

In-house Research

# Department for Work and Pensions European Social Fund 2007-10 Co-financing Plans Evaluation

by Dan Ramsey

Department for Work and Pensions

In-House Research No 9

# **Department for Work and Pensions European Social Fund 2007-10 Co-financing Plans Evaluation**

Dan Ramsey

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## **Glossary**

### **Co-financing Organisation (CFO)**

The European Social Fund is distributed through public agencies such as the Learning and Skills Council (Skills Funding Agency from 1 April 2010), Department for Work and Pensions, London Development Agency and some Regional Development Agencies and local authorities. These agencies are known as 'Co-financing Organisations'. Their role is to bring together European Social Fund and domestic funding for employment and skills so that the European Social Fund complements domestic programmes. The Co-financing Organisations contract with the organisations or providers that deliver European Social Fund projects on the ground.

### **Convergence Objective**

This EU Structural Fund 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 European Social Fund funding under the Convergence Objective.

### **Employment and Support Allowance (ESA)**

ESA replaced Incapacity Allowance Benefit (IB) and Income Support (IS) paid on the grounds of incapacity for new claims from 27 October 2008. Whilst claiming ESA, customers receive some financial assistance and undertake work-related activities to help them prepare for a return/entering work.

### **European Social Fund (ESF)**

The European Social Fund was set up to support employment in the member states. It provides the necessary training and support to improve employment opportunities among disadvantaged groups in the European Union.

### **Incapacity Benefit (IB)**

IB is a benefit for a people who cannot to work due to illness or disability. This was replaced in 2008 by ESA.

### **Jobseekers Regime and Flexible New Deal (JRFND)**

JRFND began to be introduced from April 2009, replacing the range of existing new deals for Jobseeker's Allowance (JSA) recipients (except for New Deal for Lone Parents and New Deal for Partners) with a single Flexible New Deal. JRFND is delivered in four stages, characterised by increasing support and conditionality: Stage 1 is the New Jobseeker Interview; Stage 2 begins 13 weeks after the claim begins; Stage 3 is from 26 weeks after the claim begins and Stage 4 after 12 months. Flexible New Deal was replaced by the Work Programme in 2011.

### **Jobseeker's Allowance**

JSA is the main benefit for people of working age who are out of work or work less than 16 hours a week on average.

### **The Learning and Skills Council (LSC)**

The Learning and Skills Council was responsible for funding and regulating adult further education and skills training in England until 1<sup>st</sup> April 2010, when these responsibilities transferred on to a new agency – the Skills Funding Agency (SFA).

### **Local Employment Partnerships (LEPs)**

Local Employment Partnerships were introduced in 2007, with the aim of increasing the propensity of employers to recruit disadvantaged people into work and were part of a broader effort to connect workless individuals with vacancies, overcoming barriers to work and improving the job matching services offered by Jobcentre Plus and its partners. The policy emphasis changed with the recession to include newly unemployed Jobseeker's Allowance (JSA) customers.

### **Managing Authority**

The Managing Authority is the European Social Fund Division of the Department for Work and Pensions. In 2007-2010 regional level Managing Authority functions were carried out by European Social Fund personnel in eight Government Offices. In London regional functions were carried out

by the London Development Agency European Programmes Management Unit acting as an Intermediate Body. The Government of Gibraltar is the Intermediate Body in Gibraltar.

**National Vocational Qualification (NVQ) levels**

Most qualifications can be assigned to a standardised qualification level, often referred to as an NVQ equivalent level, as defined in the National Qualification Framework and, from 2010 onwards, in the Qualifications and Credit Framework.

**NEET**

Not in education, employment or training and aged 16 to 19 years.

**New Deal programmes**

The principal welfare-to-work programmes for long-term unemployed adults, until the introduction of the Flexible New Deal. There were a range of New Deal programmes with different eligibility criteria. For example, the programme for people aged 25 or over (New Deal 25+) was mandatory for people who have been claiming JSA for 18 of the previous 21 months. It comprises three elements: the Gateway; the IAP and Follow Through.

**Pathways to Work**

Pathways to Work was a national back-to-work programme available to all customers claiming incapacity benefits and Employment and Support Allowance (ESA) in Great Britain. It ended in 2011, to be replaced by the Work Programme.

**Regional Competitiveness Objective**

This EU Structural Fund objective covers all areas outside the Convergence Objective. The whole of England is covered by this objective, except Cornwall and the Isles of Scilly. Within this objective, Merseyside and South Yorkshire benefit from transitional funding as former Objective One regions in 2000-06.

## Abbreviations

BME	Black and Minority Ethnic groups
CFO	Co-financing Organisation
DWP	Department for Work and Pensions
ESA	Employment and Support Allowance
ESF	European Social Fund
ERDF	European Regional Development Fund
ESOL	English for Speakers of Other Languages
EU	European Union
HE	Higher Education
IB	Incapacity Benefit
ILM	Intermediate Labour Market
IS	Income Support
JSA	Jobseeker's Allowance
LEP	Local Employment Partnerships
LSC	Learning and Skills Council
NVQ	National Vocational Qualification
NEET	Not in Education, Employment or Training
NOMS	National Offender Management Service
PMC	Programme Monitoring Committee
RDAs	Regional Development Agencies
RDFs	Regional Development Funds
RDPs	Regional Development Plans
RES	Regional Economic Strategy
RSPs	Regional Skills Partnerships
RSS	Regional Spatial Strategy
SMEs	Small and Medium Enterprises

# Summary

## Introduction

The European Social Fund (ESF) is a European Structural Fund set up to improve employment opportunities in the European Union (EU) and equip people with the skills needed by business; and through this improve economic and social cohesion and help raise standards of living. EU Member States and regions devise their own ESF Operational Programmes which provide a national framework for the use of funding and agree these with the European Commission. The 2007-2013 Operational Programme in England<sup>1</sup> informs regional ESF Frameworks, which are produced by regional partnerships and are intended to articulate regional employment and skills issues. Both the Operational Programme and regional Frameworks should underpin the delivery of services on a regional basis by Co-financing Organisations (CFOs). As a CFO, the Department for Work and Pensions (DWP) is required to evaluate its CFO Plans (which detail the approach to delivering ESF support) to assess how, in each region these contributed to the Operational Programme and regional employment and skills priorities. This report addresses this requirement for the first half<sup>2</sup> of the seven year programme.

## Policy context and research objectives

EU Member States and regions devise their own ESF Operational Programmes. In England, the European Social Fund Division within DWP is the designated 'Managing Authority'. The ESF Managing Authority formulated the ESF Operational Programme for England in the 2007-2013 period. This needed to address UK policy challenges, align with a number of strategic frameworks and EU regulations and was agreed with the European Commission. Key inputs included the Lisbon Agenda, the strategy to make the EU the most advanced, knowledge-based economy by the year 2010, the UK's response through the 'Lisbon National Reform Programme' as well as the Leitch Review of Skills in the UK. The result was an Operational Programme which focused on tackling worklessness and improving skill levels and which had an emphasis on supporting disadvantaged groups and addressing regional employment and skills priorities.

The Operational Programme is funded through ESF and 'matched funding', provided by Co-financing Organisations (CFOs), such as DWP, and the Learning and Skills Council<sup>3</sup>. Co-financing is the method in England for distributing ESF funds and identifying match funding. CFO Plans described delivery at the regional level. These plans were informed by regional Frameworks for employment and skills agreed by ESF Regional Monitoring Committees. CFOs deliver provision against ESF Operational Programme 'Priorities'. DWP delivers its provision under Priority 1 and Priority 4:

- ESF Priority 1 – Extending employment opportunities (England, excluding Cornwall and Isles of Scilly), which supports projects to tackle the barriers to work faced by unemployed and disadvantaged people;
- ESF Priority 4 – Tackling barriers to employment (Convergence area of Cornwall and Isles of Scilly only).

DWP provides the required match funding using selected contracts already in place which met EU administrative requirements – primarily the New Deal programme for the long-term unemployed and Pathways to Work programme for disabled people. Match funded provision is subject to the

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<sup>1</sup> England's Operational Programme also covers Gibraltar. The UK, as a member state of the EU, is responsible for Gibraltar's external affairs and therefore Gibraltar is entitled to receive EU Structural Funds from the UK's allocation. However, DWP is not a Co-financing Organisation in Gibraltar and therefore Gibraltar is not discussed in this report.

<sup>2</sup> The 'first half of the programme' for DWP in this report is defined as the period covered by 2007-10 CFO Plans – the contracting period 2008-2011. In this period DWP had two contracting phases, an initial phase and a recession-response phase. CFO Plans produced at the outset of the programme were updated to cover additional "revaluation" funds provided as a result of changes in exchange rates, which focused on supporting a response to the recession

<sup>3</sup> The Learning and Skills Council's responsibility to fund and regulate adult further education and skills training in England transferred on 1<sup>st</sup> April 2010 to a new agency – the Skills Funding Agency

same compliance requirements as the ESF programme, but aspects of the performance management regime differ.

DWP must provide an equal amount of match to ESF funding in ESF Priority 1 areas and 25% match to 75% ESF funds in the ESF Priority 4 area over the seven year programme period. The make-up of match-funded provision varies across regions and, at the mid-point of the programme, so does the amount.

CFOs are required to evaluate their CFO plans. This report does this for DWP's CFO Plans, by examining:

- the contribution to relevant ESF output and result indicator targets through each DWP CFO Plan
- how DWP CFO Plans sought to meet national and regional priorities
- ESF management structures and co-financing, exploring how this supported the above objectives.

The study addresses the 2007-2010 CFO Plans, covering the 2008-11 contracting period, which included an update to incorporate additional recession funding. The majority of contracts let during this period were completed in July 2011. DWP contracts were let in two phases – the first was the original procurement in 2008 of around 70 contracts across all regions, while the second was a dozen or so additional contracts let as part of DWP's response through ESF to the recession. These contracts were designed to complement the existing provision by ensuring additional support for people claiming JSA, as well as addressing other provision gaps in particular areas.

The study drew on secondary data and information specific to DWP as a CFO and comprised:

- Document review covering the key documents related to DWP's CFO Plans
- Analysis of management information provided by the DWP CFO
- Narrative review of recent evidence on the management of employment programmes

It builds on the findings of earlier evaluations of co-financing commissioned by the ESF Managing Authority (the most recent of which was Lloyd and Gilfillan, 2006). There is a separate evaluation of the operation of the ESF programme as a whole for the Managing Authority.

## Key findings

### **What has the DWP CFO contributed to the Operational Programme and Regional frameworks through its contracted employment provision<sup>4</sup>?**

An early evaluation of the impact of DWP's ESF funded provision was conducted by Ainsworth and Marlow (2011). It found that for JSA claimants, participation in DWP ESF-funded provision slightly increases an individual's chances of claiming a working age benefit but also increases an individual's chances of being in employment. For Incapacity Benefit (IB) or Employment and Support Allowance (ESA) claimants, participation decreases an individual's chances of claiming benefit and substantially increases an individual's chances of being in employment.

This report assesses the contribution of the DWP CFO's contracted employment provision by examining how this provision contributed to a series of indicators with targets. All indicators and targets were set for both ESF and match funding combined.

Across the ESF document set for England (e.g. Operational Programme, Frameworks and CFO Plans), targets and indicators are divided into 'outputs', related to activity (for example, participation), and 'results', related to the effects of the activity (for example, those leaving into work). There are targets set in terms of proportions and frequencies.

This study uses management information<sup>5</sup> to examine:

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<sup>4</sup> Of the 84 contracts let during the first half of the 2007-2013 programme, two are set to end after the production of this report. The outputs and results from these not claimed by November 2011 cannot be included here.

- Operational Programme targets, agreed between the Managing Authority and the European Commission for each ESF Priority for the seven year programme period, based on proportions of target groups in the working age population, performance on ESF or national programmes and policy priorities.<sup>6</sup>
- DWP 2007-10 CFO Plan<sup>7</sup> targets, which are agreed at the regional level with the Managing Authority, which cover the contracting period 2008-11. These are the only targets for which DWP is solely responsible.
- The contribution of ESF-funded provision and match-funded provision.

There are three key aspects to the context for these figures. Firstly, after many of the key documents for the first half of the 2007-2013 ESF Programme (including the targets and indicators) were agreed, the UK experienced an economic recession. This significantly affected the labour market conditions in which the programme was operating. In response, the ESF programme in England sought to boost the number of unemployed participants, with new funding to support claimants on Jobseekers Allowance.

Secondly, during the period covered by the figures below a substantially higher ratio of match funding was claimed compared to ESF funding claimed over the same period. Match funded provision performance on output targets, particularly in the proportion of economically inactive and disabled participants, varied substantially regionally.

Finally, with the focus of ESF provision changing in the second half of the programme through 2011-13, it is difficult to make any extrapolations to future ESF performance from the first half of the programme.

Key findings for Priority 1<sup>8</sup>:

- **Total number of participants:** DWP met the targets in each of its regional CFO Plans for the frequency of participation.
- **Number and % of participants who are unemployed; Number and % of participants who are inactive:** DWP met the targets in each of its CFO Plans for the number of unemployed and inactive participants (with the exception of the number of inactive participants in South Yorkshire and Merseyside). At the CFO level, the proportion of unemployed and economically inactive participants was above the Operational Programme target. ESF and match funded provision both contributed above the Operational Programme target for the proportion of unemployed participants. ESF funded provision was below the Operational Programme target for the proportion of economically inactive participants with match funded provision above target.
- **Percentage of participants with disabilities or health conditions:** At the CFO level, DWP are above the Operational Programme output target for the proportion of disabled people participating through the first half of the Operational Programme – with both ESF and match funded provision contributing above-target proportions.

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<sup>5</sup> The quantitative performance data included in this report are collected by DWP for the purposes of monitoring performance and are not designated official or National Statistics. These data may differ slightly from the official data released by the ESF Managing Authority. ESF Managing Authority data have been subject to additional data cleaning to meet EU requirements. For example, one key requirement is to ensure there is a valid postcode format, so a key part of the code used by the Managing Authority is used to remove postcodes that do not meet this requirement from the final dataset. This means that, of approximately 722,000 participation records, approximately 500 records (rounded to the nearest 500) are not included. Additionally, those not in education, employment or training (NEETs) are not categorised separately from economically inactive and unemployed participants. However, ESF Managing Authority data could not be broken down by ESF and match funding for this report.

<sup>6</sup> There are no mid-programme targets in the Operational Programme. Where this study reports against the Operational Programme, it only reports on the *position* of the DWP CFO after 4 years, not whether any targets have been met/not met. The Operational Programme targets examined are those included in DWP CFO Plans, on which DWP collects data.

<sup>7</sup> This report uses targets included in 'Supplementary' CFO Plans, covering both DWP contracting phases

<sup>8</sup> The results reported in this summary are aggregated across regions unless otherwise stated.

- **Percentage of participants aged 50 or over:** At the CFO level, DWP are below the Operational Programme target for participation of people aged 50 or over through the first half of the Programme, with ESF and match funded provision contributing equal proportions.
- **Percentage of participants from ethnic minorities:** At the CFO level, DWP are below the Operational Programme output target for ethnic minority participation, with ESF-funded provision contributing a higher proportion than match funded provision, although both are below the Operational Programme target.
- **Percentage of female participants:** In all regions, for both ESF and match funded provision, DWP was below the Operational Programme target for the female participation indicator.
- **Number and % of participants in work on leaving:** At the CFO level, DWP is currently below the Operational Programme target for this indicator. ESF funded provision contributed above-target performance for the proportion of participants leaving the programme in-work – both at the aggregate level against the Operational Programme Priority 1 target and in 6 of the 11 regions against their CFO Plan targets.<sup>9</sup>

Key findings for Priority 4 are:

- **Total number of participants:** DWP is above the target in its CFO Plan for the number of participants.
- **Number and % of participants who are unemployed; Number and % of participants who are inactive:** The DWP CFO are above the CFO Plan target for the number of unemployed and economically inactive participants and above the Operational Programme target for the proportion of economically inactive participants. The proportion of unemployed participants is below the target levels included in Operational Programme and DWP CFO Plan.
- **Percentage of participants with disabilities or health conditions<sup>10</sup>:** DWP is currently above target for disabled participation – with both ESF and match funded provision performing above target.
- **Percentage of participants aged 50 or over:** Both ESF and match funded provision are below target on the indicator for the participation of those aged over 50.
- **Percentage of participants from ethnic minorities:** DWP at the target level for ethnic minority participation.
- **Percentage of female participants:** for both ESF and match funded provision, DWP was below the target for the female participation indicator.
- **Number and % of participants in work on leaving<sup>11</sup>:** At the CFO level, DWP is above target – with both ESF and match funded provision contributing above-target performance.

#### How has Co-financing in DWP progressed?

The co-financing arrangements operating during this research are the latest development in the approach to managing ESF funds in England. Lloyd and Gilfillan (2006) examined ESF co-financing during the previous programme period and noted a series of improvements in its operation, since earlier studies in 2002 and 2004. The current study identified further

<sup>9</sup> It is important to note this should not be taken as a comparison between the effectiveness of ESF and match funded provision.

<sup>10</sup> Proportional targets for the participation of disabled people, people aged over 50, people from ethnic minorities and females are the same in both the CFO Plan as the Operational Programme. The Operational Programme Priority 4 targets were specific to Cornwall, as the only eligible area for Convergence Objective funding in England.

<sup>11</sup> 'Participants in work on leaving' is defined as participants who are in employment within 6 weeks of leaving an ESF project in a job that lasts for 8 hours or more per week. This includes employees and self-employed people.

improvements, in terms of the incorporation of regional strategies into DWP CFO Plans. Regional Economic Strategies were referenced in most DWP CFO Plans and some also mentioned other regional and sub-regional strategies, suggesting a greater consideration of the regional context. This study identified the continued prominence of DWP and Jobcentre Plus organisational priorities in DWP CFO Plans. However, it is unsurprising that the features of CFO Plans, particularly of the key features of the specification of back to work activities and target groups, reflect DWP and Jobcentre Plus organisational capabilities. ESF funds were expected to support national policy agendas in line with the Operational Programme.

### **How did the ESF programme translate from EU priorities to delivery by the DWP CFO?**

The ESF Operational Programme operates through partnership working involving entities which operate at different spatial levels – from international level e.g. the EU Member States which agreed the Lisbon Agenda, through the national Operational Programme agreed between the European Commission and the Managing Authority, down to the regional and subregional level, including smaller CFOs such as local councils claiming for ESF funded services.

There was evidence that the ESF programme could be used flexibly. In responding to requirements identified by regional stakeholders, DWP let differing ranges of contracts across regions – from a series of similar contracts (e.g. seven 'Flexible Routeways' contracts were let in West Midlands – although there was variation in the type of routeway at local level) to a number of contracts for different types of provision (e.g. six contracts for markedly different provision types in the South East) – showing the DWP CFO could adapt to support regional agreements. Across England, for both DWP contracting phases, there were over 80 prime contracts incorporating around 300 subcontracts with a range of organisations, including private and third sector companies.

Variation was more prominent in the contracts let in each region than in the CFO Plans themselves – which did vary across regions to an extent, but also had many common features. This is in part due to the role of the CFO Plans in ESF management, to provide assurance on the use of ESF funds, and in part because many of the types of issue that the ESF Operational Programme was intended to address (for example worklessness, economic inactivity, tailoring of support to urban and rural areas, low skill-levels, low productivity etc.) were common across regions. That there was consistency identified in DWP CFO Plans chimes with the review of ESF Frameworks conducted by Devins and Usher (2009), which found that while stakeholders generally felt the Frameworks could broadly articulate what was distinctive about a region, they were less able to cover diversity within a region.

DWP's ESF programme also demonstrated flexibility in responding to the recession. The revaluation funds were used to boost support for affected JSA customers.

Recent studies examining partnership working at different spatial levels (including Walker and Sankey, 2008; Atkinson, 2010) provide context in which to appraise these achievements. They indicate that tensions are always likely between organisations which work in partnership, but have to operate at different spatial levels (e.g. international, national, regional etc.) - tensions to which ESF is particularly exposed. One challenge this literature identifies is developing a meaningful target structure through different spatial levels. This study identifies this issue impacting on the ESF programme. Improvements in the regional variation of targets could better support the DWP CFO. While there was some tailoring of targets in the regional Frameworks on the ethnicity indicator, there was also uniformity in some areas, including the same female participation target and the same employment outcome target across most regional ESF Frameworks and correspondingly in many DWP CFO Plans – it was not clear that these targets reflected regional labour market challenges.

CFO Plan targets were not translated directly into targets in contracts. The contracts used for match funding had already been let and DWP's ESF-funded contracts were mostly designed to support a broad range of unemployed and inactive participants – specifying eligibility within these contracts based on gender or ethnicity could have led providers to introduce practices in conflict with equality legislation.

## **Alignment and innovation in service delivery**

ESF provided an opportunity to align employment and skills services delivered by different publicly funded organisations and to introduce innovation into delivery. This study reports examples of innovative ESF delivery, through, for example, outreach and partnership working. It indicates that DWP CFO management structures did allow for innovative approaches, and notably the “black box” contracting model gave providers the freedom to innovate and personalise services. As analysis has been limited to secondary data sources it has been beyond the scope of this report to provide examples of innovative practices which have arisen by this means.

Ainsworth et al. (2011) concluded that DWP’s co-financing approach of procuring separate contracts for ESF funded provision, distinct from the contracted employment programmes DWP uses for match funding, enabled the delivery of different types of employment provision through ESF.

In terms of planned alignment of service delivery, there were some strong examples, although the extent of alignment was not consistent across regions. All DWP CFO Plans contained a section on complementarity – describing processes by which the activities specified by the regional Framework had been shared between Co-financing Organisations. It was notable that some regions went further in developing more formalised or fully articulated structures for aligning service delivery. The extent to which the DWP CFO sought to align service delivery regionally was not uniform, which could indicate this activity was dependant on regional management structures or individuals, rather than being an inherent part of the national approach.

### **How did ESF performance measurement and management support delivery?**

This study identified some issues regarding the alignment of ESF objectives with funding, delivery instruments, and targets. The ESF Operational Programme for England states that its targets are intended to steer and stimulate the programme rather than predict performance, although in practice the targets are used by the European Commission to assess how well the CFO provision is meeting the Operational Programme’s requirements.

