funded activities
- Clear vertical connections between the OP, Regional Strategies and local policy instruments (e.g. City Employment Strategies, Local Area Agreements)
- Supplementing the activity underpinning the development of the Framework and Plans with a review of current provision to identify gaps in provision
- Open and intense CFO partnership working to identify value adding activity to underpin development of the CFO Plans and Regional ESF Framework
- Ongoing CFO partnership activity to minimise duplication, identify gaps and ensure that ESF continues to add value when mainstream provision is flexed
- Using the framework and CFO plans to review progress in the region at forums such as the Regional Monitoring Committee
- Relevant, reliable and timely management information to support monitoring and assessment of regional impact (largely absent currently)
- The identification of specific technical assistance activity to support cross cutting issues where required

Effective promotion and public relations to demonstrate the impact of ESF activity in the region related to the REF

## Annex B

### Regional and Co-Financing Organisation Evaluations

In addition to the evaluations commissioned by the ESF Evaluation Team at the national programme level, some regions and Co-financing Organisations have commissioned their own research. This annex contains information on those that have been completed.

1. In the East Midlands, the Young People's Learning Agency researched the impact of increased unemployment on ESF skills provision. The project investigated the shifts in unemployment trends and cohort as a result of the recession in order to recommend how these will need to influence the delivery of ESF and LSC/Skills Funding Agency provision. East Midlands Skills Intelligence Partnership acted as an advisory body for the project, which conducted research through provider interviews, Jobcentre Plus staff interviews, data analysis and a literature review. A report was produced to bring all these strands together and to make recommendations for future skills provision. Recommendations included:
  - key groups benefiting from policy measures continue to be those ESF has traditionally targeted.
  - there is a need to improve links between providers and employers, with support for smaller providers so more opportunities for work experience and work placements.
  - there is still demand for basic skills and a broad range of soft skills – employability skills still vital to provide foundation for obtaining further skills and moving closer to employment
  - softer measures need to be recognised as positive outcomes – job outcomes are often unrealistic in the short-term given the kinds of difficulties learners experience.
  - ESF is one of few streams dealing with those furthest away from employment: needs to continue to focus on tailored provision.
2. The London Skills and Employment Observatory (<http://lseo.org.uk/>) has published a range of research and up to date labour market data, including reports on young people's employment and skills and the Work Programme. Both reports are informing delivery in London. The London Skills and Employment Observatory is a website that provides central access to information, research and data on all skills and employment issues for London from a single point.
3. The North East Regional Information Partnership examined the way in which labour market disadvantage affects different minority groups in the North East, the barriers faced by specific groups of people and the effectiveness of interventions in overcoming disadvantage.. The final report was produced in September 2010 and is at: <http://www.nerip.com/library/view.aspx?id=1077>
4. In the South East an interim evaluation of ESF was conducted by 'Consulting Inplace' on behalf of the South East England Development Agency. The report can be found at:



<http://www.esf2008-2011->

[se.org.uk/documents/Interim%20Evaluation%20of%20ESF%20in%20the%20SE%20Final%20Report.pdf](http://www.esf2008-2011-se.org.uk/documents/Interim%20Evaluation%20of%20ESF%20in%20the%20SE%20Final%20Report.pdf)

5. In the South West, the Skills and Learning Module ([www.swslim.org.uk](http://www.swslim.org.uk)) at the University of Exeter has undertaken research and evaluation to support the ESF programme. This included:
  - providing the labour market data, intelligence and analysis to support the development of regional enterprise, employment and skills policy;
  - working to promote a better understanding of the regional labour market and consequent priorities;
  - developing proposals for priorities and actions for the Regional Employment and Skills Partnership and ESF;
  - undertaking research and working with partners on the effective delivery of skills, enterprise and employment priorities.
6. The Skills Funding Agency in the South West commissioned an evaluation of its ESF provision which identified good practice in delivery so that lessons could be learned for the future.
7. The West Midlands Regional Observatory has undertaken a series of studies. The research themes of the projects resulted in the production of a series of documents which were used to inform and support the forward strategy of the programme. These were:
  - The Regional Skills Assessment
  - The Rural Skills Assessment
  - Evaluation of the Brokerage Service
  - Regional Skills Framework Performance Indicators
  - A Study of Older Workers in the Workplace.

All studies were completed by March 2010. Following that a final Impact Assessment called the 'Interim Evaluation of the ESF Programme' was completed.