Firstly, the Operational Programme targets and DWP’s policy approach and delivery capability do not always easily align. For example, DWP and the UK Government more broadly does seek to increase female participation in the labour market, in line with the ESF Operational Programme target. UK Government policy has been to improve childcare provision, and introduce legislation to promote flexible working. Within DWP, there is a focus on welfare reform, such as increased obligations for lone parents on benefit (for example, see DWP (2011)). However, publicly funded employment programmes have not been a significant policy lever for DWP in this agenda, as they are expected to primarily attract benefit recipients (Jobseekers Allowance claimants and Incapacity Benefit claimants) who are predominantly male (as demonstrated by DWP Tabtool<sup>12</sup>). Therefore the Operational Programme target level of 51% female participation for the contracted employment provision funded by ESF and match does not seem well aligned with DWP policy and delivery.

Secondly, the imperatives around claiming matched spending can be at variance with the achievement of Operational Programme targets. Co-financing replaced a ‘direct bidding’ approach in England, where providers submitted bids on a regional basis to deliver individual projects. Co-financing was introduced to improve strategic direction and simplify administration through using existing programmes with in-built strong audit processes. However, if DWP does not claim for the required matched spending or meet the ESF audit standard, it will not receive reimbursement from the EU - reimbursement is not dependant on meeting participation targets. Therefore the incentives for DWP to identify contracts for matched funding which will ensure funding is claimed are greater than to identify contracts which best support progress against Operational Programme targets. The challenge of meeting both these requirements is exacerbated as DWP is limited in terms of the contracts it can use for match funding. For example, only contracted services are eligible and the Pathways to Work programme was not contracted for in every region – therefore it can only be selected for match in some areas.

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<sup>12</sup>DWP Tabulation Tool is available at <http://statistics.dwp.gov.uk/asd/index.php?page=tabtool>

Thirdly, the target levels set through the Operational Programme were problematic – for DWP and for other CFOs. The basis for the target levels was a combination of the demographics of the working age population; performance on existing ESF and national programmes to date; and policy priorities for future performance. This did not have due regard for the population likely to access the provision (as the claimant population is not representative of the working age population), or regional variations in labour markets. This issue became more pronounced during the recession. Operational Programme targets did not respond to the onset of the recession and the changed policy priority to help more unemployed people into work, and not just the most disadvantaged – and as a result became less relevant. This contrasts with the flexibility in the system to use funds in this way.

Finally, targets do not fully relate to the performance management system. There was a risk of dual performance management of DWP's match funded provision – with these programmes being driven to meet their existing targets as well as those in the ESF programme (e.g. Operational Programme, CFO Plans, etc). In practice, DWP determined the eligibility criteria for provision and the performance management arrangements (e.g. targets and indicators) for ESF and match provision separately. In this way the performance measurement system for ESF co-financing is capable of being significantly influenced by actions which cannot be attributed to the ESF programme. The Operational Programme targets did not account for the eligible target groups for the match funded provision. In addition, there were not mechanisms for the DWP CFO to significantly affect the participation of people with particular characteristics (e.g. by gender) once the ESF-funded contracts had been let.

In conclusion, while there has been continued improvement to co-financing arrangements in translating EU priorities into local delivery through alignment of provision and innovation, this has not been well supported by the performance management and measurement framework, either in design or implementation.

# 1. Introduction

## 1.1 Policy Context

### European Social Fund Operational Programme for England and Gibraltar for 2007-2013

European Social Fund (ESF) is one of the European Union's (EU) Structural Funds. It was set up to improve employment opportunities in the EU and so help raise standards of living. As a Structural Fund, ESF seeks to reduce regional imbalances in prosperity and enhance economic and social cohesion across the EU. ESF 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.<sup>13</sup>

The total available funding during each programme period is divided between EU Member States and regions, depending on their relative wealth. Member States and regions devise their own Operational Programmes, outlining how the funding will be used. In England, the Department for Work and Pensions (DWP) acts as the 'Managing Authority' – devising the Operational Programme and agreeing this with the European Commission, the EU's executive body. When producing this, the Managing Authority needs to consider a number of frameworks and various national and EU guidelines and regulations.

The result was an ESF Operational Programme for England and Gibraltar<sup>14</sup> for 2007-2013 which has the overall strategic objective of supporting sustainable economic growth and social inclusion in England by contributing to policies to increase the employment rate and to develop a skilled and adaptable workforce. These aims sit within two Structural Fund objectives which determine funding levels (see Annex A).

- a). **The Convergence Objective** – which aims to develop areas where the economy is lagging behind the rest of the European Union and includes all EU regions with a Gross Domestic Product (GDP) per head below 75% of the Community average. In England, only Cornwall and the Isles of Scilly is eligible for support under the Convergence objective
- b). **Regional Competitiveness and Employment** This covers all regions of the EU that are not eligible under the convergence objective.<sup>15</sup>

**Table 1.1: ESF Objective and Priority axes**

	<b>Regional Competitiveness and Employment Objective</b> <i>(All of England and Gibraltar except Cornwall and the Isles of Scilly)</i>	<b>Convergence Objective</b> <i>(Cornwall and the Isles of Scilly)</i>
<b>Worklessness</b>	Extending employment opportunities (Priority 1)	Tackling barriers to employment (Priority 4)
<b>Workforce skills</b>	Developing a skilled and adaptable workforce (Priority 2)	Improving the skills of the local workforce (Priority 5)
<b>Technical assistance</b>	Technical assistance (Priority 3)	Technical assistance (Priority 6)

<sup>13</sup> More information is available at <http://www.dwp.gov.uk/esf/about-esf/#objectives>

<sup>14</sup> The UK, as a member state of the EU, is responsible for Gibraltar's external affairs and therefore Gibraltar is entitled to receive EU Structural Funds from the UK's allocation. However, DWP is not a Co-Financing Organisation for Gibraltar and therefore Gibraltar is not referred to in this report.

<sup>15</sup> Merseyside and South Yorkshire are designated 'phasing-in' areas, as a result of these areas' lower proportion of GDP compared to other parts of the EU. This results in a higher proportion of ESF to match funding (see below) for these areas. However, these areas are treated as coming under the Regional Competitive and Employment Objective in the ESF Programme.

A matrix of these objectives leads to 6 'Priorities' around which ESF in England is organised, as shown in Table 1.1. The majority of ESF funding in England is allocated to Priorities 1 and 2 – which cover most of England. Priorities 4 and 5 relate only to Cornwall and the Isles of Scilly. Priorities 3 and 6 generally relate to evaluation funding so are not the subject of this report.

### **The Managing Authority**

In addition to drawing up the Operational Programme, the Managing Authority (European Social Fund Division in DWP) is responsible for managing and implementing it “in accordance with the principle of sound financial management”. Among the Managing Authority’s responsibilities are:

- Ensuring ESF-funded organisations are selected in a way applicable to the Operational Programme and they comply with EU and national rules
- Checking that co-financed services are delivered and that expenses claimed have been incurred, and that the required paperwork has been completed for certification
- Ensuring systems for recording the required administrative information are in place, that data are collected and relevant audit trails exist
- Guiding the Programme Monitoring Committee (PMC) and agreeing and drawing up Implementation Reports.

### **Co-financing**

A feature of ESF is that the Member States are required to ‘match’ ESF funds. The requirements for match funding vary between the Structural Fund objectives and these are defined in terms of relative GDP (see Annex A for more detail). Co-financing was “introduced in September 2001 and brought ESF and match funding together in a single funding stream” (Lloyd and Gilfillan, 2006). Co-financing replaced a ‘direct bidding’ approach, where providers submitted bids to regional Government Offices to deliver individual projects. Co-financing was introduced to improve strategic direction, enable better alignment of ESF funded provision with domestic provision and simplify administration for ESF providers. For the 2007-2013 programme, the vast majority of ESF funded activity is delivered through co-financing.

In the co-financing arrangement, the Managing Authority negotiates with the European Commission and has overall responsibility for ESF funding in the country. The Managing Authority produces guidance based on EU Structural Fund regulations which outlines the eligibility criteria for public agencies to apply to act as ‘Co-financing Organisations’ (CFOs), who distribute ESF funding at the regional level. CFOs can be administrative bodies at the regional level (e.g. Regional Development Agencies) and sub-regional level (e.g. Local Authorities), but the majority of funding was managed by national-level organisations. DWP<sup>16</sup> and the Learning and Skills Council (LSC)<sup>17</sup> acted as CFOs in each region from the outset of the 2007-2013 programme, and the National Offender Management Service (NOMS) became the third national-level organisation to act a CFO in late 2009.

As CFOs are required to identify which of their budgets will be used as match funding as part of the CFO selection process. ESF guidance outlines the expectation that match funding will be limited to a small number of eligible domestic budgets. In addition, ESF guidance states, “prospective CFOs had to demonstrate that they could make a real contribution to a range of employment and/or skills priorities described in the regional ESF Framework”<sup>18</sup>. DWP sought to use suitable contracted employment provision<sup>19</sup> in each region.

### **Regional Focus**

The ESF programme in England for 2007-2013 was intended to have a strong regional focus. Delivery was to be informed by regional strategies, such as Regional Economic Strategies –

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<sup>16</sup> DWP acts separately as the Managing Authority for ESF funds in England and as a CFO

<sup>17</sup> The Learning and Skills Council’s responsibility to fund and regulate adult further education and skills training in England transferred on 1<sup>st</sup> April 2010 to a new agency – the Skills Funding Agency.

<sup>18</sup> ESF Programme 2007-13 Guidance manual 2, available at <http://www.dwp.gov.uk/docs/manual2-v8.pdf>

<sup>19</sup> Not all contracted employment provision has the necessary features to meet EU requirements for what can be classed as match funding

which were intended to provide a shared vision for the development of each region's economy<sup>20</sup>. Fit between the national-level Operational Programme and regional strategies and plans was generated through regional ESF Frameworks – documents developed by Regional Skills Partnerships, which brought together a range of regional skills and employment stakeholders. The 'Frameworks'<sup>21</sup> are intended to enable the ESF programme to address distinctive regional employment and skills challenges. Frameworks should inform CFO Plans – regional delivery plans developed by CFOs to detail the approach (agreed by regional partners through the Framework) to deliver ESF support in each region. As Table 1.2 demonstrates, CFO Plans should show how ESF will contribute to the achievement of regional skills and employment priorities.

**Table 1.2: CFO Plan design and content**

<b>Section</b>	<b>Content</b>
<b><i>How the plan will contribute to the implementation of the Operational Programme and the regional ESF framework</i></b>	<ul style="list-style-type: none"> <li>• Describe which elements of the framework the CFO will deliver</li> <li>• For each Priority, set out: <ul style="list-style-type: none"> <li>○ Activities to be supported</li> <li>○ Target groups</li> <li>○ Geographical targeting e.g. Local Area Agreements, City Strategy</li> </ul> </li> <li>• For each Priority, set out: <ul style="list-style-type: none"> <li>○ Quantified outputs (as per Operational Programme categories)</li> <li>○ Quantified results (as per Operational Programme categories)</li> <li>○ Contribution to other regional targets</li> </ul> </li> </ul> <p>How activity will complement other CFO provision</p>
<b><i>Funding and added value</i></b>	<ul style="list-style-type: none"> <li>• Show ESF funding by Priority and year</li> <li>• Show match funding by Priority and year: <ul style="list-style-type: none"> <li>○ Which domestic budgets will be used</li> <li>○ How will ESF and match funded activity complement each other and contribute to Priority activities</li> </ul> </li> <li>• Provide a breakdown of planned administrative costs</li> </ul> <p>Describe the added value of ESF</p>
<b><i>Project selection and tendering arrangements</i></b>	<ul style="list-style-type: none"> <li>• Describe the methods of tendering to be used</li> <li>• How will procurement comply with national legislation</li> </ul>
<b><i>Provider funding and monitoring</i></b>	<ul style="list-style-type: none"> <li>• Describe how contract costs will be formulated</li> <li>• Payment arrangements for providers</li> <li>• Any plans to reimburse project providers using actual costs (in exceptional circumstances)</li> <li>• Arrangements for monitoring ESF providers covering: <ul style="list-style-type: none"> <li>○ Project delivery and outcomes</li> </ul> </li> <li>• Quality standards including how Adult Learning Inspectorate recommendations will be addressed including: <ul style="list-style-type: none"> <li>○ Financial performance</li> <li>○ Audit</li> </ul> </li> </ul> <p>Provision of management information Reporting performance to the regional ESF committee</p>
<b><i>Cross cutting themes</i></b>	<p>How the CFO will promote equality and diversity and build equal opportunity into implementation</p> <p>How the CFO will support approaches to sustainable development, including environmental sustainability</p>
<b><i>Implementation</i></b>	<p>Key milestones for the first year of the plan (milestones would be reviewed annually):</p> <ul style="list-style-type: none"> <li>○ Contracting with providers</li> <li>○ Participant starts</li> <li>○ Progress towards results targets</li> </ul>
<b><i>Finance and targets</i></b>	<p>Annexed to the plan should be the agreed ESF and matched funding by year and the agreed output and results targets (for joint CFO plans, separate annexes for each CFO)</p>

<sup>20</sup> 2005 Guidance to RDAs on Regional Strategies, available at <http://www.berr.gov.uk/files/file38984.pdf>

<sup>21</sup> Henceforth the term 'Framework(s)' refers to the Regional ESF Frameworks.

CFOs are expected to work together to ensure they are able, between them, to meet the national and regional priorities set out in the Operational Programme and Framework. If there are significant changes to policy priorities, there is scope for plans to be revised. In each region, DWP is responsible for delivering activity under the 'Worklessness priority axis' (see Table 1.1) – ESF Priorities 1 and 4.

The regional tier was disbanded in 2010-2011. The Government Office network closed in March 2011 and the RDAs by March 2012, at which time the latter's functions are taken over by Central Government and Local Enterprise Partnerships.

### **ESF programme performance measurement and management**

The ESF management structure is outlined in Figure 1.1. The Operational Programme contains a set of indicators for each ESF 'Priority' (see Table 1.1). Some of these indicators have targets<sup>22</sup>. The Operational Programme also has a number of overall programme targets, which are the sum of the Priority targets. The Operational Programme targets and indicators are intended to steer the programme and are not expected to be a prediction of actual programme outcomes. The basis for the target levels was a combination of the demographics of working age population; performance on existing ESF and national programmes to date; and policy priorities for future performance.

The EU and the Managing Authority sought to align the information requirements for performance measurement of the ESF programme in England where possible – so the same information monitoring processes could be used at all levels. Accordingly, at the regional level, Frameworks also contain a set of indicators and targets for each Priority. These indicators also tend to be the indicators with targets from the Operational Programme, with some adjustment to target levels to reflect regional circumstances. The adjustments are discussed in chapters 2 and 3, but tend to be more in terms of the frequency than proportional targets. Each DWP CFO Plan also contains a set of indicators, comprised of most of the indicators for Priority 1 or 4 included in the relevant Framework. Again, there can be some adjustment to these target levels.

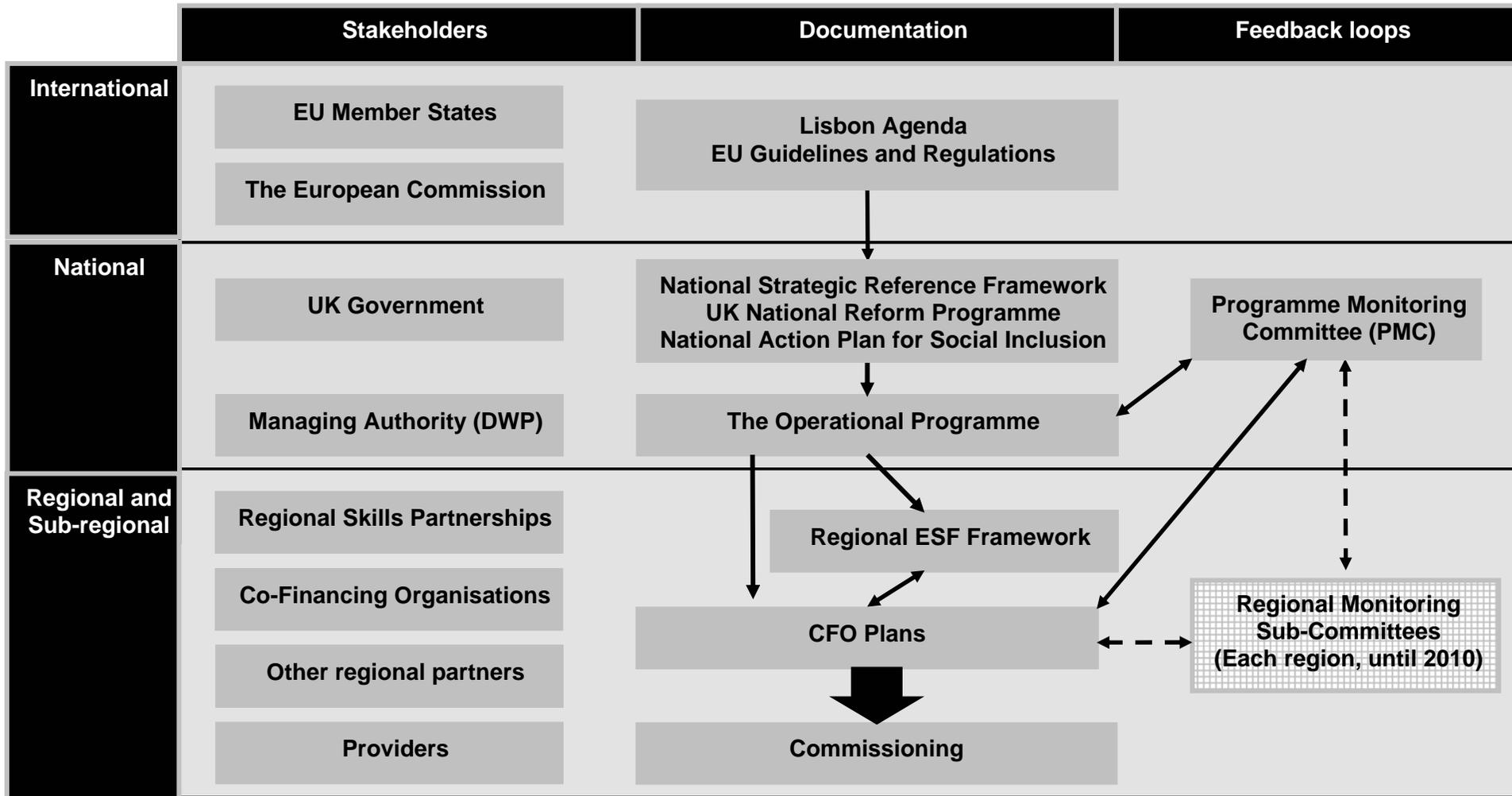
The European Commission and the Managing Authority review the performance of the ESF programme through the national PMC, comprising the Managing Authority, CFOs and other partners and the European Commission. Here the Managing Authority, and the CFOs in turn, need to explain deviations in performance from Operational Programme target levels. The PMC has various subcommittees including, through the early stages of 2007-2013 Programme, regional subcommittees called Regional Monitoring Committees.

Regional Monitoring Committees were responsible for endorsing CFO plans, considering CFO and regional performance reports, monitoring regional performance, and agreeing remedial action in the case of under-performance. They comprised the organisations that formed the Regional Skills Partnership, as well as the wider partnership within the region. Most of these Committees were disbanded in 2011, with the dismantling of regional government structures.

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<sup>22</sup> The indicators for which there are not targets are not examined in this report

Figure 1.1: ESF Management Structures<sup>23</sup>



<sup>23</sup> Draws on Figure 1.1 from Devins and Usher (2009)

## **Economic recession and revaluation funds**

Over a seven year programme period there is significant scope for change in economic conditions. From 2008 to 2009, following 16 years of unbroken economic growth, and in the period immediately following the agreement of key documents for the ESF Programme in England for 2007-2013, the UK experienced an economic recession. This had a substantial impact on the labour market conditions in which the programme operated. By the official definition, the recession lasted for six quarters but its effect on key labour market indicators lasted longer. From March 2008 to March 2010 there was a sharp fall in employment across the UK. Unemployment<sup>24</sup>, which had remained around 5% for several years increased to around 8% during this period.

As described by the Office for National Statistics (Campos et al., 2011), the impact of the recession was felt differently by different groups, and across different areas. Over the period between Spring 2008 and Spring 2010, the largest percentage increase in unemployment was Yorkshire and The Humber's 80%, while London saw the smallest increase at 31%.

Also through the early years of the 2007-2013 programme, there were changes to the exchange rate between the euro and sterling. The result was that the ESF funding allocated to the ESF programme in England was re-valued and further funds were provided to CFOs, which were used through supplementary CFO Plans at a regional level. The intention for this funding was to support those affected by the recession.

### **1.2 Aims and objectives**

In their role as an ESF CFO, DWP are required to provide an evaluation of their contribution through the first half of the Operational Programme 2007-2013:

*"At the regional level, CFOs will evaluate the contribution made by their CFO plans to the Operational Programme and the regional ESF framework".<sup>25</sup>*

This evaluation meets this requirement. Its objectives are to examine:

- the contribution to relevant ESF output and result indicator targets through each DWP CFO Plan
- how DWP CFO Plans sought to meet national and regional priorities
- the contribution of ESF management structures and co-financing.

There is a separate programme of research and evaluation to assess whether the ESF 2007-13 Operational Programme in England<sup>26</sup> is meeting its objectives.

### **1.3 Approach**

The report drew on qualitative and quantitative secondary data specific to the DWP CFO at the regional level:

- document review covering the key documents related to DWP's CFO Plans
- analysis of management information provided by the DWP CFO
- narrative review of recent evidence on the management of employment programmes

The approach to reviewing documentation was to summarise for each region using a standard template and map these against each other. Key documents which have been reviewed include:

- ESF Operational Programme produced by the Managing Authority (see section 1.1 for more detail)
- ESF guidance produced by the Managing Authority for organisations receiving financial support under ESF<sup>27</sup>

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<sup>24</sup> The International Labour Organisation (ILO) definition of unemployment is used, unless otherwise stated.

<sup>25</sup> 'Guidance and Requirements for the ESF 2007 – 2013 Programme in England & Gibraltar Manual 2', page 32.