# Annex C

## Targets and Indicators

	Indicator	2007-2013 Target
	<b>Priority 1</b>	
1.1	Total number of Priority 1 participants	887,000
1.2	Participants who are unemployed:	a) Number of unemployed participants (aged over 19) in Priority 1: 371,000 b) Proportion of Priority 1 participants aged over 19 who are unemployed: 42%
1.3	Participants who are inactive:	a) Number of inactive participants (aged over 19) in Priority 1: 303,000 b) Proportion of Priority 1 participants (aged over 19) who are inactive: 34%
1.4	Participants aged 14-19 who are NEET or at risk of becoming NEET	a) Number of Priority 1 participants who are 14-19 year old NEETs or at risk of becoming NEET: 177,000 b) Proportion of Priority 1 participants who are 14-19 year old NEETs or at risk of becoming NEETs: 20%
1.5	Participants with disabilities or health conditions	Proportion of Priority 1 participants with disabilities and health conditions: 22%
1.6	Participants who are lone parents	Proportion of Priority 1 participants who are lone parents: 12%
1.7	Participants aged 50 or over	Proportion of unemployed and inactive Priority 1 participants aged 50 or over (ie indicator 1.2): 18%
1.8	Participants from ethnic minorities	Proportion of Priority 1 participants who are from ethnic minorities: 25%
1.9	Female participants	Proportion of Priority 1 participants who are female: 51%
1.10	Participants in work on leaving	a) Number of Priority 1 participants in work on leaving: 195,000 b) Proportion of Priority 1 participants in work on leaving: 22%
1.11	Participants in work six months after leaving	a) Number of participants in work six months after leaving: 231,000 b) Proportion of participants in work six months after leaving: 26%
1.12	Economically inactive participants engaged in jobsearch activity or further learning (distance travelled indicator)	Proportion of Priority 1 economically inactive participants who on leaving are engaged in jobsearch activity or enter further learning to prepare them for work: 45%
1.13	14-19 year old NEETs or at risk, in education, employment or training	a) Number of Priority 1 NEETs or at risk, in education, employment or

	on leaving	training on leaving: 80,000 b) Proportion of Priority 1 NEETs or at risk, in education, employment or training on leaving: 45%
	<b>Indicators without targets</b>	
1.14	% Participants who receive support with caring responsibilities	
1.15	Unemployed participants in work on leaving	
1.16	Unemployed in work six months after leaving	
1.17	% Economically inactive participants in work on leaving	
1.18	% Economically inactive participants in work six months after leaving	
1.19	% Participants with disabilities or health conditions in work on leaving	
1.20	% Participants with disabilities or health conditions in work six months after leaving	
1.21	% Lone parents in work on leaving	
1.22	% Lone parents in work six months after leaving	
1.23	% Participants aged 50 or over in work on leaving	
1.24	% Participants aged 50 or over in work six months after leaving	
1.25	% Ethnic minority participants in work on leaving	
1.26	% Ethnic minority participants in work six months after leaving	
1.27	% Female participants in work on leaving	
1.28	% Female participants in work six months after leaving	
1.29	% Participants who gained basic skills	
1.30	% Participants who gained qualifications	
	<b>Priority 2</b>	
2.1	Number of Priority 2 Participants:	825,000
2.2	Participants with basic skills needs	a) Number of Priority 2 participants with basic skills needs: 337,000 b) Proportion of Priority 2 participants without basic skills: 41%
2.3	Participants without level 2 qualifications	a) Number of Priority 2 participants without full level 2 qualifications: 338,000 b) Proportion of Priority 2 participants without full level 2: 41%
2.4	Participants without level 3	a) Number of Priority 2 participants with

	qualifications	level 2 but without full level 3 qualifications: 101,000 b) Proportion of Priority 2 participants with level 2 but without full level 3: 12%
2.5	Participants with disabilities or health conditions	Proportion of Priority 2 participants with disabilities and health conditions: 15%
2.6	Participants aged 50 and over	Proportion of Priority 2 participants aged 50 and over: 20%
2.7	Participants from ethnic minorities	Proportion of Priority 2 participants who are from ethnic minorities: 13%
2.8	Female participants	Proportion of Priority 2 participants who are female: 50%
2.9	Participants who gained basic skills	a) Number of Priority 2 participants who gained basic skills: 152,000 b) Proportion of Priority 2 participants without basic skills who gained basic skills: 45%
2.10	Participants who gained full level 2 qualifications	a) Number of Priority 2 participants who gained full level 2 qualifications: 135,000 b) Proportion of Priority 2 participants without level 2 who gained full level 3 qualifications: 40%
2.11	Participants who gained full level 3 qualifications	a) Number of Priority 2 participants who gained full level 3 qualifications: 30,000 b) Proportion of Priority 2 participants (with level 2 but without level 3) who gained full level 3: 30%
	<b>Indicators without targets</b>	
2.12	% Participants in a managerial position	
2.13	% Female participants in part-time work	
2.14	% Participants (without level 2 qualifications) who gained units or modules of level 2 qualifications	
2.15	% Participants (without level 3 qualifications) who gained units or modules of level 3 qualifications	
2.16	% Participants who gained full level 4 or above qualifications	
2.17	% Participants who gained units or modules of level 4 or above qualifications	
2.18	% Female participants who gained basic skills	
2.19	% Female participants who gained level 2 qualifications	
2.20	% Female participants who gained level 3 qualifications	
2.21	% Female participants who gained level 4 and above qualifications	