<sup>26</sup> This is described at <http://www.dwp.gov.uk/esf/esf-in-action/esf-evaluation/>

- Regional ESF Frameworks for the first half of the Operational Programme
- DWP CFO Plans for the first half of the Operational Programme
- Regional contributions to the 2010 Annual Implementation Report
- Documentation summarising contracts let by the DWP CFO

The quantitative information contained in this report, unless stated otherwise, is derived from the DWP's European Social Fund database. Detailed information on this data source, and how the information presented here differs from the information provided by the Managing Authority to the EU Commission, is at Annex B.

#### ***1.4 Report structure***

The report provides a review of regional approaches taken by the DWP CFO, including strategic direction, targeting and delivery, followed by a discussion of the key issues relating to ESF management which emerge.

Annex C contains standardised reports for each region.

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<sup>27</sup> Available at <http://www.dwp.gov.uk/esf/resources/guidance/>

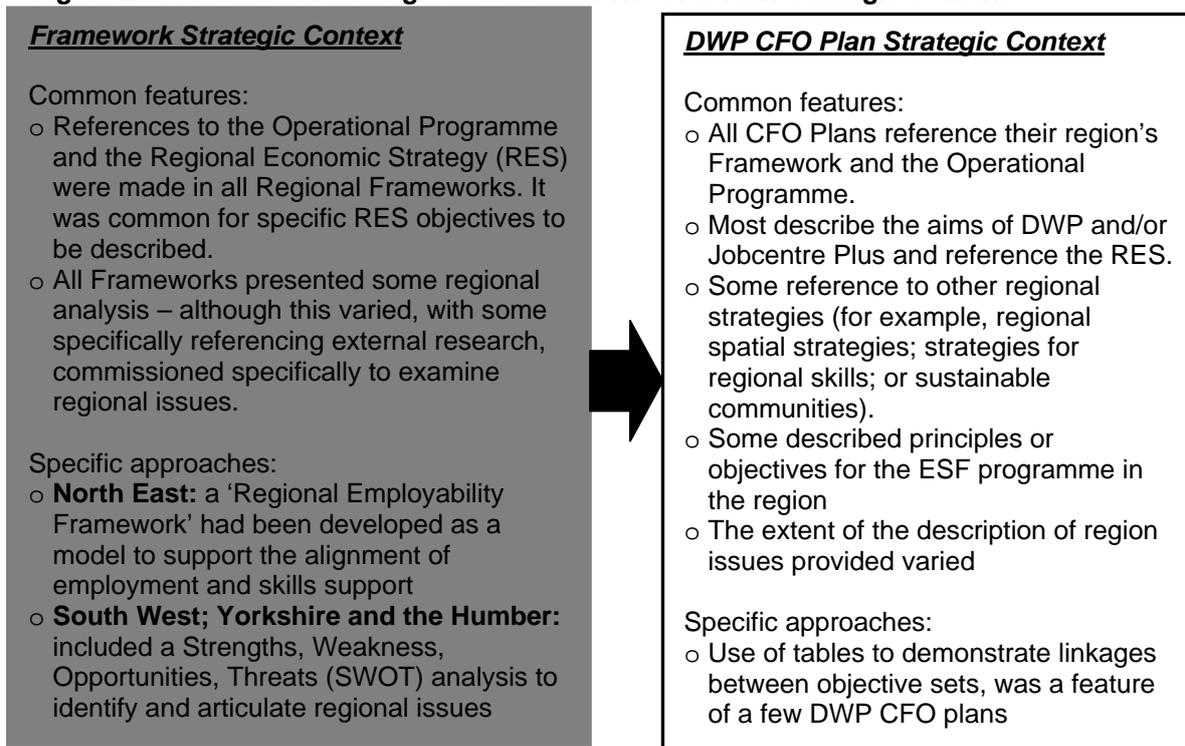
## 2. Overview of DWP’s ESF Co-financing Plans 2007-10 – from strategy to delivery

This chapter presents an overview of DWP’s CFO Plans for the first half of the 2007-2013 ESF programme in England<sup>28</sup> – looking at how these articulated the strategic direction, what these sought to deliver and to whom, down to what they did deliver through contracted ESF-funded provision. Sections 2.1 to 2.2 look only at the initial 2007-10 CFO Plans. The standardised reports in Annex C set out the journey from strategy to delivery for each region.

### 2.1 Strategic Context, Activities and Targeting in initial CFO Plans

DWP CFO Plans referenced the Operational Programme, the relevant regional ESF Framework, and the aims and objectives of DWP and/or Jobcentre Plus in providing strategic context. CFO Plans often also referred to the Lisbon Agenda and Regional Economic Strategy, with some mentioning other regional or sub-regional plans. DWP CFO Plans generally sought to cover the majority of worklessness activity (Priority 1 and Priority 4 – see Table 1.1) outlined in the corresponding regional Frameworks. Figure 2.1, below, provides an overview of the key features of the strategic context in Frameworks and CFO Plans.

**Figure 2.1: Framework Strategic Context to DWP CFO Plan Strategic Context**



In terms of the indicative activities included in DWP CFO Plans, there were examples which were specific to particular regions, but there was also considerable commonality in the indicative activities in DWP CFO Plans. These were often described in fairly consistent terms across regions. This perhaps reflected the requirements of the Operational Programme and the nationally-standardised capabilities of DWP and Jobcentre Plus, as well as being in part due to the role of CFO Plans in ESF management.

<sup>28</sup>The 2007-10 Co-financing Plans cover the period of contracting between 2008-11. In this period DWP had two contracting phases, an initial phase of procurement in 2008 of around 70 contracts across all regions (“phase 1”), and a recession-response phase – a dozen or so additional contracts let as part of DWP’s response through ESF to the recession (“phase 2”). CFO Plans produced at the outset of the programme were updated through ‘supplementary CFO Plans’ to cover additional “revaluation” funds provided as a result of changes in exchange rates and focused specifically on supporting a response to the recession.

**Figure 2.2: Features of DWP CFO Plan activities**

<p><b><u>Common features</u></b></p> <ul style="list-style-type: none"> <li>• Supporting disadvantaged groups</li> <li>• Activities to support job sustainability and retention, as well as labour market engagement and entry.</li> <li>• Measures which ensure early identification of needs, including action plans</li> <li>• Training including vocational, soft skills and access training, work experience and trials. Links to Local Employment Partnerships.</li> </ul>
<p><b><u>Features of some DWP CFO Plans</u></b></p> <ul style="list-style-type: none"> <li>• City and other area based strategies and initiatives to tackle worklessness in urban areas; specific support for rural areas</li> <li>• Job brokerage/ vacancy matching</li> <li>• Access to childcare and care for dependent people</li> <li>• Support for entrepreneurial activity/self-employment</li> <li>• Mentoring and/or job coaches</li> </ul>
<p><b><u>Examples of specific features</u></b></p> <ul style="list-style-type: none"> <li>• Recruitment advice for employers to enable them to recruit/retain a diverse workforce; innovative, inspirational activity to engage people through activities such as arts, sports, media (Cornwall)</li> <li>• ‘JobMAETs’ programme to bring together support from a range of specialist services for disadvantaged groups (East Midlands)</li> <li>• Support for people on sickness benefit to prevent dependency (Merseyside)</li> <li>• Activity to join-up existing services and resources (North East)</li> </ul>

Features of DWP’s ten regional CFO Plans can be categorised as one of: common; features of some plans; and specific features – which appeared in only one or two plans. As would be expected, and in line with the findings of Devins and Usher (2009), the common and occasional features of the activities relate closely to the national Operational Programme and the Frameworks in turn.

The specific activities were sometimes regional or local innovations to meet challenges faced by most or all regions, such as the JobMAETs programme in the East Midlands to align activity, while others were activities which appeared to relate to specific local need such as activities for people on sickness benefit to prevent dependency in Merseyside, where economic inactivity is a particular issue. The study also found examples of specific features of delivery in regions which were not featured in CFO Plans – such as the ‘Progress Together’ model in South Yorkshire. These were likely devised after the plans were authored.

Sometimes activities, including those which featured in the Framework, were covered by the contract let under the CFO Plan, but not mentioned in the plans themselves. For example there was not specific mention of activity to support ethnic minorities in the West Midlands in the CFO Plan for the region, but one of the six contracts let in the region was specifically for pre-vocational English for Speakers of Other Languages (ESOL) training.

### **Target Groups**

DWP CFO Plans generally covered all the target groups identified regionally through the relevant Framework. Those target groups included in all DWP CFO Plans were disadvantaged groups identified as target groups for EU funds in the Operational Programme, with the addition of offenders, who are also regularly mentioned in the Operational Programme, although not a specified target group.

There were relatively few groups identified as targets through the Operational Programme and Frameworks which were not described as target groups in CFO Plans regionally. Some DWP CFO Plans also contained additional groups, sometimes described as ‘DWP target groups’ – for example, homeless people, refugees or groups in line with DWP’s child poverty agenda.

Coverage of national and regional target groups was, therefore, evident; although it was less clear from the CFO Plans that target groups were consistently tailored, with resources fitted to narrower regional need identified in the relevant Framework.

**Figure 2.3: DWP CFO Plan target groups**

<p><b>All DWP CFO Plans included:</b></p> <ul style="list-style-type: none"> <li>• People on incapacity benefit and/or people with disabilities and health conditions</li> <li>• Lone parents</li> <li>• Ethnic minorities</li> <li>• Offenders/Ex-offenders</li> </ul>
<p><b>Some DWP CFO Plans included:</b></p> <ul style="list-style-type: none"> <li>• Those with basic skills needs</li> <li>• Homeless people</li> <li>• Refugees</li> <li>• Repeat claimants</li> <li>• Older workers</li> <li>• Those with drug and alcohol problems</li> <li>• Other people with children</li> <li>• Carers</li> <li>• Broader or more generic categories including: unemployed or inactive people, JSA customers, other workless individuals</li> </ul>
<p><b>A few DWP CFO Plans included:</b></p> <ul style="list-style-type: none"> <li>• Women</li> <li>• People under threat of redundancy/ large scale redundancy</li> <li>• Migrants</li> <li>• Those on City Strategy provision</li> <li>• Those with ESOL needs</li> </ul>

Where a Framework identified a specific selection of target groups, the corresponding DWP CFO Plan often sought to support a broader range of groups. An example was in the South West, where the Framework identified three categories of target groups (albeit containing a broad one in 'workless households') where the DWP CFO Plan contained nine target groups.

There were examples of specific responses to regional issues included in DWP CFO Plans which were not covered by Operational Programme or relevant Framework, which included:

- **West Midlands:** the addition of customers with ESOL needs – which fits with the region having the most ethnically diverse population outside London
- **East Midlands:** migrant workers were an additional group – fitting with the region having the largest share of new National Insurance number registrations from workers from EU accession states.

## Geographical Targeting

The geographical targeting section in DWP CFO Plans tended to feature one of three approaches:

- a framework or approach to geographical targeting, without specifying areas – for example in the **South West**, which stated that information on Lower Super Output areas was to be used to target geographically;
- geographical target areas are specified, generally with a supporting rationale – as for example in the **East of England** and the **South East**; or
- provision is available across the region.

The first two approaches were the most common across the regions. There tended to be a fit between the approaches to geographical targeting described in the Framework and the CFO Plan. Geographical targeting also provides an example of the breadth of the ESF programme's coverage – even though most DWP CFO Plans described an approach to geographical targeting, all stated that some ESF provision was to be delivered in all the districts in the region.

## 2.2 Alignment

It was common for DWP's initial 2007-10 CFO Plans to contain a section describing how they sought to align provision, especially with the Learning and Skills Council, as the other principal CFO at the time these were produced<sup>29</sup>. Provision mapping exercises were frequently mentioned, with the concept of a 'customer journey' sometimes used. In some regions, approaches to alignment were described in more formal terms – as programmes

<sup>29</sup> The National Offender Management Service became the third national level administrative body to have Co-financing Organisation status in 2010.

such as JobMAETs (Job Multi-Agency Employment Teams) in the East Midlands and 'Progress Together' in South Yorkshire. In the North East, the Framework included a regional approach to supporting people back into work – the Regional Employability Framework (REF). The REF divided people's journey to work into 5 components – Engagement; Action Planning; Employability Services; Job Placement; Aftercare and Retention – so that organisations could target their resources on those components needing most improvement regionally, and seek to align these. As expected, Frameworks were prepared by Regional Skills Partnerships (RSPs), and reviewed by Regional Monitoring Committees.

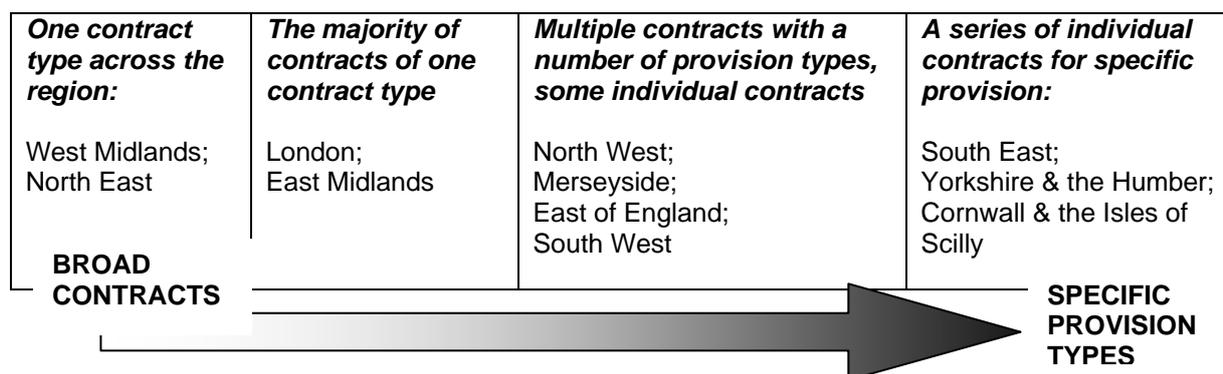
### 2.3 Revaluation funds and supplementary CFO Plans

Amongst those regions which produced supplementary CFO Plans in 2009, the most common purpose for the supplementary funds was to support those on Jobseekers Allowance (JSA) disadvantaged by the economic recession, particularly those claiming JSA for 6 months or more.<sup>30</sup>

### 2.4 What was purchased?

Across the regions there were a range of sets of contracts let to deliver ESF-funded provision – from letting one type of contract (for example, a 'flexible routeway', albeit there was variation in the type of routeway at local level) to letting a series of individual contracts each to deliver a specific type of intervention. DWP managed the procurement process centrally but the types of contracts let is one key area in which there did appear to be considerable regional variation in the approach taken.

Figure 2.4: DWP CFO contract sets



This differing approach to contracting is interesting given there is a considerable commonality in the activities specified in the CFO Plan as described in section 2.2. Activities (see above) are specified in CFO Plans, as is the approach to tendering and procuring contracts, but there is no indication of the way the activities will be divided between contracts.

### 2.5 DWP CFO Plan Targets and Indicators

As an EU Structural Fund, ESF is required to have quantitative targets and indicators which are contained in the Operational Programme, relating to output and results. *Output* targets and indicators relate to activity (for example, participation) and *results* targets and indicators relate to the effects of the activity (for example, those leaving in work). This report focuses on the indicators with targets which are included in the Operational Programme and DWP CFO

<sup>30</sup> Some supplementary CFO Plans stated that supplementary funds were to fill other gaps in the provision already procured – such as in particular areas (in South West) or for PSA 16-defined Disadvantaged Groups (Care leavers (at 19); adult offenders under probation supervision; adults in contact with secondary mental health services; adults with moderate to severe learning disabilities) in the East Midlands. However, this could be for administrative purposes and uncommitted Phase 1 funds could then be used to provide support for Jobseekers Allowance (JSA) claimants disadvantaged by the economic downturn.

Plans. Both the output and result targets are for *total* CFO activity – activity funded by ESF and match funded provision.

### Regional tailoring of targets and adjustments over time

The Operational Programme targets and indicators are set at the national level. Delivery in each region contributes towards these, although the targets do not always directly cascade from the Operational Programme to regions. There was some tailoring of targets at a regional level – chiefly around the ethnic minority participation indicator, which varied from 1% in Cornwall to 56% in London. However, in general, targets agreed regionally were standard across the districts. This could indicate there was not sufficient regional tailoring of targets.

Participation indicators included in DWP's supplementary CFO Plans (which were agreed in 2009) tended to increase the proportion of unemployed participants the provision was expected to support and correspondingly decrease the proportion of inactive participants – with the supplementary activities most commonly intended to support JSA claimants affected by the economic downturn.

### Considering match funding when interpreting performance against targets

In total, of the ESF and match funding claimed across the regions for the first half of the programme, close to two thirds was accounted for by selected match funding. The proportion of match funding claimed at this stage has implications for CFO contributions to targets in the Operational Programme and CFO Plans. In total, 73% of selected match was New Deal provision, and 27% was Pathways to Work. New Deal supports long term (12 months+) ILO unemployed Jobcentre Plus customers on active benefits, and Pathways supports disabled people receiving inactive benefits. Consequently, the proportion of CFO participants receiving active benefits is considerably greater than the proportion receiving health-related inactive benefits. The unemployed are more predominately male than those claiming inactive benefits (which provide eligibility for Pathways)<sup>31</sup>, so it follows that the CFO participation rates for males reflect this.

**Table 2.1: Proportion of match funding in New Deal and Pathways<sup>32</sup> programmes by region<sup>33</sup>**

	New Deal	Pathways
South East	65%	35%
East of England	67%	33%
East Midlands	52%	48%
West Midlands	32%	68%
Yorkshire & the Humber	87%	13%
South Yorkshire	100%	0%
North West	72%	28%
Merseyside	100%	0%
North East	100%	0%
South West	77%	23%
Cornwall	0%	100%
London	65%	35%

There was also regional variation in the type of match funding selected – as Table 2.1 demonstrates. Seven of twelve areas on which management information is collated and reported (including Cornwall as the Convergence objective area and the two 'phasing-in' areas) have selected approximately two thirds to three quarters New Deal to Pathways – the most common split. However, there are also examples of one hundred per cent of provision in a given area being New Deal and in Cornwall one hundred per cent of provision is Pathways.

In some areas the performance of match funding masks achievements of ESF-funded provision on this result targets when the totals are aggregated. In particular, the North East and Merseyside, which both were below the CFO level target of twenty two per cent participants leaving the programme in-work (from the Operational Programme), had ESF-

<sup>31</sup> See DWP Tabtool (<http://statistics.dwp.gov.uk/asd/index.php?page=tabtool>)

<sup>32</sup> The Pathways programme could only be selected as match funding in areas where the programme was contracted out - it could not be selected in the areas where it was delivered by Jobcentre Plus.

<sup>33</sup> These figures are derived from published ESF contract information available from <http://www.dwp.gov.uk/esf/esf-in-action/esf-projects>. The published figures are updated over time to reflect performance and contract variations. Table 2.1 draws on the published data available in December 2011.

funded provision which achieved forty two per cent and thirty three per cent respectively – well above the Operational Programme target.

The strength of ESF funded provision in terms of participants leaving the programme in work is clearly a positive for the programme. In considering whether at the CFO level, DWP will meet the target for participants leaving the programme in-work at the Operational Programme end in 2013, it is useful to note that the final performance figures will likely contain a higher proportion of the ESF-funded provision than these figures from the first half of the programme.

However, with the focus of ESF provision changing in the second half of the programme through 2011-13, it is difficult to make any extrapolations to future ESF performance from the first half of the programme.

### **Performance - regional outputs and results<sup>3435</sup>**

This study uses management information to examine:

- Operational Programme targets, agreed between the Managing Authority and the European Commission for each ESF Priority for the seven year programme period, based on proportions of target groups in the working age population, performance on ESF or national programmes and policy priorities.<sup>36</sup>
- DWP CFO Plan<sup>37</sup> targets – agreed at the regional level with the Managing Authority for the first half of the seven year programme. These are the only targets for which DWP is solely responsible.
- The contribution of ESF-funded provision and match-funded provision (CFO Plan targets are 'at the CFO level' – i.e. for both match and ESF funded provision combined).

Tables 2.2 to 2.5 provide details of the performance of Priority 1 and Priority 4 provision against the above set of targets, presenting overviews of CFO-level and ESF-funded provision performance respectively. Key points are provided below.

Key findings for Priority 1<sup>38</sup>:

- **Total number of participants:** DWP met the targets in each of its regional CFO Plans for frequency of participation.
- **Number and % of participants who are unemployed; Number and % of participants who are inactive:** DWP met the targets in each of its CFO Plans for the number of unemployed and inactive participants (with the exception of the number of inactive participants in South Yorkshire and Merseyside). At the CFO level, the proportion of unemployed and economically inactive participants was above the Operational Programme target. ESF and match funded provision both contributed above the Operational Programme target for the proportion of unemployed participants. ESF funded provision was below the Operational Programme target for the proportion of economically inactive participants with match funded provision above target.
- **Percentage of participants with disabilities or health conditions:** At the CFO level, DWP are above the Operational Programme output target for the proportion of disabled

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<sup>34</sup> It is important to note here that this research sought to examine the first half of the ESF 2007-13 Programme for England and Gibraltar. Management Information available on outputs and results achieved are reported. These are data used by the DWP CFO for purposes of programme management and are not national or official statistics. It is also important to note that these are not the data used by the ESF Managing Authority in England. More details on data sources can be found at Annex B.

<sup>35</sup> Of the 84 contracts let during the first half of the 2007-2013 programme, two are set to end after the production of this report. The outputs and results from these not claimed by November 2011 cannot be included here.

<sup>36</sup> There are no mid-programme targets in the Operational Programme. This report can only cover the *position* of the DWP CFO after 4 years, not whether any targets have been met/not met. The Operational Programme targets examined are those included in DWP CFO Plans, on which DWP collects data.

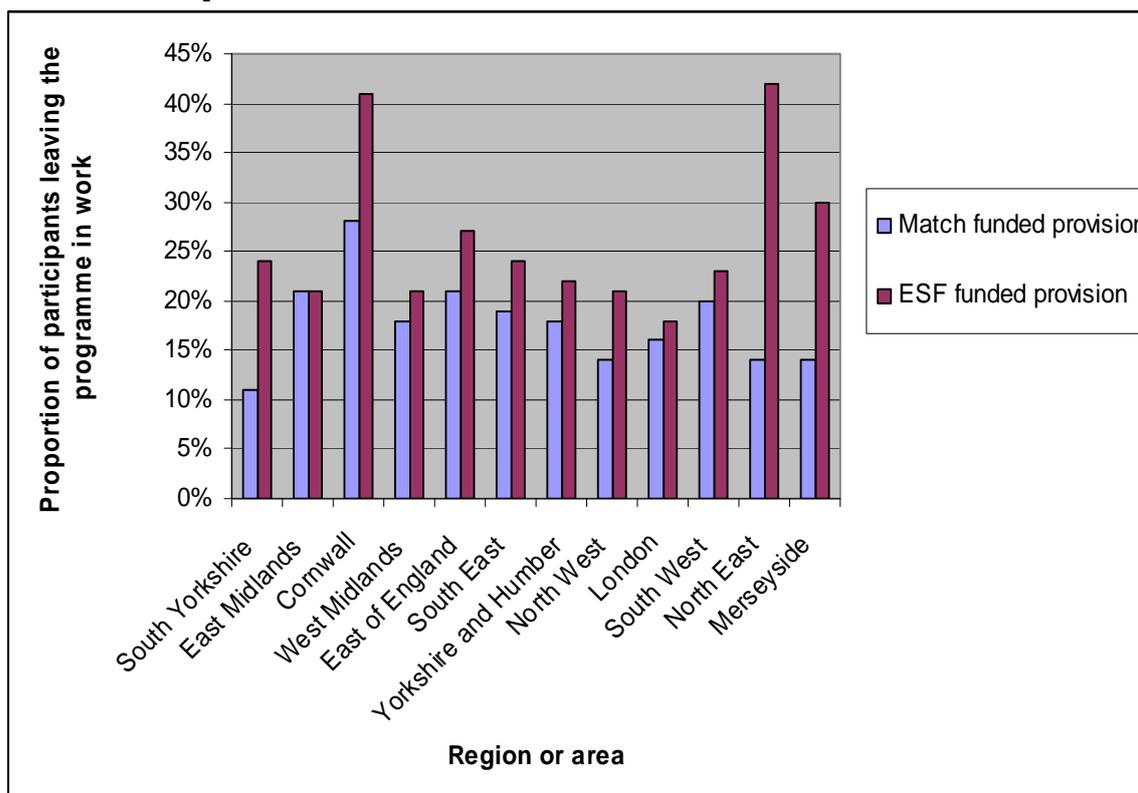
<sup>37</sup> This report uses targets included in 'Supplementary' CFO Plans, covering DWP contracting Phases 1 and 2.

<sup>38</sup> The results reported are aggregated across regions unless otherwise stated.

people participating through the first half of the Operational Programme – with both ESF and match funded provision contributing above-target proportions.

- **Percentage of participants aged 50 or over:** At the CFO level, DWP are below the Operational Programme target for participation of people aged 50 or over through the first half of the Programme, with ESF and match funded provision contributing equal proportions.
- **Percentage of participants from ethnic minorities:** At the CFO level, DWP are below the Operational Programme output target for ethnic minority participation, with ESF-funded provision contributing a higher proportion than match funded provision, although both are below the Operational Programme target.
- **Percentage of female participants:** In all regions, for both ESF and match funded provision, DWP was below the Operational Programme target for the female participation indicator.
- **Number and % of participants in work on leaving<sup>39</sup>:** At the CFO level, DWP is currently below the Operational Programme target for this indicator. ESF funded provision contributed above-target performance for the proportion of participants leaving the programme in-work – both at the aggregate level against the Operational Programme Priority 1 target and in 6 of the 11 regions against their CFO Plan targets.<sup>40</sup>

**Figure 2.5 Number and % of participants in work on leaving for ESF funded provision and match provision by region. [NB the Operational Programme target for this indicator is 22%].**



<sup>39</sup> 'Participants in work on leaving' is defined as participants who are in employment within 6 weeks of leaving an ESF project in a job that lasts for 8 hours or more per week. This includes employees and self-employed people.

<sup>40</sup> It is important to note that this not should not be taken as a comparison between the effectiveness of ESF and match.

Key findings for Priority 4:

- **Total number of participants:** DWP is above the target in its CFO Plan for the number of participants.
- **Number and % of participants who are unemployed; Number and % of participants who are inactive:** The DWP CFO are above the CFO Plan target for the number of unemployed and economically inactive participants and above the Operational Programme target for the proportion of economically inactive participants. The proportion of unemployed participants is below the target levels included in Operational Programme and DWP CFO Plan.
- **Percentage of participants with disabilities or health conditions<sup>41</sup>:** DWP is currently above target for disabled participation – with both ESF and match funded provision performing above target.
- **Percentage of participants aged 50 or over:** Both ESF and match funded provision are below target on the indicator for the participation of those aged over 50.
- **Percentage of participants from ethnic minorities:** DWP is at the target level for ethnic minority participation.
- **Percentage of female participants:** for both ESF and match funded provision, DWP was below the target for the female participation indicator.
- **Number and % of participants in work on leaving:** At the CFO level, DWP is above target – with both ESF and match funded provision contributing above-target performance.

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<sup>41</sup> Proportional targets for the participation of disabled people, people aged over 50, people from ethnic minorities and females are the same in both the CFO Plan as the Operational Programme. The Operational Programme Priority 4 targets were specific to Cornwall, as the only eligible area for Convergence Objective funding in England.

**Table 2.2: DWP CFO performance against output and result targets from the Operational Programme and regional CFO Plans – Priority 1 areas**  
 (It is important to note that there were not targets in the Operational Programme or CFO Plans for ESF or match funded provision individually. The performance of ESF or match funded provision against these targets is presented to examine the differences between the two, with a greater focus on ESF funded provision. Data is from the DWP ESF database (see Appendix B for more detail), from the outset of the 2007-2013 ESF Programme to November 2011.) To review the target sets being assessed, please see the regional reports in Annex C. Frequency figures have been rounded to nearest 500, therefore tables may not sum.

	CFO Level			ESF			Match	
	Aggregate across regions	Performance vs. Operational Programme	No. regions meeting CFO Plan target	Aggregate of ESF funded component	Performance vs. Operational Programme	No. regions meeting CFO Plan target	Aggregate of match funded component	Performance vs. Operational Programme
<b>Total number of participants</b>	722,000	N/A	11 of 11	262,500	N/A	N/A	459,500	N/A
<b>% of unemployed participants</b>	64%	+22%	7 of 11	75%	+33%	11 of 11	58%	+16%
<b>Number</b>	464,000	N/A	11 of 11	197,500	N/A	N/A	266,500	N/A
<b>% of inactive participants</b>	36%	+2%	7 of 11	25%	-9%	0 of 11	42%	+8%
<b>Number</b>	257,500	N/A	9 of 11	65,000	N/A	N/A	193,000	N/A
<b>% of participants with disabilities or health conditions</b>	34%	+12%	9 of 11	25%	+3%	10 of 11	39%	+17%
<b>% of participants aged 50 or over</b>	16%	-2%	5 of 11	16%	-2%	4 of 11	16%	-2%
<b>% ethnic minority participants</b>	17%	-8%	1 of 11	21%	-4%	7 of 11	16%	-9%
<b>% female participants</b>	33%	-18%	0 of 11	33%	-18%	0 of 11	33%	-18%
<b>Number of participants leaving</b>	644,000	N/A	N/A	260,500	N/A	N/A	383,500	N/A
<b>% of participants in work on leaving</b>	19%	-3%	1 of 11	23%	+1%	6 of 11	17%	-5%
<b>Number</b>	124,500	N/A	10 of 11	60,000	N/A	N/A	64,500	N/A

**Table 2.3: DWP CFO performance against output and result targets from the Operational Programme and regional CFO Plans – Priority 4 area**  
 (It is important to note that there were not targets in the Operational Programme or CFO Plans for ESF or match funded provision individually. The performance of ESF or match funded provision against these targets is presented to examine the differences between the two, with a greater focus on ESF funded provision. Data is from the DWP ESF database (see Appendix B for more detail), from the outset of the 2007-2013 ESF Programme to November 2011.) To review the target sets being assessed, please see the Cornwall and Isles of Scilly regional report in Annex C. Frequency figures have been rounded to nearest 500, therefore tables may not sum.

	CFO Level			ESF			Match	
	Cornwall and Isles of Scilly	Performance vs. Operational Programme	Performance vs CFO Plan target	Cornwall and Isles of Scilly	Performance vs. Operational Programme	Performance vs CFO Plan target	Cornwall and Isles of Scilly	Performance vs. Operational Programme
<i>Total number of participants</i>	15,000	N/A	+5,000	8,500	N/A	N/A	6,000	N/A
<i>% of unemployed participants</i>	39%			66%			1%	
<i>Number</i>	6,000	N/A	=	5,500	N/A	N/A	0	N/A
<i>% of inactive participants</i>	61%			34%			99%	
<i>Number</i>	9,000	N/A	+5,000	3,000	N/A	N/A	6,000	N/A
<i>% of participants with disabilities or health conditions</i>	50%			31%			78%	
<i>% of participants aged 50 or over</i>	22%			17%			28%	
<i>% ethnic minority participants</i>	1%			1%			1%	
<i>% of female participants</i>	37%			33%			44%	
<i>Number of participants leaving</i>	12,000	N/A	N/A	8,500	N/A	N/A	3,500	N/A
<i>% participants in work on leaving</i>	37%			41%			28%	
<i>Number</i>	4,500	N/A	+2,000	3,500	N/A	N/A	1,000	N/A

**Table 2.4: CFO-level MI against regional CFO Plan targets**

Data is from the DWP ESF database (see Appendix B for more detail), from the outset of the 2007-2013 ESF Programme to November 2011. Frequency figures have been rounded to nearest 500, therefore tables may not sum. To review the target sets being assessed, please see the regional reports in Annex C. Supplementary CFO Plan targets are used where these were agreed.

	Participant Total	Unemployed		Economically inactive		Disabled	Aged 50+	Ethnic Minority	Female	In work on leaving	
	No.	No.	%	No.	%	%	%	%	%	No.	%
South Yorkshire	27,000	20,500	75%	6,500	25%	23%	11%	19%	28%	5,500	20%
West Midlands	62,000	35,000	57%	27,000	43%	36%	19%	30%	31%	10,500	20%
East Midlands	67,000	37,500	56%	29,500	44%	37%	19%	13%	36%	12,500	21%
Cornwall	15,000	6,000	39%	9,000	61%	50%	22%	1%	37%	4,500	37%
East of England	38,000	28,000	73%	10,000	27%	29%	17%	11%	29%	8,000	23%
South West	71,500	40,000	56%	31,500	44%	42%	18%	7%	34%	12,500	21%
South East	56,500	35,500	63%	21,000	37%	41%	18%	9%	33%	10,000	21%
London	140,500	71,500	51%	69,000	49%	44%	20%	50%	40%	19,000	17%
Yorkshire and Humber	63,500	52,500	83%	11,000	17%	22%	10%	19%	30%	12,500	20%
Merseyside	36,500	30,500	84%	6,000	16%	18%	9%	4%	30%	6,500	18%
North East	63,500	55,000	87%	8,500	13%	19%	12%	3%	25%	13,500	21%
North West	95,500	58,000	61%	37,000	39%	35%	16%	14%	33%	13,500	16%

**Table 2.5: ESF-funded provision MI against regional CFO Plan targets**

Data is from the DWP ESF database (see Appendix B for more detail), from the outset of the 2007-2013 ESF Programme to November 2011. Frequency figures have been rounded to nearest 500, therefore tables may not sum. It is important to note that there were not targets in the Operational Programme or CFO Plans for ESF or match funded provision individually – this table is to demonstrate the contribution of ESF-funded provision to CFO-level MI. To review the target sets being assessed, please see the regional reports in Annex C.

	Participant Total	Unemployed		Economically inactive		Disabled	Aged 50+	Ethnic Min	Female	In work on leaving	
	No.	No.	%	No.	%	%	%	%	%	No.	%
South Yorkshire	19,500	13,500	69%	6,000	31%	25%	13%	22%	29%	4,500	24%
West Midlands	32,500	28,500	87%	4,000	13%	22%	16%	28%	23%	7,000	21%
East Midlands	40,500	31,000	76%	10,000	24%	23%	16%	17%	33%	8,500	21%
Cornwall	8,500	5,500	66%	3,000	34%	31%	17%	1%	33%	3,500	41%
East of England	13,500	11,000	82%	2,500	18%	27%	19%	4%	25%	3,500	27%
South West	19,500	14,000	74%	5,000	26%	27%	18%	9%	36%	4,500	23%
South East	19,500	13,000	67%	6,500	33%	36%	19%	12%	37%	4,500	24%
London	41,000	32,500	78%	9,000	22%	19%	17%	58%	40%	7,500	18%
Yorkshire and Humber	22,000	15,000	69%	7,000	31%	25%	14%	21%	36%	5,000	22%
Merseyside	8,000	5,500	69%	2,500	31%	25%	14%	10%	32%	2,500	30%
North East	15,500	11,000	73%	4,000	27%	24%	21%	5%	25%	6,500	42%
North West	31,000	22,500	73%	8,500	27%	26%	15%	19%	36%	6,500	21%

### **3. Discussion – Co-financing, ESF measurement and management and DWP CFO delivery**

This chapter examines the management structure around DWP CFO Plans for the first half of the ESF programme in England, examining the extent to which this structure supported the achievements described in Chapter 2, and outlining some areas for consideration.

It begins by using findings from the document review and assessment of management information to examine progress in the operation of co-financing through DWP and goes on to explore what it might be realistic to expect from a management arrangements for a programme such as ESF, with reference to recent literature on the management of employment programmes. It finishes by outlining some issues with the alignment of ESF objectives with funding, delivery instruments, and targets.

#### ***3.1 What evidence is there that co-financing in DWP has progressed?***

The ESF programme was intended to support employment, improve skills to increase job prospects and improve cohesion through supporting disadvantaged groups. The programme in England provided an opportunity to support aligned DWP policy agendas, such as the implementation of the Leitch review, which had argued for more integrated employment and skills delivery. ESF is delivered in England through co-financing which, through an examination of how CFO Plans contribute to regional Frameworks (and, in turn, the Operational Programme) has been the subject of this study.

Co-financing has been the subject of three previous evaluations, which generally comprised reviews of documentation and some primary data collection. The evaluations were not longitudinal – they did not examine the evolution of CFO Plans in an area over time – but each evaluation did identify improvements to the co-financing process across organisations. These improvements included advancement in the co-ordination of CFO Plan activities with stakeholders, developments in the relationships between CFO Plans and regional or sub-regional strategies and the use of analysis to inform CFO Plans. However, the most recent evaluation of co-financing (Lloyd and Gilfillan, 2006; which examined the 2000-06 ESF programme period) also highlighted opportunities to further improve strategic co-ordination between CFOs and opportunities for more joint working between CFOs and regional partners responsible for drawing-up Regional Development Plans (the forerunner to regional ESF Frameworks).

The current study indicates further progress in the operation of co-financing. While Lloyd and Gilfillan (2006) found that for the 2000-2006 programme, Jobcentre Plus<sup>42</sup> CFO Plans had referred to RDPs, and Jobcentre Plus and/or DWP national policy objectives, this study found that, additionally, DWP Plans commonly also referenced Regional Economic Strategies and some had references to other regional or sub-regional strategies. This could indicate a greater recognition of the regional employment and skills context.

Lloyd and Gilfillan (2006) reported that ESF stakeholders were concerned about the influence of the Learning and Skills Council (LSC) and Jobcentre Plus organisational priorities on co-financing. This study also identified the prominence of organisational priorities in CFO Plans – DWP and/or Jobcentre Plus objectives featured in all DWP CFO Plans, and CFO Plans sometimes had additional target groups which reflect DWP policy agendas – such as around child poverty. However, it is unsurprising that the features of DWP CFO Plans, particularly the key features of the specification of back to work activities and target groups reflect DWP and Jobcentre Plus organisational capabilities. ESF funds were expected to support national policy agendas in line with the Operational Programme. The consistency of the features of DWP CFO Plans also reflects the broad employment and skills challenges which the Operational Programme requires CFOs to tackle across regions. Tensions between national

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<sup>42</sup> Jobcentre Plus CFO Plans in the 2000-06 ESF Operational Programme are equivalent to DWP CFO Plans in the 2007-13 Operational Programme.

Operational Programme objectives, nationally standard DWP capabilities and regional employment and skills challenges are considered below.

### ***3.2 Challenges in designing and delivering programmes across organisational boundaries and at different spatial levels***

Recent studies (including Walker and Sankey, 2008; Atkinson, 2010) indicate that tensions are always likely between organisations which work in partnership, but have to operate at different spatial levels. Partners feeling constrained by their existing remits was one challenge to partnerships identified in an evaluation of City Strategy Pathfinders (Green et al., 2010) – an initiative to empower institutions to develop local approaches to tackling worklessness. Walker and Sankey (2008) conducted a review of effective governance for employment initiatives – looking to translate lessons from Denmark and Canada to the UK context. One of the conclusions of this research is that partnership working “almost inevitably involves a trade-off between the different personal or group objectives of the individual partners”.

The number of organisations involved in ESF and the complicated array of frameworks and regulations which underpin the 2007-2013 programme creates a particularly complex set of tensions. Organisations range from the international level e.g. the EU Member States which agreed the Lisbon Agenda, through the national Operational Programme agreed between the European Commission and the Managing Authority, down to the regional and subregional level, including smaller CFOs such as local councils claiming for ESF funded services. (described in Figure 1.1 above). Even outside the ESF programme, as Atkinson (2010) notes, the British context has “multiple, overlapping governance structures operating at different spatial levels”. Walker and Sankey (2008) highlight how negotiation and compromise are required. Against this background, it seems reasonable to suggest that the multifarious group of actors involved in the ESF programme in England creates a challenging requirement for compromise – to ensure the programme fits with management structures and capabilities of the all organisations involved.

Evidently, ESF is particularly exposed to the challenges of partnership working and its achievements and challenges need to be appraised in that context. While there has been noticeable progress in rising to these challenges, this study has identified opportunities to better support DWP CFO management and delivery.

### ***3.3 Alignment and innovation in service delivery***

ESF provided an opportunity to introduce innovative methods of aligning services delivered by different publicly funded organisations. New management structures allowed organisations to develop a shared strategic direction and as funding was being provided from outside organisations’ usual governance and management procedures, there was scope to deliver services in a different way.

There were some strong examples of planned alignment in service delivery, although the extent of alignment was not consistent across regions. All DWP CFO Plans did contain a section on complementarity – describing processes by which the activities specified by the regional ESF Frameworks had been shared between organisations. However, it was notable that some regions went further. Some regions had more formalised or fully articulated structures through which organisations could align employment and skills services. The ‘Regional Employability Framework’ in the North East was an example of a particularly well presented new model for conceptualising employment and skills service delivery. One DWP CFO Plan specified activities that the LSC would deliver which would support DWP’s agenda.

The extent to which the DWP CFO sought to align services across regions was not uniform, which could indicate this activity was dependant on regional or local management structures, or individuals, rather than being an inherent part of the national management structures. For example, while ESF guidance stated that joint CFO Plans at regional level “are encouraged”, DWP did not develop joint CFO Plans in any region during the first half of the programme,

albeit the desirability of doing so was referenced in several CFO Plans. Although guidance noted that joint CFO Plans may not be possible in all regions for the first planning round, greater take-up may have encouraged CFOs in each region to plan aligned services in more detail at an earlier stage.

Atkinson (2010) examined devolved governance in the delivery of employment outcomes, and a key finding from this study was that “innovation through devolved governance will not simply emerge and be maintained as a result of selecting a particular governance model... Should innovation be viewed as a desired outcome, active and ongoing intervention is required to maintain a focus on this...”. This finding suggests there should not be an expectation that creating management structures which allow for innovative approaches to aligning service delivery (such as the regional ESF Frameworks and Regional Monitoring Committees) will necessarily lead to these approaches being developed – it needs to be promoted and embedded in the performance measurement and management.

This study also reports examples of innovative ESF delivery by the DWP CFO in regions, through outreach and partnership working. It indicates that ESF management structures did allow for innovative approaches to delivery, although there was limited evidence of the extent of innovation from secondary data available to the study.

### **3.4 How did the design of the performance measurement approach align with ESF objectives, funding and delivery instruments?**

Performance measurement has an important role in accountability and helping to ensure that those delivering services “act in ways the purchaser of services would want” (Nunn et al., 2009). For ESF, this translates as a role in supporting stakeholders in ensuring funds are used in line with the agreed objectives for the programme – primarily to support employment and improve skills to increase job prospects, particularly for disadvantaged groups. Therefore the ESF management and target structure should be aligned with these objectives. This is not a straightforward task – developing ‘meaningful metrics’ is one of the challenges to operationalising devolved governance identified by Atkinson (2010). Furthermore, the ESF ex-ante evaluation (DWP, 2006) outlines the challenge for the ESF 2007-2013 Operational Programme as developing a “succinct” set of indicators which do not place a large burden on those charged with collecting data, but which correspond to, and support, a range of strategic objectives outlined in a number of high level documents (e.g. the National Strategic Reference Framework, the National Reform Programme – see Figure 1.1 for more detail) as well as reflecting the activities and expected outcomes from the programme.

In practice, the Operational Programme targets selected did not always easily align to DWP’s policy approach and delivery capability. For example, DWP and the UK Government more broadly does seek to increase female participation in the labour market, in line with the ESF Operational Programme. UK Government policy has been to improve childcare provision, and introduce legislation to promote flexible working. Within DWP, there is a focus on welfare reform, such as increased obligations for lone parents on benefit (for example, see DWP (2011), ‘Removing Income Support eligibility for lone parents with a youngest child aged five or over Equality Impact Assessment’). However, publicly funded employment programmes have not been a significant policy lever for DWP in this agenda, as the population of benefit recipients that they focus on is predominantly male<sup>43</sup>.