2.22	% Female participants who gained units or modules of qualifications	
2.23	% Participants with disabilities or health conditions who gained basic skills	
2.24	% Participants with disabilities or health conditions who gained qualifications	
2.25	% Participants with disabilities or health conditions who gained units or modules of qualifications	
2.26	% Participants aged 50 or over who gained basic skills	
2.27	% Participants aged 50 or over who gained qualifications	
2.28	% Participants aged 50 or over who gained units or modules of qualifications	
2.29	% Ethnic minority participants who gained basic skills	
2.30	% Ethnic minority participants who gained qualifications	
2.31	% Ethnic minority participants who gained units or modules of qualifications	
2.32	% Part-time female workers who gained basic skills	
2.33	% Part-time female workers who gained qualifications	
2.34	% Part-time female workers who gained units or modules of qualifications	
	<b>Priority 4</b>	
4.1	Total number of participants	Number of Priority 4 participants: 24,500
4.2	Participants who are unemployed	a) Number of unemployed participants (aged over 19) in Priority 4: 10,200 b) Proportion of Priority 4 participants (aged over 19) who are unemployed or inactive: 42%
4.3	Participants who are inactive	a) Number of inactive participants (aged over 19) in Priority 4: 8400 b) Proportion of Priority 4 participants (aged over 19) who are inactive: 34%
4.4	Participants aged 14-19 who are NEET or at risk of becoming NEET	a) Number of Priority 4 participants who are 14-19 year old NEETs or at risk of becoming NEET: 4,900 b) Proportion of Priority 4 participants who are 14-19 year old NEETs or at risk of becoming NEETs: 20%
4.5	Participants with disabilities or health conditions	Proportion of Priority 4 participants with disabilities and health conditions
4.6	Participants who are lone parents	Proportion of Priority 4 participants who

		are lone parents: 8%
4.7	Participants aged 50 or over	Proportion of unemployed and inactive Priority 4 participants aged 50 or over (ie Indicator 4.2): 30%
4.8	Participants from ethnic minorities	Proportion of Priority 4 participants who are from ethnic minorities: 1%
4.9	Female participants	Proportion of Priority 4 participants who are female: 51%
4.10	Participants in work on leaving	a) Number of Priority 4 participants in work on leaving: 5,900 b) Proportion of Priority 4 participants in work on leaving: 24%
4.11	Participants in work six months after leaving	a) Number of participants in work six months after leaving: 7,300 b) Proportion of participants in work six months after leaving: 30%
4.12	Economically inactive participants engaged in jobsearch activity or further learning (distance travelled indicator)	Proportion of Priority 4 economically inactive participants who on leaving are engaged in jobsearch activity or enter further learning to prepare them for work: 45%
4.13	14-19 year old NEETs or at risk, in education, employment or training on leaving	a) Number of Priority 4 NEETs or at risk, in education, employment or training on leaving: 2,200 b) Proportion of Priority 4 NEETs or at risk, in education, employment or training on leaving: 45%
	<b>Indicators without targets</b>	
4.14	% Participants who receive support with caring responsibilities	
4.15	% Unemployed participants in work on leaving	
4.16	% Unemployed in work six months after leaving	
4.17	% Economically inactive participants in work on leaving	
4.18	% Economically inactive participants in work six months after leaving	
4.19	% Participants with disabilities or health conditions in work on leaving	
4.20	% Participants with disabilities or health conditions in work six months after leaving	
4.21	% Lone parents in work on leaving	
4.22	% Lone parents in work six months after leaving	
4.23	% Participants aged 50 or over in work on leaving	
4.24	% Participants aged 50 or over in work six months after leaving	
4.25	% Ethnic minority participants in	

	work on leaving	
4.26	% Ethnic minority participants in work six months after leaving	
4.27	% Female participants in work on leaving	
4.28	% Female participants in work six months after leaving	
4.29	% Participants who gained basic skills	
4.30	% Participants who gained qualifications	
	<b>Priority 5</b>	
5.1	Total number of participants	Number of Priority 5 participants: 50,200
5.2	Participants with basic skills needs	a) Number of Priority 5 participants with basic skills needs: 18,200 b) Proportion of Priority 5 participants without basic skills: 36%
5.3	Participants without level 2 qualifications	a) Number of Priority 5 participants without full level 2 qualifications: 18,200 b) Proportion of Priority 5 participants without full level 2: 36%
5.4	Participants without level 3 qualifications	a) Number of Priority 5 participants with level 2 but without full level 3 qualifications: 5,400 b) Proportion of Priority 5 participants with level 2 but without full level 3: 11%
5.5	Participants without level 4 qualifications	a) Number of Priority 5 participants with level 3 but without full level 4 qualifications: 3,800 b) Proportion of Priority 5 participants with level 3 but without full level 4: 8%
5.6	Participants undertaking post-graduate research training	a) Number participating in research qualifications (Masters/PhD): 800
5.7	Graduates with disabilities or health conditions	Number of graduate placements: 1,100
5.8	Participants with disabilities or health conditions	Proportion of Priority 5 participants with disabilities and health conditions: 17%
5.9	Participants aged 50 or over	Proportion of Priority 5 participants aged 50 and over: 22%
5.10	Participants from ethnic minorities	Proportion of Priority 5 participants who are from ethnic minorities: 1%
5.11	Female participants	Proportion of Priority 5 participants who are female: 51%
5.12	Participants who gained basic skills	a) Number of Priority 5 participants who gained basic skills: 8,200 b) Proportion of Priority 5 participants without basic skills who gained basic skills: 45%
5.13	Participants who gained full level 2 qualifications	a) Number of Priority 5 participants who gained full level 2 qualifications: 7,300

		b) Proportion of Priority 5 participants without level 2 who gained full level 2: 40%
5.14	Participants who gained full level 3 qualifications	a) Number of Priority 5 participants who gained full level 3 qualifications: 1,600 b) Proportion of Priority 5 participants (with level 2 but without level 3) who gained full level 3: 30%
5.15	Participants who gained full level 4 qualifications	a) Number of Priority 5 participants who gained full level 4: 760 b) Proportion of Priority 5 participants (with level 3 but without level 4) who gained full level 4: 20%
5.16	Participants who gained full level 5 or above qualifications	a) Number of Priority 5 participants undertaking post-graduate research training who gained level 5 or above: 120 b) Proportion of Priority 5 participants undertaking post-graduate training who gained level 5 or above: 15%
5.17	Graduates placed within SMEs who gain employment	a) Number of graduates placed within SMEs who gain employment: 830 b) Proportion of graduates placed within SMEs who gain employment: 75%
	<b>Indicators without targets</b>	
5.18	% Participants in a managerial position	
5.19	% Female participants in part-time work	
5.20	% Participants (without level 2 qualifications) who gained units or modules of level 2 qualifications	
5.21	% Participants (without level 3 qualifications) who gained units or modules of level 3 qualifications	
5.22	% Participants (without level 4 qualifications) who gained units or modules of level 4 or above qualifications	
5.23	% Participants (without level 5 qualifications) who gained units or modules of level 5 or above qualifications	
5.24	% Female participants who gained basic skills	
5.25	% Female participants who gained level 2 qualifications	
5.26	% Female participants who gained level 3 qualifications	
5.27	% Female participants who gained level 4 and above qualifications	



5.28	% Female participants who gained units or modules of qualifications	
5.29	% Participants with disabilities or health conditions who gained basic skills	
5.30	% Participants with disabilities or health conditions who gained qualifications	
5.31	% Participants with disabilities or health conditions who gained units or modules of qualifications	
5.32	% Participants aged 50 or over who gained basic skills	
5.33	% Participants aged 50 or over who gained qualifications	
5.34	% Participants aged 50 or over who gained units or modules of qualifications	
5.35	% Ethnic minority participants who gained basic skills	
5.36	% Ethnic minority participants who gained qualifications	
5.37	% Ethnic minority participants who gained units or modules of qualifications	
5.38	% Part-time female workers who gained basic skills	
5.39	% Part-time female workers who gained qualifications	
5.40	% Part-time female workers who gained units or modules of qualifications	

The European Social Fund (ESF) was set up to improve employment opportunities in the European Union and so help raise standards of living. Its aim is to help people fulfil their potential by giving them better skills and better job prospects. Employment support provided through the European Social Fund is varied and flexible, including activities such as job search guidance, basic skills training, case worker support and advice on tackling specific barriers to work.

This report draws together evidence to date from the 2007-2013 evaluation studies of the European Social Fund (ESF) and internal analysis/Management Information in England and Gibraltar to assess the impact of the ESF programme and its effectiveness in meeting its objectives for the first half of the programme.

The report seeks to answer the extent to which ESF has delivered added value, has targeted its support on disadvantaged groups and to what degree ESF has helped to contribute towards reducing regional employment and skills differences.

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