In addition, the imperatives around claiming matched spending can be at variance with the achievement of Operational Programme targets. Co-financing replaced a ‘direct bidding’ approach in England, where providers submitted bids on a regional basis to deliver individual projects. Co-financing was introduced to improve strategic direction and simplify administration through using existing programmes with already strong audit processes. However, if DWP does not claim for the required matched spending or meet the ESF audit standard, it will not receive reimbursement from the EU - reimbursement is not dependant on

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43 See ONS Labour market statistics available at <http://www.ons.gov.uk/ons/publications/all-releases.html?definition=tcm%3A77-21589>

meeting participation targets. Therefore the incentives for DWP to identify contracts for matched funding which will ensure funding is claimed are greater than to identify contracts which best supports progress against Operational Programme targets. The challenge of meeting both these requirements is exacerbated as DWP is limited in terms of the contracts it can use for match funding. For example, only contracted services are eligible and the Pathways to Work programme is not contracted for in every region – therefore it can only be selected for match in some areas.

### **3.5 How did ESF performance measurement and management support delivery?**

The Operational Programme outlines how ESF targets should be used in performance measurement and management, noting that: “the purpose of the targets is to steer and stimulate the programme’s performance. The targets are not a prediction of actual outputs and results, and should not be applied mechanistically”<sup>44</sup>. However, even if used less rigidly, the selection of indicators and target levels needs to be well-founded so they can serve as a basis for a meaningful dialogue about delivery. Additionally, in practice, the targets are used by the European Commission to assess how well the CFO provision is meeting the Operational Programme’s requirements.

At the programme level targets were set using proportions of target groups in the working age population, performance on ESF or national programmes and policy priorities. Ainsworth et al. (2011) synthesised evidence on the first half of the 2007-2013 Operational Programme and assessed programme level targets. With reference to the female participation indicator, this study highlighted that the ESF targets did not take account of the profile of participants the programme would be expected to attract – i.e. benefit recipients, and in particular active benefit recipients, whom the programme increasingly sought to support following the economic recession. These groups have a different profile to the working age population around which the target levels were based. This issue points up another way in which targets levels did not cascade through the levels effectively. CFOs would have had to deny access to provision for large numbers of potential male participants in order to meet the female participation indicator. As this was not practical, and indeed could have been discriminatory, the result was that no regions were able to meet the female participation target.

This study also indicates that targets would have benefited from greater tailoring and adjustment over time. The economic recession changed the labour market conditions in which the programme was operating, and the programme responded accordingly, as noted in the 2010 ESF Annual Implementation Report. DWP’s supplementary Co-financing Plans in 2009 tended to focus on supporting JSA customers affected by the recession. This ‘flexing’ of the programme was then likely to impact on output participation indicators – there is a higher ratio of men to women amongst the unemployed than the economically inactive – so this would be likely to depress the proportion of female participants in the ESF programme in England further<sup>45</sup>. Analysis on the early impacts of ESF (Ainsworth and Marlow, 2011) suggests that the effect on output participation indicators (a greater proportion of unemployed participants) could, in turn, have affected result indicators. These changes to the context in which the programme operates, and then changes to the programme itself, there were not changes to the Operational Programme targets. The nature of the Operational Programme and the targets need to be considered together when they are being designed and agreed. At the regional level, there is a case for the reconsideration of the target setting approach. While there was some regional tailoring of targets, this was relatively limited. This does not reflect differing labour market conditions, and therefore would not recognise and reward good practice.

There are also implications from the selection of match funding for the setting and monitoring of targets at mid-points of the ESF Operational Programme 2007-2013. The make-up of match-funded provision varies across regions and, at the mid-point of the programme so does the amount. However, targets in DWP CFO Plans, which cover the first half of the Operational Programme (and are generally derived from regional ESF Frameworks and, in turn, the

<sup>44</sup> Operational Programme Annex A: Target and Indicators, available at <http://www.dwp.gov.uk/docs/esf-annex-a.pdf>

<sup>45</sup> DWP internal paper to the Programme Monitoring Committee on gender participation for 2007-2010.

Operational Programme) assume match funding equal to ESF funding half way through the programme. Nunn et al. (2010) conducted an international review of performance management systems in Public Employment Services, and described how performance measurement systems link together input measures (such as resources), to outputs (the immediate results of activity, such as the delivery of programmes) through to outcomes (the effects of programmes). In the case of targets set for mid-points in the ESF Operational Programme (such as those contained in CFO Plans) and when monitoring Operation Programme targets through the seven year programme period, these need to be adjusted in line with changes to the inputs or they cease to be meaningful.

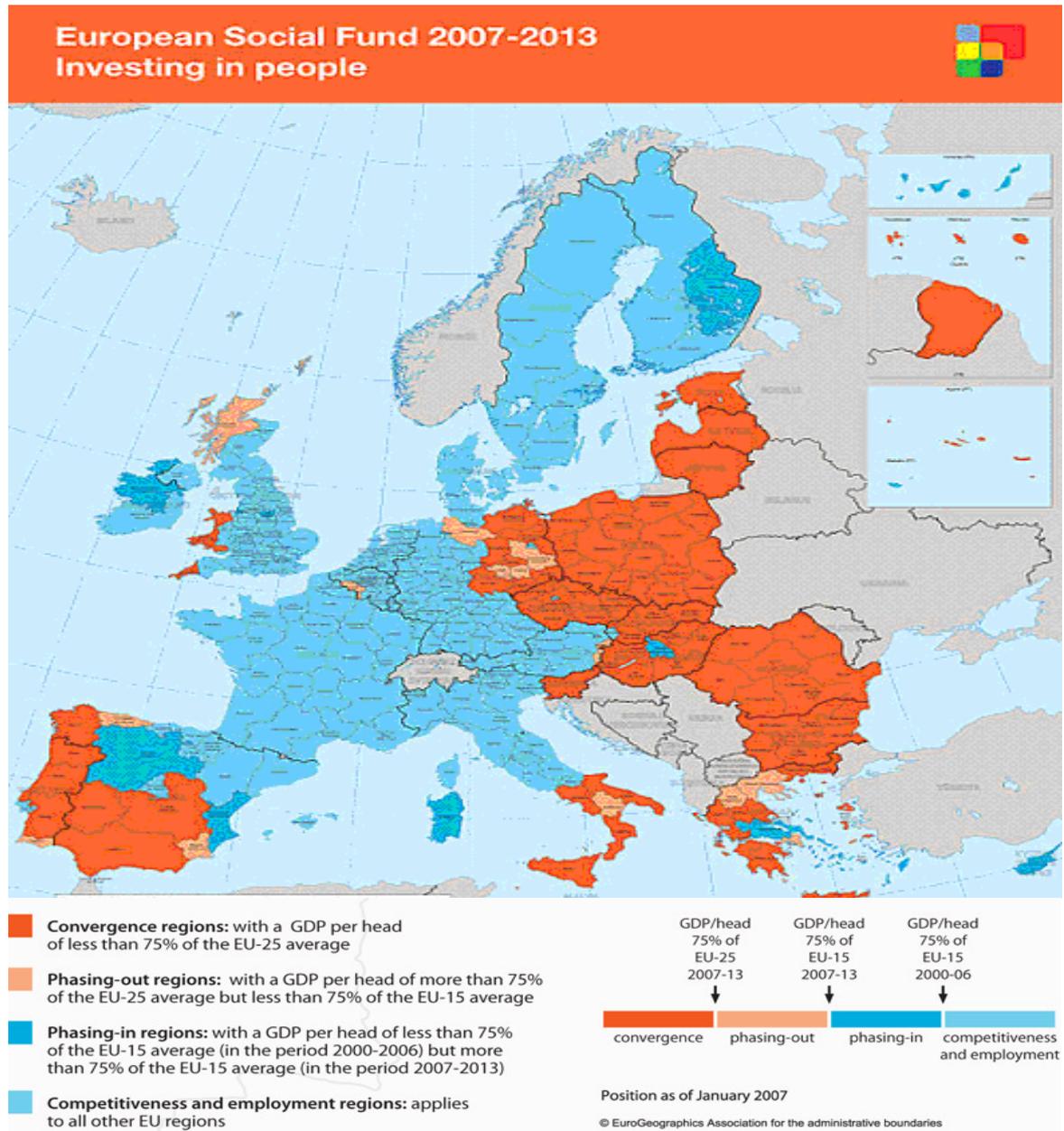
Finally, this study highlights that the indicators for performance measurement do not fully relate to the performance management system. The National Audit Office (2001) describes an extensive set of criteria for individual performance measures – that they are relevant, avoid perverse incentives, and are attributable, well-defined, timely, reliable, comparable and verifiable. It is attribution – that “the activity measured must be capable of being influenced by actions which can be attributed to the organisation” that appears to be the key challenge for the ESF programme performance management system.

Targets at all levels (Operational Programme, Frameworks, CFO Plans) include selected match-funded provision (through DWP’s New Deal and Pathways employment programmes) as well as the ESF-funded provision. There was a risk of dual performance management of DWP’s match funded provision – with these programmes being driven to meet their existing targets as well as those in the ESF programme (e.g. Operational Programme, CFO Plans, etc). In practice, DWP determined the eligibility criteria for provision and the performance management arrangements (e.g. targets and indicators) for ESF and match provision separately. In this way the performance measurement system for ESF co-financing is capable of being significantly influenced by actions which cannot be attributed to the ESF programme in DWP. The Operational Programme targets did not account for the eligible target groups for the match funded provision. In addition, there were not mechanisms for the DWP CFO to significantly affect the participation of people with particular characteristics (e.g. by gender) once the ESF-funded contracts had been let. Contracts generally stipulated broad eligibility criteria (for example, people on benefit for 12 months or more, or with a disability or health condition) and did not contain quotas for participation – contracts tended to state that participation rates should, or would be expected, to reflect DWP priority customer groups. Consequently, those responsible for performance do not have sufficient levers to act on performance measurement information.

In conclusion, while there has been continued improvement in co-financing arrangements in translating EU priorities into local delivery through alignment of provision and innovation this has not been well supported by the performance management and measurement framework either in design or implementation.

## Annex A: Required match funding levels

A feature of ESF is that the Member States are required to 'match' ESF funds. The requirements for match funding vary between the ESF Objectives. For the Regional Competitiveness and Employment Objective, funding is expected to be 50% ESF funding to 50% match. For activity against the Convergence Objective it is 75% ESF funds to 25% match. There are also different arrangements for "phasing-in areas", which fall between those eligible for the Convergence Objective and those eligible for the Regional Competitiveness objective in terms of GDP output. England and Gibraltar has two phasing-in areas – South Yorkshire and Merseyside. England and Gibraltar received €3.1 billion for 2007-2013 programme, which required around €3 billion of match funding to be identified.



## **Annex B: Note on quantitative data**

The quantitative performance data included in this report are data from the DWP ESF Database. These data are collected by DWP for the purposes of monitoring performance. This database was built using data from LMS (Labour Market System, which contains details of client interactions with Jobcentre Plus), CFS (Contracting and Funding System, which processes provider payments) and GMS (Generalised Matching System) benefit data, which brings together data on key benefits.

These data are used by the ESF Managing Authority to produce the official performance figures, which are presented to the Programme Monitoring Committee and feature in ESF Annual Implementation Reports. However, these data will differ slightly from the data released by the ESF Managing Authority. This is because ESF Managing Authority data have been subject to some additional data cleaning to meet EU requirements. For example, one key requirement is there is to ensure there is a valid postcode format, so a key part of the code used by the Managing Authority is used to remove postcodes that do not meet the requirement from the final dataset. This means that, of approximately 722,000 participation records, approximately 500 records (rounded to the nearest 500) are not included. Additionally, those not in education, employment or training (NEETs) are not categorised separately from economically inactive and unemployed participants.

Critically, the ESF Managing Authority dataset could not be broken down by ESF and match funding for this report. Given the importance for this evaluation of examining the relative contributions of ESF funded and match funded provision, this report uses the figures drawn from DWP's ESF database. For the official annual figures on CFO level performance, readers should refer to ESF Annual Implementation Reports available at <http://www.dwp.gov.uk/esf/esf%2Din%2Daction/reports>

The data presented in this report are not designated official or National Statistics. This report is a one off release, and is not intended to become a regular series. For disclosure control, and given the data reported will not be 100% accurate when compared with the official ESF performance data (as described above), frequency figures have been rounded to nearest 500 - therefore tables may not sum.

## Annex C: Regional Reports

### Guide to regional reports

<i>Background and Context</i>	Provides <b>broad relevant information as context</b> in which to set the CFO Plan. This information is categorised in terms of geography and demography; labour market and skills.
<i>Governance &amp; Alignment</i>	Summarises information on how ESF documents were drawn up and monitored as well as how the DWP CFO planned to work with other CFOs.
<i>Coverage</i>	<p>Describes the cascade of priorities – from the Operational Programme for the relevant Priority axis; to the regional ESF Framework, looking at what strategies are referenced; down to the CFO Plan. It also provides an overview of what each CFO Plan covered in terms of activities, target groups and areas<sup>46</sup>. The 2007 Frameworks referred to can be found at:  <a href="http://webarchive.nationalarchives.gov.uk/20100602120301/http://www.esf.gov.uk/regions/regional_esf_frameworks.asp">http://webarchive.nationalarchives.gov.uk/20100602120301/http://www.esf.gov.uk/regions/regional_esf_frameworks.asp</a> and the ESF 2007-2010 DWP CFO Plans referred to can be found at:  <a href="http://webarchive.nationalarchives.gov.uk/20100602120301/http://www.esf.gov.uk/regions/co-financing_organisations.asp">http://webarchive.nationalarchives.gov.uk/20100602120301/http://www.esf.gov.uk/regions/co-financing_organisations.asp</a>.</p> <p><b>Notes</b></p> <ul style="list-style-type: none"> <li>• Strategic context – all Frameworks at least referenced the Operational Programme, and all CFO Plans referenced the relevant regional Framework and links to European Regional Development Fund.</li> <li>• Priorities – DWP only sought to deliver activities under Priority 1 in the ‘Regional Competitiveness’ areas and Priority 4 in the ‘Convergence’ area (Cornwall). These Priorities were always and only DWP’s focus – therefore other Priorities are not mentioned.</li> <li>• In all areas DWP shared responsibility for delivering ESF with at least one other Co-financing Organisation from the outset (for the production of the initial CFO Plan). The report aims to describe how DWP sought to contribute</li> </ul> <p>DWP’s two contracting phases are referred to – “<b>Phase 1</b>” was the original procurement in 2008 of around 70 contracts across all regions, while “<b>Phase 2</b>” refers to a dozen or so additional contracts let as part of DWP’s response through ESF to the recession.</p>
<i>Innovation &amp; Flexibility</i>	Provides at least one example of innovative delivery in each region to illustrate how ESF has been used regionally. Innovative here refers to identified innovative delivery, not projects funded through the Managing Authority’s Innovation and Transnationality strand. This report did not seek to appraise ‘how innovative’ each region had been – but instead illustrate how ESF can be used.
<i>Performance: Targets and Indicators</i>	On performance, the regional reports provide a summary of which CFO Plan output indicators each region has achieved in the first half the programme. The section also examines what contribution the ESF-funded provision made to the CFO-level targets through Phases 1 and 2. This is examined through the proportional targets. Frequency figures have been rounded to nearest 500, therefore tables may not sum. A table containing targets from the Operational Programme, Framework, initial CFO Plan, supplementary CFO Plan and actual delivery is included in each report. <b>All performance data used in Annex C is from the DWP ESF Database – please see Annex B for more information.</b>
<i>Cross Cutting Themes</i>	There are two ‘Cross-Cutting themes’ for ESF in all regions - Sustainable Development and Equality and Diversity. The regional reports provide summaries of Framework coverage, CFO Plan coverage and some information on actual delivery, where this has been produced and submitted for use in 2010 Annual Implementation report.

<sup>46</sup> Devins and Usher (2009) notes that the Frameworks and CFO Plans tended provide less information on target sectors than target areas and groups. Therefore these are not a feature of these regional reports.

## ***Cornwall and the Isles of Scilly***

### **Summary**

- The only area in England which qualified for the 'Convergence Objective' – as such the Operational Programme requirements for this objective were intended only for this region.
- Unemployment in 2007 was in line with the national average but productivity was relatively low and economic inactivity more prevalent than nationally
- A high proportion of participants at the CFO-level left provision in Cornwall into work – 37% against a target of 25%. The ESF-funded component contributed 41% - one of the highest levels of any ESF-funded provision.
- CFO performance against participation output indicators varied. Targets for disability and ethnic minorities were met. The area has older population profile and correspondingly higher target for 50+ participation, but the CFO and ESF-funded component did not meet this.
- The CFO Plan contained a detailed section describing how DWP and LSC provision would be aligned, providing regionally specific details.

### **Background/Context**

#### *a. Geography and demography*

In 2007, Cornwall and Isles of Scilly had a population of around 513,700, with a population density some way below the England average. The 2007 regional ESF Framework reports that BME individuals account for only 1% of the population of Cornwall and the Isles of Scilly.

#### *b. Labour Market*

In the business year 2007-08, the economic activity rate in Cornwall was 79.2 per cent - just above the national average over this period of 78.8 per cent, but below the regional average of 81.7 per cent. Unemployment, at 4.8 per cent was also lower than the national average but higher than the regional average.

The 2007 regional Framework reported that despite strong sub-regional performance, gross value added (GVA) per head was 69% of the regional (South West) average. The employment rate had also increased but lagged behind the national average. Economic inactivity was more prevalent in Cornwall and the Isles of Scilly than for both the South West and England as a whole. Unemployment within the region was in line with that seen regionally (3.5%), however the region contained areas of higher unemployment. The pattern of unemployment differs markedly for a number of different groups. Cornwall was a middle ranking county in terms of deprivation, (ranked 75<sup>th</sup> out of 148); although this masks significant internal disparities.

#### *c. Skills*

The 2007 Framework reports that Cornwall & the Isles of Scilly population had relatively good levels of basic skills in comparison with the national average. Approximately 19% of the adult population in Cornwall had numeracy skills below entry level 3, lower than both the England and South West averages. It cites the DfES (2003) 'Skills for Life' survey, which found evidence of higher proportions of people in the area with Level 2 literacy or numeracy Basic Skills compared to the national average. Although Higher Education participation rates in Cornwall & the Isles of Scilly were good, recent challenges in graduate retention were reported, and the area was under-represented in higher levels skills (only 20.4% qualified to Level 4 and above, compared to 26.2% nationally).

## Governance and Alignment

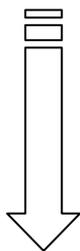
### a. What were the arrangements for ESF Planning, Governance and Monitoring?

The Regional Skills Partnership (RSP) developed the ESF Convergence Framework and is described as having 'a strategic role in reviewing and updating the Convergence Framework as necessary' considering changes in ESF implementation and regional circumstances. For the for the first half of the 2007-2013 ESF programme in England, Cornwall & the Isles of Scilly had three Co-financing Organisations – the Department for Work and Pensions (DWP) and the Learning and Skills Council (LSC) with the National Offender Management Service joining later.

### b. How did DWP seek to align with other CFOs through ESF?

In Cornwall and the Isles of Scilly, all CFOs delivered activity under Priority 4 – the 'Convergence Objective' employment priority. The Phase 1 DWP CFO Plan contained a section on how activity will complement other CFO provision and states that the LSC Plan (the only other available at the time DWP's Phase 1 CFO Plan was developed) is complementary. The CFO Plan provides specific areas of joint working –under a series of headings: engagement, overcoming barriers, transition to work and post-employment support.

### c. ESF documentation timeline:



- National Operational Programme was submitted 5<sup>th</sup> March 2007 and agreed 9<sup>th</sup> August 2007
- Cornwall and the Isles of Scilly Framework final version produced in July 2007
- DWP CFO Plan final version produced in December 2007
- Local Specifications published 5<sup>th</sup> December with closing date 1<sup>st</sup> February 2008
- Contracts let June and July 2008, initially to run to June and July 2011.

**Coverage – how did the initial DWP CFO Plan, and the provision procured to deliver this, seek to contribute to the Framework?**

a. *ESF priorities in Cornwall and the Isles of Scilly*

**National Priorities: the Operational Programme**

ESF should add value to national and regional employment and skills strategies, including Regional Economic Strategies. It is intended to support the unemployed, inactive and low-skilled people – and particularly those at a disadvantage in the labour market. Under Priority 4, the programme should:

- Help these groups gain skills for employability and enter sustainable employment
- Support the employability of young people, carers and women
- Consider sustainable development and equal opportunities as cross cutting themes
- Support active and preventative labour market measures
- Contribute to the UK Social Inclusion Action Plan
- Raise awareness of the world of work, enterprise and entrepreneurship for young people.

**Regional Issues: Regional ESF Framework strategic context & analysis**

- The Framework cites the Lisbon Agenda, the Leitch Review and makes links to the Operational Programme and key regional documentation. It draws out the implications from the Regional Economic Strategy (RES), Regional Skills Strategy (RSS), Cornwall Strategy and Action and ERDF Convergence Operational Programme.
- ESF is to support the RES strategic objectives to 'Improve participation in the economy' and 'Regenerate the most disadvantaged areas'.
- The 'Convergence Priorities' allow for support for higher level skills, including increasing the take up of higher education, and support for research skills.
- The Framework identifies the following areas of weakness for ESF to address: adults not qualified to NVQ Level 2; the proportion of the workforce qualified at Level 3, 4 and above support productivity and meet skills shortages/gaps; supporting SMEs, and building a research base.

**DWP Cornwall and Isles and Scilly CFO Plan Priorities**

- In addition to citing the aims of DWP and Jobcentre Plus, the CFO Plan references a number of EU and regional strategies which are covered in more detail in the Framework.
- Joint planning and working with LSC and partners in Higher Education and the County Council.
- A number of principles of DWP ESF delivery in Cornwall are outlined including: meeting the Framework's aspirations and outcomes, demonstrating linkages and working in partnership; high quality of customer experience; to build on current resources rather than duplicate or displace; be inspirational and raise aspirations; to be straightforward to access and allow for easy movement between activities; deliver employer engagement; and meet the needs of strategic partners.

b. How does the DWP CFO Plan seek to reflect national and regional priorities?

As noted, the Convergence Objective outlined in the Operational Programme is specific to Cornwall and Isles of Scilly, as the only eligible area for this level and type of funding in England. The CFO Plan for Cornwall and Isles of Scilly made reference to DWP and Jobcentre Plus objectives, EU and regional strategies as well as principles of DWP ESF delivery in Cornwall.

c. DWP's Cornwall and the Isles of Scilly Co-Financing Organisation Plan activities. target groups and areas

<p><b>Key features of the activities in the initial CFO Plan</b></p> <ul style="list-style-type: none"> <li>• Support disadvantaged groups, including a range of pre-employment training, financial management and childcare support</li> <li>• Support for disadvantaged community and families</li> <li>• Work tasters, work experience and work-trials</li> <li>• Engagement for disadvantaged individuals and groups</li> <li>• Innovative and inspirational programmes and activities to engage people using a range of activities, such as arts, sports and media</li> <li>• Advice, guidance and assessment to identify and address barriers to progression for work non-work issues</li> <li>• Early intervention to address long-term benefit dependency</li> <li>• Entrepreneurship and skills for business</li> <li>• Support for people under the threat of redundancy</li> <li>• Supported employment programmes</li> <li>• Recruitment advice for employers to enable them to recruit and retain a diverse workforce.</li> </ul>	<p><b>Targeting in the CFO Plan</b></p>
	<p><b>Target groups:</b></p> <ul style="list-style-type: none"> <li>• People with disabilities and health conditions, in particular incapacity benefit customers</li> <li>• Lone parents and other disadvantaged parents and carers</li> <li>• People with multiple/complex barriers to employment for example long term unemployed, offenders, people from ethnic minority groups</li> <li>• People aged 50 plus</li> <li>• Other workless individuals</li> <li>• People at risk of becoming workless through large scale redundancies</li> </ul> <p><b>Target Areas</b> The Framework states that designating programme-wide intervention areas are “likely to prove too restrictive” but there acknowledges there is a spatial dimension to worklessness. It states ESF should support those communities where the claimant rate is above the Cornwall average as well as ensuring additional barriers facing those in rural areas are incorporated. The CFO Plan echoes the focus on areas where benefit claim rate is highest – and states spatial scales may be selected as appropriate and can change through the programme.</p>



<p><b>What was procured in Phase 1?</b></p> <p>Three programmes were procured – intended to:</p> <ul style="list-style-type: none"> <li>○ provide a Pathway to Employment targeted towards people most disengaged from the labour market, focusing on specific neighbourhoods and towns with the highest concentrations of worklessness, using “Neighbourhood Action Teams”.</li> <li>○ provide personal development intended to engage inspire and upskill workless people, training and work experience delivered through social enterprise settings and/or intermediate labour market opportunities, including support for social entrepreneurs</li> <li>○ provide a pathway to sustainable employment for people with learning disabilities including people with Asperger’s Syndrome and Autism.</li> </ul>
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d. How does the DWP CFO Plan fit with the Regional ESF Framework?

The indicative activities in the DWP CFO Plan map closely to the Priority 4 activities in the regional Framework, indicating that DWP in Cornwall and Isles of Scilly sought to cover almost all of the specified Priority 4 activities. There is not specific reference to 'active and preventative measures which ensure early identification of needs with individual action plans' but this does seem to be covered by other activities listed. The CFO Plan activities also expands on the Framework with a broader range of activities listed and references links to specific regional strategies such as 'Cornwall Works' and programmes such as the 'Real Choices' programme for reducing child poverty.

DWP sought to deliver the range of the activities contained in the CFO Plan through three contracts - focused on disadvantaged areas; supporting people who are not normally engaged in back-to-work programme and specific support for people with disabilities. These activities would appear to cover the target groups included in the CFO Plan. Although there was not specific mention of the homeless or 'women with limited experience/ qualifications and seeking to return to the labour market and workless households', the DWP CFO Plan did contain the more generic categories of 'other workless individuals' and 'people with multiple/complex barriers to employment', in which other target or disadvantaged groups could be picked up.

**Supplementary CFO Plan – Phase 2 funding**

Supplementary ESF funding was made available for Cornwall and the Isles of Scilly in 2009. The additional ESF investment was to support the delivery of the Framework by enabling additional participant numbers to access existing ESF provision contracted through DWP. In particular it was intended to support participation targets, enable more people on Jobseekers Allowance for 6 months plus to access the provision; and ensure that the focus on the harder to reach/harder to help could be maintained during the economic downturn.

The key target groups are people claiming Jobseekers Allowance for 6 months and the most disadvantaged people claiming Jobseekers Allowance from day 1, but all workless people in Cornwall and the Isles of Scilly continued to be eligible. The investment was intended to cover the whole region, although the plan states the expectation there will be additional focus on delivery within 27 Neighbourhood Action Team areas.



**What was procured in Phase 2?**

Rather than procuring new contracts, funding was used through the Phase 1 contracts.

**Innovative and Flexible Delivery**

The DWP ESF Manager for the area suggested one of Cornwall's three ESF funded contracts as an example of flexible delivery.

**Cornwall Works for Social Enterprise**

This was delivered by a group of 8 partners with Cornwall Council as the Prime contractor. The programme aimed to support people who needed the most help through packages of support delivered by some of Cornwall's social enterprises.

Eligibility for this provision was broad, but the ESF Manager reported that Jobcentre Plus management information indicated that much higher proportions of Incapacity Benefit claimants participated and left the programme in work compared with the Cornwall Works Plus, which had the same eligibility. The ESF Manager reported that partners in the programme had described positive outcomes from their involvement.

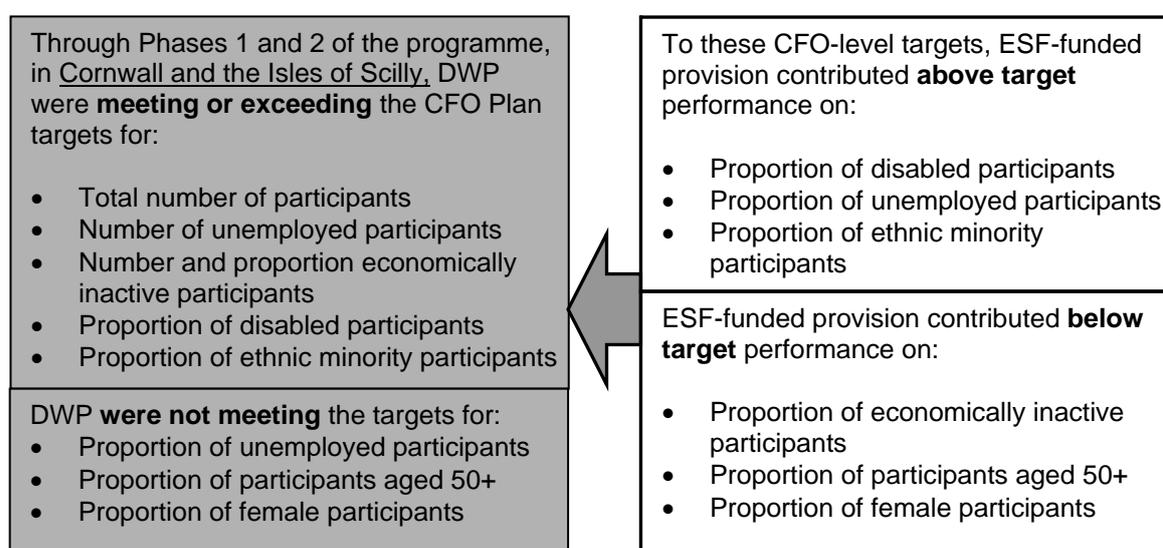
## Performance: Targets and Indicators

### Regionally specific targets

The participation indicators in the DWP CFO Plan proportionally match the Framework, which in turn matches the Operational Programme targets for ESF Objective 4. As noted above, the Convergence objective only applies only to Cornwall and Isles of Scilly. Higher proportions of disabled and over 50 participants and lower proportions of lone parents and ethnic minorities are targeted for ESF Objective 4 than for Objective 1.

The 2009 supplementary CFO Plan increased the target indicator for the number of unemployed participants, and increased these as a proportion of the total, while reducing the target proportion of economically inactive participants. It also increased the target for the proportion of participants leaving the programme in-work by one per cent.

### Performance against CFO Plan targets



As the area comes under the Convergence Objective, results targets are higher for Cornwall and Isles of Scilly than the other regions. The supplementary CFO Plan result target was for 25% of the participants leaving the programme to be in work. Cornwall and Isles of Scilly have met this target and substantially improved on it – the area has one of the highest proportions of participants leaving the programme in work. For the output targets, the area has amongst the highest proportion of inactive participants and disabled participants.

Indicator	Targets				Achievement to Nov '11	
	OP – Priority 4 [2007- 13]	Framework [2007-13]	CFO Plan [2007- 10]	Sup. CFO Plan	CFO-level	ESF funded
Participants in work on leaving (a) Number (b) Percentage	195 000 22%	5 900 24%	2 100 24%	2 471 25%	4 500 37%	3 500 41%

## Output indicators<sup>47</sup> – Cornwall and the Isles of Scilly

Indicators	Targets				Achievement
	OP 2007-13 (Priority 4)	Cornwall and Isles of Scilly Framework 2007-13 (Priority 4)	Original DWP CFO Plan 2007-2010	Including Supplementary 2009 DWP CFO Plan	Cumulative achievement to Nov '11
Total number of participants	887 000	24 500	8 400	9 948	15 000
Number and % of participants who are unemployed	371 000 42%	10 200 42%	4 400 52%	5,948 60%	6 000 39%
Number and % of participants who are inactive	303 000 34%	8 400 34%	4 000 45%	4 000 40%	9 000 61%
% of participants with disabilities or health conditions	27%	27%	27%	27%	50%
% of participants aged 50 or over	30%	30%	30%	30%	22%
% of participants from ethnic minorities	1%	1%	1%	1%	1%
% of female participants	51%	51%	51%	51%	37%

<sup>47</sup> The Operational Programme gives a series of participation indicators in terms of the proportions of participants from different target groups. These proportions do not equal 100%. Many of the categories are not mutually exclusive (for example, one participant could be inactive, aged over 50 and have a disability). Two categories which **are** mutually exclusive are those who are unemployed and those inactive. To note – young people Not in Employment, Education or Training (NEET) or a risk of becoming NEET are also a participation target indicator group for Priority 1, but are not for DWP, so are not included here.

## Cross-Cutting Themes

Equal opportunities	Sustainable Development
<p>The Framework describes a dual approach - promoting equality through funding specific activities and integrating equal opportunities into the programme as a whole. This is underpinned by six specific requirements. The Framework states that targets have been set which are relevant to equal opportunities and states that priority will be given to projects addressing segregation including under-representation for men and women in different sectors.</p>	<p>The Framework provides national-level background on sustainable development. It states that under the Framework, CFO Plans should contribute towards:</p> <ul style="list-style-type: none"> <li>• ensuring training activity is delivered in a way consistent with the UK Sustainable Development Strategy;</li> <li>• addressing skills needs in the environmental technology sector;</li> <li>• ensuring the regions workforce can support businesses to address their environment challenges and increase competitiveness</li> </ul>
<p>The DWP CFO Plan states that it seeks to embrace diversity and equality by targeting resources on those people considered most disadvantaged in the labour market. It describes a number of groups for whom specific provision available and states that provision will be geographically targeted to areas identified as having the highest concentrations of the region's people with disabilities and lone parents. It also states that the plan recognised many disadvantaged individuals also experience rural isolation and that delivery should address this. Providers' requirement in relation to equality and diversity are described.</p>	<p>The DWP CFO Plan describes the rationale for, and the four main aims of, sustainable development. It states that sustainability will be an integral part of the procurement process.</p> <p>The DWP CFO Plan describes five ways that ESF funded projects will consider environmental or community impacts and that ESF-funded project staff will be able to access sustainable development workshops.</p>
<p>The regional contribution to the 2010 Annual Implementation Report describes:</p> <ul style="list-style-type: none"> <li>• actions taken to market and deliver services to women and disabled people</li> <li>• that Convergence provision supports participants with the full costs of care to enable participation. Regional issues with care provision, and how these have been addressed, are also described</li> <li>• although low, the ethnic minorities target is being achieved and marketing efforts for this group are also mentioned</li> <li>• the promoting of equal opportunities for older workers is described, alongside successful partnerships in supporting this group</li> </ul>	<p>The regional contribution to the 2010 Annual Implementation Report states that environmental sustainability, green skills and green jobs are integrated through a number of projects, including businesses set up through the Cornwall School for Social Entrepreneurs.</p> <p>Training and work experience opportunities have also been made available through a social enterprise. These opportunities are linked into the 'Environmental Skills Network' which aims to develop green skills and green jobs across Cornwall and the Isles of Scilly.</p>

## **East Midlands**

### **Summary**

- The four employment and skills partnership priorities encompass the challenges outlined in the Regional Economic Strategy. Significant intra-regional variation was a key issue in the region.
- The use of the Multi-Agency Employment Teams (MAETs) concept demonstrated that the region had attempted to use the opportunity presented by ESF to align services, and target these to address this intra-regional variation. However, the ESF Manager reported this did not operate as intended.
- The selected match funded provision achieved the joint best regional performance in terms of the proportion of participants leaving provision into work – it was the only region in which match provision equalled ESF provision on this indicator.
- The CFO achieved target indicators for the proportion of disabled participants, economically inactive and unemployed participation and over 50s participation. For the latter two indicators, this was largely driven by the identified match provision.
- The region was one of two where multiples of one type of contract was let.

### **Background/Context**

#### *a. Geography and demography*

In 2007, the region comprised four Jobcentre Plus districts: Nottinghamshire; Lincolnshire and Rutland; Leicestershire and Northamptonshire; and Derbyshire. Population density is one of the lowest among the English regions, but there is significant sub-regional variation. The 2007 Framework describes the region as 'polycentric' – consisting of large numbers of different-sized settlements and communities – from larger urban areas to smaller market towns and villages.

The Framework contains information from the Indices of Multiple Deprivation showing that the East Midlands' more disadvantaged communities are located within the region's urban centres, former coalfield areas as well as the Lincolnshire coastline and rural hinterland.

Experimental estimates show that 88 per cent of residents in the East Midlands in 2007 classed themselves as White British, more than the English average of 84 per cent. However, Leicester and Nottingham were the two local authority areas with the lowest percentages of White British residents.

#### *b. Labour Market*

In the second quarter of 2007 the employment rate in the East Midlands was 76 per cent of people of working age, compared with the UK rate of 74 per cent and the unemployment rate stood at 5.1 per cent, lower than the UK rate of 5.5 per cent. Throughout the economic recession, employment has fallen and unemployment has risen. Productivity (GVA per hour worked) was 92.3 per cent of the UK rate in 2007, the fourth highest of the English regions.

#### *c. Skills*

The Framework records that in 2005 the East Midlands was the region with the lowest proportion of its population aged 16 to 19 qualified to at least a Level 2 – this had fallen in the period immediately prior. In terms of the highest qualifications of its working age population, the region had an above-average proportion for whom this was NVQ levels 2 or 3, and a higher than average proportion of its working age population with no qualifications.

## Governance and Alignment

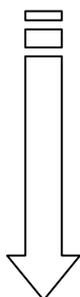
### a. What were the arrangements for ESF Planning, Governance and Monitoring?

For the 2007-2010 period, the East Midlands had four Co-financing Organisations – the Department for Work and Pensions (DWP), the Learning and Skills Council (LSC), National Offender Management Service and the Local Authority Consortium which included Lincolnshire County Council, Leicester City Council, Derbyshire County Council and Derby City Council. The East Midlands ‘employment, skills and productivity partnership (esp)’ led on the development of the Regional Framework. The final version was endorsed by the esp executive and approved by the Regional Strategic Partnership Board for ESF.

### b. How did DWP seek to align with other CFOs through ESF?

The DWP CFO Plan states it “will continue to play an active role in numerous partnerships across the region” and that close working with the LSC will ensure mainstream activity is “fully considered and complemented” in the programme. It states that provision mapping exercises are being undertaken with the LSC and that DWP will support key elements of the overall customer journey. The JobMAETS programme is identified as a vehicle to align activity.

### c. ESF documentation timeline:



- East Midlands Regional Economic Strategy was produced July 2006
- National Operational Programme submitted 5<sup>th</sup> March 2007 and agreed 9<sup>th</sup> August 2007
- East Midlands 2007-2013 Framework initial version produced in July 2007
- DWP CFO Plan final version produced on 3 September 2007
- Local Specifications published 5<sup>th</sup> December with closing date 1<sup>st</sup> February 2008
- Contracts were generally let from June or July 2008, initially to run to June or July 2011. Additionally one contract was let in January 2009 to August 2011 and another from December 2009 to June 2012.

**Coverage – how did the initial DWP CFO Plan, and the provision procured to deliver this, seek to contribute to the Framework?**

a. *ESF priorities in the East Midlands*

**National Priorities: Operational Programme**

ESF should add value to national and regional employment and skills strategies, including Regional Economic Strategies. It is intended to support the unemployed, inactive and low-skilled – and particularly those at a disadvantage in the labour market. Under Priority 1, the programme should:

- Help these groups gain skills for employability and enter sustainable employment
- Support the employability of young people, carers and women
- Consider sustainable development and equal opportunities as cross cutting themes
- Support active and preventative labour market measures
- Contribute to the UK Social Inclusion Action Plan
- Raise awareness of the world of work, enterprise and entrepreneurship for young people.

**Regional Issues: Regional ESF Framework strategic context & analysis**

- References the Regional Economic Strategy (RES), outlining six ‘main challenges’ – and four areas of activity set by the **esp** to tackle these:
  - Improving productivity of businesses in the region
  - Raising the demand for skills
  - Improving sub-regional employment and skills levels and reducing economic exclusion; and
  - Increasing participation and attainment among 14-19 year olds.
- ESF Priority 1 is described as linking particularly to two RES priorities – a) on employment, learning and skills and b) economic inclusion
- The region needs to progress partnership working through the esp and demonstrating alignment with other sub regional funding streams.
- The Framework provides a summary of regional analysis:
  - Despite strong labour market performance, some areas continued to experience high levels of worklessness – in the main cities, former coalfield areas and remote rural areas. Considerable sub-regional variation has remained over a period of time.
  - Other issues include: workplace-based gross annual earnings; private sector employer demand and employment in knowledge-based sectors behind the UK average; matching skills supply to employer need; a reduction in entrepreneurial activity and a range of skills issues.

**East Midlands CFO Plan Priorities**

- Improving the employability and skills of the unemployed and economically inactive to enable them to gain, retain and progress into work (including self-employment).
- The CFO Plan identifies links between the Operational Programme, Framework and RES, ‘**esp** Plan’ and DWP 5-Year strategy.
- Challenges highlighted are spatial concentrations of deprivation, sub-regional variation and variation between population segments in terms of employment, as well as the importance of partnership working.
- To support activities which serve Local Employment Partnerships
- Align with the Multi-Agency Employment Teams (MAETs) concept

b. How does the DWP CFO Plan seek to reflect national and regional priorities?

The East Midlands DWP CFO Plan highlights linkages between key national and regional documents – the ‘esp priorities’ are described as linking to the Operational Programme, Framework and the RES priorities. Intra-regional disparities in employment are a key issue highlighted in both the Framework and the CFO Plan.

c. DWP’s East Midlands CFO Plan activities. target groups and areas

<p><b>Key features of the activities in the initial CFO Plan</b></p> <ul style="list-style-type: none"> <li>• Supporting disadvantaged groups – older workers, lone parents, offenders/ex-offenders and the sick and disabled</li> <li>• Support for individuals to sustain and progress jobs, with aftercare support – comprising a range of activities primarily under the JobMAETs banner including mentoring and outreach casework.</li> <li>• Basic skills and Skills for Life</li> <li>• Jobsearch and labour market knowledge</li> <li>• Education routeways, Pre-Employment Training and short certificated courses</li> <li>• Early identification of needs and action planning</li> <li>• Work experience placements and trials</li> <li>• Engagement</li> <li>• Support for people with caring responsibilities</li> <li>• Vacancy matching</li> <li>• Business idea generation for self-employment</li> <li>• Discretionary funding</li> <li>• Soft skills, including confidence building</li> </ul>	<p><b>Targeting in the CFO Plan</b></p>
	<p><b>Target groups:</b></p> <ul style="list-style-type: none"> <li>• People on incapacity benefits – particularly those with children;</li> <li>• Those within DWP’s child poverty agenda, including lone parents and other people with children</li> <li>• The most disadvantaged – minority ethnic groups, offenders/ex-offenders, those with histories of drug and alcohol misuse, the homeless, people with learning difficulties and mild to moderate mental health issues, migrant labour, refugees, those who persistently return to claim JSA and those with caring responsibilities;</li> <li>• People in need of Basic Skills;</li> <li>• People inactive in the labour market, including those on Income Support;</li> <li>• Jobseeker’s Allowance customers.</li> </ul> <p><b>Target areas:</b> The Framework states that activities “will need to address the needs of disadvantaged communities and complement other area-based strategies and initiatives” – in urban and rural areas. It suggests the skills needs of employers and spatial aspects of employment creation be considered, but does not suggest any specific areas. The DWP CFO Plan states that activity will cover the whole of the East Midlands region, but that emphasis will be placed on the 18 named local authority wards where employment rates are significantly below the national average and have been identified as being disadvantaged areas.</p>



<p><b>What was procured in Phase 1?</b></p> <ul style="list-style-type: none"> <li>• Seven contracts for Flexible Routeway provision were let in Phase 1 in the East Midlands: this provision comprised four stages – a) Engagement and Initial Needs Analysis, b) Pre-employment preparation or IAG, c) Training and Progression or Job Search and d) Employment including In-work support</li> </ul>
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d. How does the DWP CFO Plan fit with the Regional ESF Framework?

DWP CFO Plan activities broadly match the Framework's activities specification for Priority 1. The East Midlands CFO Plan categorises activity into four types: 'Engagement', 'Reaching job readiness', 'Job Placement' and 'General support'. Generally, the activities categorised as 'Engagement' in the DWP CFO Plan most closely map to the Framework, while the CFO Plan provides more detail on types of activities categorised as Job Placement and Aftercare Support than the corresponding sections of the Framework.

In the East Midlands, DWP sought to deliver almost all the ESF Priority 1 activities outlined in the Framework – only a few do not appear to be included in the DWP CFO Plan. These are community projects and volunteer activities to mobilise and/or facilitate labour market integration for inactive people; retraining for people at risk of, or immediately following, redundancy and specific activities for those in rural and urban areas. It is useful to note that 'discretionary funding' is included as an activity in the DWP CFO Plan, and that activities contracted under the CFO Plan are delivered in urban and rural areas. DWP's CFO Plan also states that it seeks to cover soft skills, including confidence building, while the Framework does not.

In the East Midlands, the target groups outlined in the DWP CFO Plan cover all the target groups from the Framework from DWP's area of responsibility under ESF Priority 1. Indeed, the CFO Plan describes a broader range of target groups than the Framework – a greater range of disadvantaged groups than the Framework as well as Jobseeker's Allowance customers more generally.

DWP in the East Midlands sought cover the Phase 1 CFO Plan activities through seven flexible routeway contracts.

**Supplementary CFO Plan – Phase 2 Funding**

The East Midlands received further ESF funding in 2009. The supplementary CFO Plan sought to support the most socially excluded adults as defined by Public Sector Agreement (PSA) 16. Existing Phase 1 contracts continued to be used to support people affected by the worsening recession.

Provision through the supplementary CFO Plan was to comprise:

- *Engagement*: a person-centred advocacy with advice on a wide range of issues; a specialist team of practitioners working in partnership with a range of organisations
- *Depending on district requirements, up to three types of service*: 1) A low level advice service to other agencies; 2) A more detailed case-conference service for agencies/customers; 3) A specialist adviser service addressing a customer's barrier to employment through a person-centred plan

**Target groups and areas**

Delivery was intended in each of the East Midlands counties, but particularly targeted at:

- Adult Offenders under probation Supervision (Lincolnshire & Rutland, Leicestershire & Northamptonshire and Derbyshire)
- Adults in contact with secondary mental health services (Nottinghamshire)
- Adults with moderate to severe learning disabilities. (Derbyshire)



**What was procured in Phase 2?**

One 'Helping Hands' contract to provide an "advocacy service" targeted at particular clients within the PSA 16 priority disadvantaged groups across the region.

## Innovative and Flexible Delivery

JobMAETs (Multi Agency Employment Teams) were an example of an innovative approach to delivery in the East Midlands.

### JobMAETS (Job Multi Agency Employment Teams)

JobMAETS (Multi Agency Employment Teams) was a concept intended to align DWP and LSC delivery. It comprised LSC ESF “Skills for Jobs” provision and DWP (Jobcentre Plus) outreach provision. The intention was that DWP would help to get the client job ready and tackle motivational barriers and the LSC would provide skills training. Most of this work was to be carried out on an outreach basis.

JobMAETS uses outreach workers to identify barriers to customers returning to employment and helps them gain the training and skills they need. The outreach workers identify and work with specialist organisations to provide tailored support – operating a multi agency approach.

The provision was to target some of the most disadvantaged people within the local community including lone parents, people who have disabilities and health conditions, the homeless and ex-offenders. Work was done to facilitate handovers with regard to data protection, and the ESF rules were even changed to accommodate the approach as previously a client could not be on both DWP and LSC provision.

However, the regional ESF manager reported that the programme did not operate as intended, in part because there was not the extent of hand-off between providers that had been anticipated - so the provision generally operated as stand-alone contracts.

## Performance: targets and indicators

### Regionally specific targets

In general, the participation indicators in the Phase 1 CFO Plan proportionally match the Framework, which in turn matches the Operational Programme. The target for the proportion of ethnic minorities participating is slightly lower in the East Midlands Framework and DWP CFO Plan than the Operational Programme. This would correspond with ONS estimates, that the region had a lower than average proportion of ethnic minorities in its population. Additionally, the Phase 1 DWP CFO Plan targets a higher proportion of unemployed and inactive participants, although the 2009 supplementary CFO Plan returned these to the split included in the Framework.

### Performance against CFO Plan targets

Through Phases 1 and 2 of the programme, in the East Midlands, DWP were **meeting or exceeding** the CFO Plan targets for:

- Total number of participants
- Number and proportion unemployed of participants
- Number and proportion of economically inactive participants
- Proportion of disabled participants
- Proportion of participants aged 50+

DWP **were not meeting** the targets for:

- Proportion of ethnic minority participants
- Proportion of female participants

To these CFO-level targets, ESF-funded provision contributed **above target** performance on:

- Proportion of disabled participants
- Proportion of unemployed participants

ESF-funded provision contributed **below target** performance on:

- Proportion of participants aged 50+
- Proportion of ethnic minority participants
- Proportion of female participants
- proportion economically inactive participants

The East Midlands was one of five regions in which the ESF-funded provision did not contribute target-level or above performance on the results target for the proportion of participants leaving the programme in-work. It was only region where match-funded provision equalled ESF-funded provision on this target.

**Results indicator – East Midlands**

Indicator	Target				Achievement to Nov '11	
	OP – Priority 1 [2007- 13]	Framework [2007-13]	CFO Plan [2007- 10]	From Sup. CFO Plan	CFO-level	ESF- funded
Participants in work on leaving (a) Number (b) Percentage	195 000 22%	16 700 22%	3 422 22%	5 720 22%	12 500 21%	8 500 21%

## Output indicators<sup>48</sup> – East Midlands

Indicators	Targets				Achievement
	OP 2007-13 (Priority 1)	East Midlands Framework 2007- 13 (Priority 1)	Original DWP CFO Plan 2007- 2010	Including Supplementary 2009 DWP CFO Plan	Cumulative achievement to Nov'11
Total number of participants	887 000	76 000	15 554	26 000	67 000
Number and % of participants who are unemployed	371 000 42%	31 800 42%	85 55 55%	10 920 42%	37 500 56%
Number and % of participants who are inactive	303 000 34%	26 000 34%	6 999 45%	8 840 34%	29 500 44%
% of participants with disabilities or health conditions	22%	22%	22%	22%	37%
% of participants aged 50 or over	18%	18%	18%	18%	19%
% of participants from ethnic minorities	25%	21%	21%	21%	13%
% of female participants	51%	51%	51%	51%	36%

<sup>48</sup> The Operational Programme gives a series of participation indicators in terms of the proportions of participants from different target groups. These proportions do not equal 100%. Many of the categories are not mutually exclusive (for example, one participant could be inactive, aged over 50 and have a disability). Two categories which **are** mutually exclusive are those who are unemployed and those inactive. To note – young people Not in Employment, Education or Training (NEET) or a risk of becoming NEET are also a participation target indicator group for Priority 1, but are not for DWP, so are not included here.

## Cross-Cutting Themes

Equal Opportunities	Sustainable Development
<p>The Framework states that the disadvantaged groups described in the Operational Programme are all relevant to the East Midlands. It provides a series of regional equal opportunities issues, organised under: gender; ethnicity; disability; age; and migrant workers. The Framework also highlights: occupational and sectoral segregation – impacting on women and non-white people; that specific communities will be targeted; and barriers to participation including access to opportunities, language difficulties, lack of care provision and negative attitudes of employers and providers. It states that equal opportunities will be integrated into all aspects of ESF projects and the CFO Plans will provide more detail on implementation.</p>	<p>The Framework provides the definition of the sustainable development theme in ESF and outlines “broad principles” on how ESF could support sustainable development, linking to the regional objectives contained in the Integrated Regional Strategy. These are organised by social, environmental and economic principles.</p>
<p>The CFO Plan states it will embrace diversity and equality by targeting resources on those people considered most disadvantaged in the labour market – and provides example groups. Geographical targeting (see section 2c) and provision for specific groups is also mentioned. Providers’ requirements in relation to equality and diversity are described.</p>	<p>The DWP CFO Plan describes the four main aims of sustainable development and describes how this can be supported through the procurement process. It then describes five ways in which ESF projects should consider affecting sustainable development (minimizing travel; innovative delivery; supporting skills and jobs linked to improved conservation; identifying skills in work areas which positively effect the environment and encouraging placements through local and charitable organizations). Additionally, the CFO Plan states that ESF funded project staff will be able to access sustainable development training.</p>
<p>The regional contribution to the 2010 Annual Implementation Report mentions participation targets – particularly female participation. The performance management of providers and their gathering, monitoring and response to equality data is described. Partnership working has been used to boost female participation and support access to care. It also notes that to increase sustained employment, all providers offer 26 - 52 weeks in-work support to every client entering into employment, and this support can come in a variety of forms.</p>	<p>The regional contribution to the 2010 Annual Implementation Report states all providers have Sustainable Development policies and plans but there has not been any requirement to support environmental or green skills/green jobs in the current provision. The region reports that despite this, providers have demonstrated commitment to this aspect of ESF.</p>

## ***East of England***

### **Summary**

- In this region, the CFO achieved relatively strong performance for its ESF-funded provision on the result target indicator for the proportion of participants leaving the programme in-work. It was above the national and regional target level.
- This contributed to the highest CFO-level achievement on the proportion of participants leaving the programme in-work amongst Priority 1 regions.
- Although some indicators of the regional labour market were healthy in 2007, the 2007 Framework stated that the region had a 'low-skills equilibrium'.
- Although at the CFO level, the participation target for the 50+ group is below the Operational Programme target level, the ESF-funded provision was unusual amongst regions in being at or above that target level.

### **Background/Context**

#### **a. Geography and demography**

At the outset of the 2007-2013 ESF programme, the East of England region was divided into four Jobcentre Plus districts: Bedfordshire & Hertfordshire; Cambridgeshire & Suffolk; Essex; and Norfolk.

The 2007 Framework states that the East of England is the second largest English region. Experimental estimates show that 87 per cent of the region's population classed themselves as White British in 2007. Of the local authorities, Luton unitary authority had the lowest proportion of people classifying themselves as White British, at around 60 per cent. The 2007 Framework notes that a large proportion of the region is rural. The average population density is below the England average, but this varies substantially sub-regionally.

#### **b. Labour Market**

The East of England had relatively high employment and economic activity in the second quarter of 2007, compared to other regions. However, the 2007 Framework reports that the region had areas with persistently high unemployment. The 2007 Framework cites sub regional research linked to the Regional Economic Strategy which identified a series of disadvantaged groups – lone parents, people with disabilities, black and ethnic minority groups in disadvantaged areas and older adults – as targets for increasing employment in the region. Labour productivity was amongst the highest of any region in 2007 – with GVA (gross value added per hour worked) in 2007 0.6 per cent above the UK average.

#### **c. Skills**

The 2007 regional Framework states that the East of England labour market displays the characteristics of a low skills equilibrium labour market – a spiral of low value added activity, low skills and low wages. Performance on the other '5 drivers of Productivity' (HMT, 2006) is much stronger. There are low percentages of adults with higher/intermediate skills – the Framework does not report this to be an issue currently, but that it could be in future. In 2007, proportionally, the East of England had one of the lowest working age populations with no qualifications and one of the highest graduate populations.

### **Governance and Alignment**

#### **a. What were the arrangements for ESF Planning, Governance and Monitoring?**

For the 2007-2010 periods, the East of England had five Co-financing Organisations – the Department for Work and Pensions (DWP), the Learning and Skills Council (LSC), Bedfordshire County Council, East of England Development Agency (EEDA) and Luton

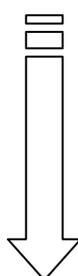
Borough Council. DWP shares responsibility for delivery of ESF Priority 1 with the four other CFOs. The East of England Skills and Competitive Partnership (EESCP<sup>49</sup>) led on the design of the Regional Framework. The EESCP comprised representatives from around 50 private, public and voluntary organisations.

The European Programmes Strategy Group – a joint ESF and EDRF Regional Monitoring Committee – approved the Regional ESF Framework and was tasked with endorsing CFO Plans, monitoring performance and taking remedial action.

*b. How did DWP seek to align with other CFOs through ESF?*

The DWP CFO Plan reports “a co-operative and supportive working relationship” between DWP, the LSC and EEDA, with joint planning meetings held – as well as discussions with other potential CFOs, including Local Authorities.

*c. ESF documentation timeline:*

- 
- East of England Economic Strategy produced September 2006
  - National Operational Programme submitted 5<sup>th</sup> March 2007 and agreed 9<sup>th</sup> August 2007
  - East of England 2007-2013 Framework was finalised in July 2007
  - DWP CFO Plan final version produced on 6<sup>th</sup> November 2007
  - Local Specifications published 5<sup>th</sup> December with closing date 1<sup>st</sup> February 2008
  - The majority of contracts were let June 2008 to June 2011 and July 2008 to July 2011. One phase 2 contract was let December 2009 to July 2011.

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<sup>49</sup> EESCP ceased to exist in September 2010.

**Coverage – how did the initial DWP CFO Plan, and the provision procured to deliver this, seek to contribute to the Framework?**

a. ESF priorities in the East of England

**National Priorities: Operational Programme**

ESF should add value to national and regional employment and skills strategies, including Regional Economic Strategies. It is intended to support the unemployed, inactive and low-skilled – and particularly those at a disadvantage in the labour market. Under Priority 1, the programme should:

- Help these groups gain skills for employability and enter sustainable employment
- Support the employability of young people, carers and women
- Consider sustainable development and equal opportunities as cross cutting themes
- Support active and preventative labour market measures
- Contribute to the UK Social Inclusion Action Plan
- Raise awareness of the world of work, enterprise and entrepreneurship for young people.

**Regional Issues: Regional ESF Framework strategic context & analysis**

- Makes reference to the Lisbon Agenda, the National Strategic Reference Framework, and states that all activities should align with the EESCP 'Framework for Action' and the Regional Economic Strategy (RES) and ERDF.
- States there will be synergies with the 'Investing in Communities' Rural Development Programme for England and Aimhigher programmes
- In contrast to some regional Frameworks, the East of England focuses more on providing an overview of regional labour market and economic issues, rather than outlining the RES or other regional strategy objectives. The regional challenges highlighted include:
  - Economic output per head was high, but on a workplace basis it is below the UK average
  - Despite the region having lower levels of unemployment overall, some sub-regional areas have had persistently high unemployment.
  - The Framework contains a section describing how a range of studies and documents identify particular groups as being more likely to experience barriers to employment – the RES, for example, identifies older people, women and people with disabilities.
  - The regional Framework states that the East of England labour market displays the characteristics of a low skills equilibrium labour market – a spiral of low value added, low skills and low wages. Performance on the other '5 drivers of Productivity' (see above) is much stronger.

**East of England CFO Plan Priorities**

- Focus on delivering employability activities to the most disadvantaged groups, and contributing to all the ESF output and result indicators for the inactive and unemployed.
- Provides aims and objectives of DWP and Jobcentre Plus and outlines some broader national government objectives.
- States that Jobcentre Plus will aim to focus on activities in line with the Framework and Operational Programme. The Plan states the DWP CFO will also contribute to a number of other regional targets and pledges, although these are not specified.

b. How does the DWP CFO Plan seek to reflect national and regional priorities?

The East of England DWP CFO Plan references the broad aims of DWP and Jobcentre Plus. The 'background' and 'elements of the framework the CFO will deliver' sections of the DWP CFO Plan do not contain more specific CFO priorities or links to the regional Framework or national programme. The East of England CFO Plan contained relatively little on links to national and regional strategies and on regional analysis.

c. DWP's East of England CFO Plan activities, target groups and areas

<p><b>Key features of the activities in the initial CFO Plan</b></p> <ul style="list-style-type: none"> <li>• Engagement, labour market entry and integration</li> <li>• Support for job sustainability and/or retention</li> <li>• Jobsearch, work preparation and job brokerage</li> <li>• Supporting particular customers:             <ul style="list-style-type: none"> <li>○ who have or develop disabilities and health conditions</li> <li>○ disadvantaged groups including lone parents as inactive benefit recipients with children and other disadvantaged parents, older workers, offenders and ex-offenders</li> <li>○ women/men who wish to enter to non-traditional sectors.</li> </ul> </li> <li>• Basic skills (including literacy, numeracy, ESOL, ICT and financial literacy)</li> <li>• Training – pre-vocational or access; vocational and employability qualifications</li> <li>• Measures to support the early identification of need</li> <li>• Access to childcare and care for dependent persons</li> <li>• Support for disadvantaged people who persistently return to inactivity benefits</li> <li>• Advice and support for self-employment, entrepreneurship, business creation and social enterprise</li> </ul>	<p><b>Targeting in the CFO Plan</b></p> <p><b>Target groups</b></p> <p>a) The CFO Plan describes two overlapping sets of groups- those in line with the Framework:</p> <ul style="list-style-type: none"> <li>• people who are unemployed or inactive</li> <li>• lone parents</li> <li>• women</li> <li>• older adults</li> <li>• black and minority ethnic groups</li> <li>• ex-offender and offenders</li> </ul> <p>b) Those identified as priority for DWP:</p> <ul style="list-style-type: none"> <li>• other people with children</li> <li>• homeless people</li> </ul> <p><b>Target areas</b></p> <p>The Framework and CFO Plan do not lay down specific geographical guidelines. The Framework notes that unemployment/worklessness affects people in urban, rural and former coalfield areas – and this should be considered in drawing up CFO plans.</p> <p>In response, the DWP CFO Plan states that all activities are to be delivered across the region, dependent on local need, with partnership ensuring that delivery is channelled into areas of most need. In addition, the DWP CFO plan states that activity should be targeted particularly in the most deprived wards in each District – and these are listed.</p>
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**What was procured in Phase 1?**

There were two contract types procured in the East of England - there were four of each type of contract let:

- Flexible Routeway – providing an individually tailored range of support to move customers back to work, designed for any unemployed/inactive groups
- Intermediate Labour Market – to support customers to a position where they can compete for work in the open labour market. For customers unemployed for 12 months; where health/disability is a barrier to work. Priorities may change to meet local needs

d. How does the DWP CFO Plan fit with the Regional ESF Framework?

The DWP CFO Plan sought to cover all of the features in the Regional ESF Framework's Priority 1 activities specification, with the exception of early interventions for people at risk of redundancy and small grants for Voluntary and Community Sector organisations. One Framework activity not specifically mentioned in the DWP CFO Plan is 'supporting innovative solutions to long term unemployment such as work trials, peer mentoring schemes and intermediate labour markets', although 4 of the 8 contracts let in Phase 1 were for intermediate labour market programmes. Contract summaries and the regional contribution to the 2010 Annual Implementation Report indicate that key features of the DWP CFO Plan specified activities were covered by the provision procured.

In the East of England, the target groups outlined in the DWP CFO Plan cover all the Framework target groups. There were some additional target groups described as priorities for DWP – 'other people with children' and homeless people.

The four flexible routeway contracts covered a broader range of target groups than the CFO Plan, although 'women' were not specifically included as a target group. However, 'women' were highlighted in the RES as a target group requiring increased employment opportunities in the area.

**Supplementary CFO Plan – Phase 2 Funding**

Supplementary ESF funding was made available in 2009, was to be used to procure support similar to the existing Flexible Routeway contracts in the Bedfordshire & Hertfordshire and Norfolk Districts only and create additional participant capacity for Jobseeker's Allowance (JSA) customers unduly disadvantaged by the economic downturn

**Target groups and areas**

People who have been on JSA for 26 weeks plus a range of early entrants at Jobcentre Plus adviser discretion – original CFO Plan provision was restricted to no more than 20% starts for JSA customers. The provision was to be available across the region.



**What was procured in Phase 2?**

One contract to support long-term and Disadvantaged JSA customers to get into stable long-term employment, or progress towards this, was procured. This was available at 6 months or at the start of the claim for a wide range of groups.

**Innovative and Flexible Delivery**

The ESF Manager identified a project delivered as part of the flexible routeway as an example of innovative and flexible delivery in the region.

**Partnership working through flexible routeway to support NEETS**

A trial to support 16 & 17 year olds who are not in education, employment & training (NEET) was established to operate through partnership working between Suffolk Connexions and a DWP-contracted ESF provider which commenced in June 2010 to run for 12 months. This approach was discussed and agreed with between DWP and its external partners and other CFOs.

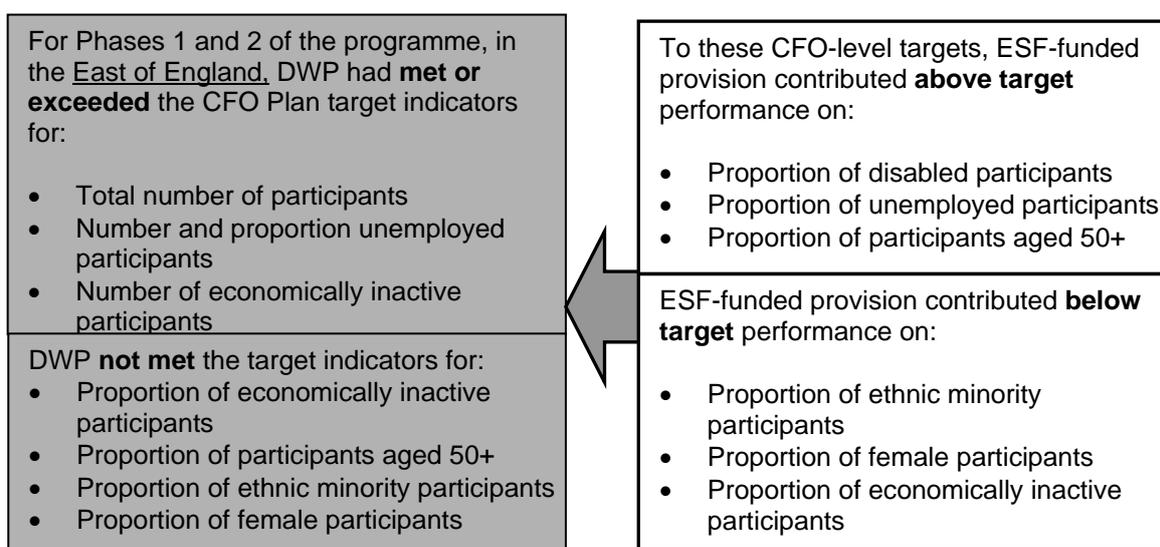
## Performance: Targets and Indicators

### Regionally specifically targets

In general, the participation indicators in East of England CFO Plan proportionally match the Framework, which in turn matches the Operational Programme. The target for the proportion of ethnic minorities participating is slightly lower in the East of England Framework and DWP CFO Plan than the Operational Programme.

Additionally, the original DWP CFO Plan targets a higher proportion of unemployed and inactive participants. The 2009 supplementary CFO Plan targets reduced the proportion of inactive participants targeted and increased the proportion of unemployed participants targeted.

### Performance against CFO Plan targets



As is common across regions, in the East of England, at the CFO-level, the region met the output target indicators for numbers of participants, and for the proportion of unemployed and disabled participants. On these proportions, the ESF funded provision contributed above target proportions. On the remaining indicators – both at the CFO-level and for the ESF-funded provision – the region's provision was below target levels.

Against the result indicator for the proportion of participants leaving the programme in-work, the East of England was the only Priority 1 region which met the target, with the ESF funded provision contributed one of the higher proportions, compared with other regions.

### Results indicator – East of England

Indicators	Targets				Achievement to Nov '11	
	OP – Priority 1 [2007- 13]	Framework [2007-13]	CFO Plan [2007- 10]	From Sup. CFO Plan	Achieved	ESF funded
Participants in work on leaving (a) Number (b) Percentage	195 000 22%	15 000 22%	4 557 22%	5 385 22%	8 000 23%	3 500 27%

## Output indicators<sup>50</sup> – East of England

Indicators	Targets				Achievement
	OP 2007-13 (Priority 1)	East of England Framework 2007- 13 (Priority 1)	DWP CFO Plan 2007-2010	Including Supplementary 2009 DWP CFO Plan	Cumulative achievement to Nov '11
Total number of participants	887 000	68 200	20 720	24 477	38 000
Number and % of participants who are unemployed	371 000 42%	28 500 42%	11 400 55%	15 477 63%	28 000 73%
Number and % of participants who are inactive	303 000 34%	23 300 34%	9 320 45%	9 000 37%	10 000 27%
% of participants with disabilities or health conditions	22%	22%	22%	22%	29%
% of participants aged 50 or over	18%	18%	18%	18%	17%
% of participants from ethnic minorities	25%	16%	16%	16%	11%
% of female participants	51%	51%	51%	51%	29%

<sup>50</sup> The Operational Programme gives a series of participation indicators in terms of the proportions of participants from different target groups. These proportions do not equal 100%. Many of the categories are not mutually exclusive (for example, one participant could be inactive, aged over 50 and have a disability). Two categories which **are** mutually exclusive are those who are unemployed and those inactive. To note – young people Not in Employment, Education or Training (NEET) or a risk of becoming NEET are also a participation target indicator group for Priority 1, but are not for DWP, so are not included here.

## Cross-Cutting Themes

<b>Equal Opportunities</b>	<b>Sustainable Development</b>
<p>The Framework reiterates the Operational Programme description of disadvantaged groups. The Operational Programme is linked to the RES, which sets out actions to promote equality, diversity and inclusion issues in the regional economy. A table describes specific issues and corresponding action relating to the following: Gender Ethnicity; Disability; Age; Migrant workers; and Employment Barriers</p> <p>The DWP CFO Plan states that it seeks to embrace diversity and equality by targeting resources on those people considered most disadvantaged in the labour market. Seventeen target Local Authority wards are given. Providers' requirements in relation to equal opportunities were outlined – programmes need to take account of the needs of people with disabilities.</p> <p>The CFO plan also includes specific provision to: help people with disabilities or health conditions to enter and remain in work; prolong working lives by re-engaging older workers; to help lone parents, and other disadvantaged parents enter work; and support access to childcare and care for dependent persons.</p>	<p>The Framework provides objectives for sustainable development, stating that these should relate to social, economic and environmental sustainability. The Framework considers links between ERDF and ESF in relation to sustainable development and which sectors will have the most impact on the environment and therefore benefit from integrated sustainable development training.</p> <p>The CFO Plan describes four main aims of sustainable development and states five ways to support employability considering environmental or community impacts. It states that sustainability will be built into procurement, targets and supporting action plans. In addition, ESF funded project staff will be able to access sustainable development workshops.</p> <p>The CFO plan also includes specific provision to: help people with disabilities or health conditions to enter and remain in work; prolong working lives by re-engaging older workers; to help lone parents, and other disadvantaged parents enter work; and support access to childcare and care for dependent persons.</p>
<p>The regional contribution to the 2010 Annual Implementation Report provides information on how gender equality has been actively promoted. It reports on the progress against the participation indicators; re-iterates the CFO Plan description of how the DWP procurement process contributes to equal opportunities alongside contract management. Childcare and 'Additional Support' costs are described as an integral part of ESF projects and built into all contracts in East of England; examples of specialist support for the disabled and disadvantaged are provided.</p>	<p>The regional contribution to the 2010 Annual Implementation Report states providers are required to put in place appropriate Sustainable Development Policies and Sustainable Development Implementation Plans. Provider compliance with the regulatory requirements is monitored, with remedial action taken if necessary</p> <p>DWP staff involved in the compliance and contract management processes attended a sustainable development training programme delivered by ECOTEC and Action Sustainability.</p>

## London

### Summary

- London, in 2007, had the highest regional productivity (as measured by Gross Value Added per hour worked), but the lowest employment rate in the UK. It also had the highest proportion of BME groups of any region.
- Correspondingly, it achieved by some way the highest proportion of ethnic minority participation amongst regions – at the CFO level and for the ESF-funded provision. Fifty-eight per cent ESF-funded participants were from ethnic minorities.
- In London, the CFO achieved target CFO-level performance on a relatively high number of indicators during the first half of the programme

### Background/Context

#### a. Geography and demography

In 2007, London comprised four Jobcentre Plus districts: West London; Central London City & East London; Lambeth Southwark & Wandsworth; North and Northeast London and South London.

London is the second largest region in terms of total population. London had a much higher proportion its labour force aged 25-34 than the other regions, and a correspondingly lower proportion at 45-64 (males) and 45-59 (females). The region has the highest proportion of people of non-white British ethnic origin, and has a constant inflow of new migrants from abroad. Experimental estimates show that 42 per cent of London's population were non-White British in 2007.

#### b. Labour Market

London had the lowest rate of employment and the lowest rate of economic activity of the regions in the second quarter of 2007. The ESF Framework, produced in 2007, reported that London had the lowest employment rate of the regions and stated that this was due in part to the population mix, containing a high proportion of individuals with characteristics generally associated with labour market disadvantage in combination with London's highly competitive labour market.

The London Framework reported that the region was the most productive. Labour productivity (as measured by Gross Value Added per hour worked) in 2007 was 37.7 per cent above the UK average – London is by far the largest contributor to the economy among the countries and regions of the UK.

#### c. Skills

The 2007 ESF Framework reports that the employment rate for those with NVQ Level 4 or above qualifications is higher in London than other regions, but that for residents qualified below this, the employment rate is lower than the national average. The Framework states that this reflects the high skilled nature of labour demand in the London economy. Of London's working age population 13.9 per cent had no qualifications, compared with an England average of 13.2 per cent.

### Governance and Alignment

#### a. What were the arrangements for ESF Planning, Governance and Monitoring?

For the 2007-2010 period, London had five Co-financing Organisations. All five of these – the Department for Work and Pensions (DWP), Learning and Skills Council (LSC), the London Development Agency (LDA), National Offender Management Service and a partnership between London Councils shared responsibility for activity under Priority 1. The National

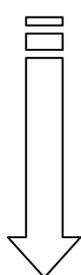
Offender Management Service was the last CFO to join – becoming a Co-Financing Organisation in 2009 and beginning to deliver programmes under Priority 1 in January 2010.

The 2007-13 programme in London comes under the strategic direction of the Mayor, with governance arrangements being finalised at the time of the Framework's publication. The Framework was developed by the LDA, with CFOs and a Stakeholder Group which included Jobcentre Plus, LSC, London Councils, Government Office for London, Sector Skills Development Agency and London Voluntary Sector Training Consortium. The ESF Regional Committee is responsible for reviewing the Framework at 6 monthly intervals.

*b. How did DWP seek to align with other CFOs through ESF?*

DWP's Phase 1 CFO Plan stated that the four CFOs in London (at the time DWP's Phase 1 Plan was produced) worked closely together "to ensure that provision is delivered by the expert in that field" but no specific measures or programmes to facilitate joint working or alignment are outlined.

*c. ESF documentation timeline:*



- London's Economic Strategy produced January 2005
- National Operational Programme submitted 5<sup>th</sup> March 2007 and agreed 9<sup>th</sup> August 2007
- London ESF Framework final version produced/published September 2007
- DWP CFO Plan final version produced in 2007
- Local Specifications published 5<sup>th</sup> December with closing date 1<sup>st</sup> February 2008
- Most Contracts were let June 2008 or July 2008, initially to run to June 2011 or July 2011; two contracts were November 2008 to July 2011; with another two let from December 2009 to July 2011

**Coverage – how did the initial DWP CFO Plan, and the provision procured to deliver this, seek to contribute to the Framework?**

a. *ESF priorities in London*

**National Priorities: the Operational Programme**

ESF should add value to national and regional employment and skills strategies, including Regional Economic Strategies. It is intended to support the unemployed, inactive and low-skilled people – and particularly those at a disadvantage in the labour market. Under Priority 1, the programme should:

- Help these groups gain skills for employability and enter sustainable employment
- Support the employability of young people, carers and women
- Consider sustainable development and equal opportunities as cross cutting themes
- Support active and preventative labour market measures
- Contribute to the UK Social Inclusion Action Plan
- Raise awareness of the world of work, enterprise and entrepreneurship for young people.

**Regional Issues: Regional ESF Framework strategic context & analysis**

- References EU and national strategies as well as linking to a number of strategic boards, including the London Skills and Employment Board (LSEB – transforming, in 2011, into the London Local Enterprise Partnership)
- Evidence reported from recent employment and skills strategies highlighted two key features of the London labour market:
  - *Lowest rate of employment and highest rate of child poverty in the UK*
  - *Most productive and most highly skilled workforce in the UK*
- The most commonly cited skills gaps identified by employers are soft skills
- LSEB recommended interventions that tackle lower level skills issues to increase employment, and the Framework reports these will have the greatest impact on reducing income inequality.
- Employment rates vary significantly between and within London communities. The Framework states that ESF will be used to stimulate new approaches for London's unique challenges.
- The Mayor's Economic Development Strategy identifies three objectives to tackle worklessness: tackle barriers to employment; address the concentration of disadvantage; reduce disparities in labour market outcomes between groups.

**DWP London CFO Plan Priorities**

The aims and objectives of DWP's ESF Programme in London are:

- Increase the effective labour supply by helping as many unemployed and economically inactive people as possible to move into work.
- Make available job vacancies, information, advice, training and support and encouraging employers to open up more opportunities.
- Help the most disadvantaged people to move closer to the labour market, compete effectively for and remain in work and to adjust more quickly to economic change.

An overview of key issues in the London economy, and links to other policy areas, is given, including current and forthcoming strategies by the London Skills and Employment Board and The London Employment and Skills Taskforce.

b. How does the DWP CFO Plan seek to reflect national and regional priorities?

The opening sections of the DWP CFO Plan for London give relatively extensive focus to the regional challenges outlined in the Framework. DWP's vision is described, and although the Regional Economic Strategy is not specifically mentioned, the document does describe how, through the Framework, the CFO Plan supports current and forthcoming strategies by the London Skills and Employment Board and The London Employment and Skills Taskforce.

c. DWP's London CFO Plan activities. target groups and areas

Key features of the activities in the initial CFO Plan	Targeting in the CFO Plan
<ul style="list-style-type: none"> <li>• Training provision, including:               <ul style="list-style-type: none"> <li>○ Pre-employment training, tailored training with supported work trials and vocational training which is sector-specific and demand-led (including provision linked to LEPs)</li> <li>○ Basic skills and ESOL training, British Citizenship programme and personal financial management</li> </ul> </li> <li>• Provision of mentors and job coaches for support with the transition into work as well as in-work.</li> <li>• Provider led employment sustainability activities</li> <li>• Jobsearch, job preparation help and soft skills support</li> <li>• active and preventative measures which ensure the early identification of needs, including individual action plans</li> <li>• entrepreneurial development programmes</li> <li>• community support projects offering benefit calculations, one to one advice &amp; guidance</li> </ul>	<p><b>Target groups</b> Provision will be targeted at those who are furthest from the labour market and who require longer term support measures:</p> <ul style="list-style-type: none"> <li>• Those in receipt of Incapacity Benefit</li> <li>• Lone Parents and disadvantaged parents (not necessarily in receipt of benefit).</li> <li>• Those most at a disadvantage – minority ethnic groups, ex-offenders, those with a history of drug and alcohol abuse, the homeless, refugees and those who persistently return to claim JSA</li> <li>• Those with Basic Skills needs</li> <li>• Those in receipt of JSA especially the long term workless and recipients with children.</li> </ul> <p><b>Target areas</b> The Framework and the DWP CFO Plan state that activities will be carried out across the whole of the London Region.</p>



<p><b>What was procured?</b> A range of contracts were let in London, including generic support for disadvantaged groups in different areas and specific provision types:</p> <ul style="list-style-type: none"> <li>• 'Hardest to help' support was the most common contract with 11 covering different areas, each providing a range of support for various disadvantaged groups.</li> <li>• Specific contracts were let to provide: English for Speakers of Other Languages; Pre-employment skills and in-work support; Help for the homeless; and support focusing on the inactive economically inactive</li> </ul>
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d. How does the DWP CFO Plan fit with the Regional ESF Framework?

In London, DWP sought to address the great majority of Priority 1 activities described in the Framework. The only activities included in the Framework which DWP's CFO Plan did not specifically mention were childcare support and job brokerage. There were also some slight differences in the detail of the description. The Framework references designing training with the support of Trade Unions as well as employers and that the early identification of needs, (including individual action plans and covering Skills for Life), should be done at the first point of contact, rather than 6 months.

Contract summaries indicate that the provision procured covered the DWP CFO Plan activities. Job brokerage and support with caring responsibilities were features of the generic contracts for generic 'hardest to help' support.

The London DWP CFO Plan provides a wide range of target groups to meet the range outlined, in some detail, in the Framework. The only groups not covered by the CFO Plan were recent migrants and older workers. The Framework also included the more generic category 'those out of contact with the labour market'.

**Supplementary CFO Plans – Phase 2 Funding**  
 Supplementary ESF funding was made available for London in 2009. This additional ESF funding was to support those affected by the economic downturn through delivery of the Framework, by:

- Funding provision similar to existing provision to cater for additional participants;
- Developing new provision for which there was not sufficient funding under the initial CFO Plan, due to the economic downturn – comprising support related to motivation; personal stocktaking; securing a job; work place/life skills; resource centre access; confidence building; and life challenges.

**Target Groups**  
 The primary focus was intended to be on those claiming JSA for 6 months, with day one referral for JSA customers at the adviser's discretion. New provision was intended support a wide range of disadvantaged customers. It was not expected that there will be any variations in funding geographically.



**What was procured in Phase 2?**  
 The last two contracts let were for long term or disadvantaged JSA customers – for JSA customers after 6 months of unemployment or from start of claim for a range of disadvantaged groups and for JSA customers at the adviser's discretion.

**Innovative and Flexible Delivery**

The ESF Manager for the region identified a contract – for pre-entry ESOL – and a component of one of the 'hardest to help' contracts as examples of the region's innovative and flexible delivery.

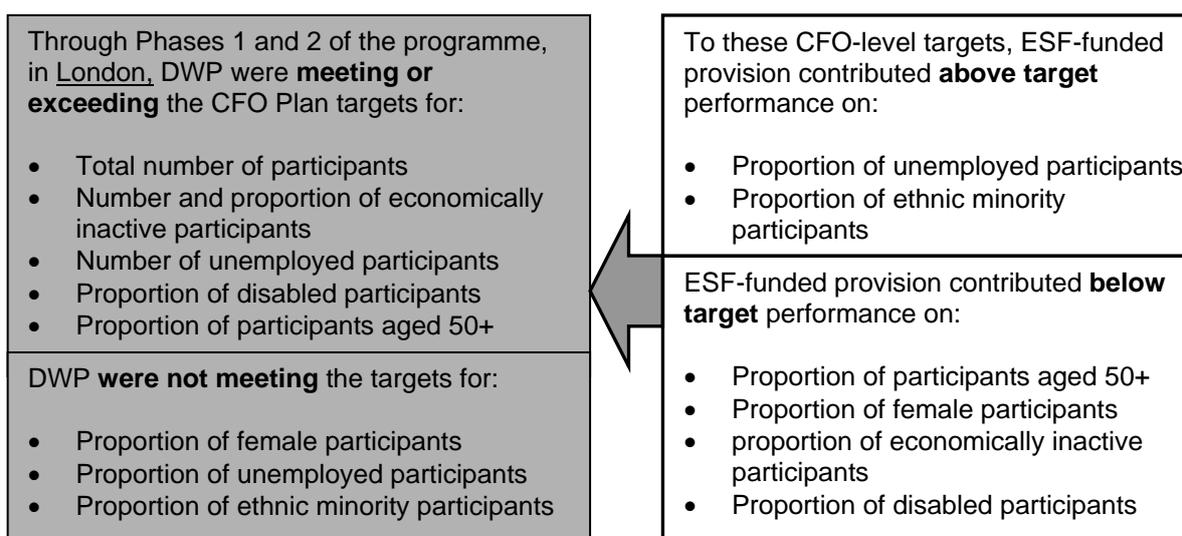
<p><b>Pre-Entry ESOL</b></p> <p>A pre-entry ESOL contract in East London focused purely on work based pre-entry ESOL with citizenship certification, and was described by the ESF Manager for the region as the 'only one of its kind'.</p> <p>Although the ESF Manager for the region reported that the provision was initially flooded with referrals, which hindered performance, the provider was reported to have adapted by changing the approach to delivery to accommodate the referral numbers.</p>	<p><b>Hardest to help – support for the homeless</b></p> <p>In West London, there was provision delivered for homeless customers. Advisers went out into the community to identify customers, providing sleeping bags with information about the ESF programme in them.</p> <p>The ESF Manager reported that this provision "embodied the true spirit of ESF" in that the provider had worked very hard to target the 'hardest to help'.</p>
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## Performance: Targets and Indicators

### Regionally specific targets

In general, the participation indicators in the Phase 1 DWP CFO Plan proportionally matched the Framework, which in turn matched the Operational Programme. As might be expected in the region, the target for the proportion of ethnic minorities participating is considerably higher in the London Framework and DWP CFO Plan than stipulated in the Operational Programme. Additionally, the DWP CFO Plan targeted a higher proportion of inactive participants. The 2009 supplementary CFO Plan increased the target indicator for the number of unemployed participants, and increased these as a proportion of the total, while reducing the proportion of economically inactive participants to the around the level stipulated in the Framework.

### Performance against CFO Plan targets



London at the CFO level, met three of the proportional output participation indicators. Four CFO Plan proportional output participation indicators were the most met by any region.

London's ESF funded provision and match funded provision was below target on the results indicator for people leaving the programme in-work.

### Results indicator - London

Indicator	Targets				Achievement to Nov '11	
	OP – Priority 1 [2007- 13]	Framework [2007-13]	CFO Plan [2007- 10]	From Sup. CFO Plan	Achieved	ESF-funded
Participants in work on leaving (a) Number (b) Percentage	195 000 22%	25 100 22%	17 688 22%	12 213 27%	19 000 17%	7 500 18%

## Output indicators – London

Indicators <sup>51</sup>	Targets				Achievement
	OP 2007-13 (Priority 1)	London Framework 2007- 10 (Priority 1)	Original DWP CFO Plan 2007-2010	Supplementary 2009 DWP CFO Plan	Cumulative achievement to Nov'11
Total number of participants	887 000	90 600	80 400	45 617	140 500
Number and % of participants who are unemployed	371 000 42%	38 000 42%	44 275 55%	30 835 68%	71 500 51%
Number and % of participants who are inactive	303 000 34%	30 800 34%	36 125 45%	12 326 27%	69 000 49%
% of participants with disabilities or health conditions	22%	22%	22%	22%	44%
% of participants aged 50 or over	18%	18%	18%	18%	20%
% of participants from ethnic minorities	25%	56%	56%	56%	50%
% of female participants	51%	51%	51%	51%	40%

<sup>51</sup> The Operational Programme gives a series of participation indicators in terms of the proportions of participants from different target groups. These proportions do not equal 100%. Many of the categories are not mutually exclusive (for example, one participant could be inactive, aged over 50 and have a disability). Two categories which **are** mutually exclusive are those who are unemployed and those inactive. To note – young people Not in Employment, Education or Training (NEET) or a risk of becoming NEET are also a participation target indicator group for Priority 1, but are not for DWP, so are not included here.

## Cross-Cutting Themes

Diversity and Mainstreaming Equalities	Sustainable Development
<p>The Framework states that the principles of equal opportunity for all citizens and ensuring that no groups are excluded from society are central to the Mayor's policies and the continued success of London. It outlines the diverse nature of London's population and states that equality will contribute to the growth of the UK and London's economy in line with the Lisbon agenda. It provides the following principles:</p> <ul style="list-style-type: none"> <li>• The integration of diversity and equality into projects</li> <li>• The use of robust equality indicators</li> <li>• Diversity and equality assessment at all stages of project development</li> <li>• Targets should be set in line with appropriate demographics</li> </ul> <p>The Framework also outlines a number of actions in relation to equality delivery</p>	<p>The Framework references the sustainable development strategy 'Securing the Future' and states that the London Sustainable Development Commission Framework sets out a vision/ set of objectives to help integrate sustainable development into policy development and the decision-making process. The Framework describes the importance of skills training incorporating environmental and social aspects. Under the Framework, CFO Plans should contribute towards:</p> <ul style="list-style-type: none"> <li>• ensuring training activity is delivered in a way consistent with the UK Sustainable Development Strategy;</li> <li>• addressing skills needs in the environmental technology sector;</li> <li>• ensuring the region's workforce can support businesses to address their environment challenges and increase competitiveness</li> </ul>
<p>The CFO plan seeks to embrace diversity and equality by targeting resources on those people considered most disadvantaged in the labour market. It describes issues and provision for specific groups as well as the participation. Geographically, London identifies the areas which have the highest concentrations of disadvantaged people in the region. Providers' requirement in relation to equality and diversity are described.</p>	<p>The DWP CFO Plan describes the rationale for, and four main aims of, sustainable development. It states that sustainability will be an integral part of the procurement process.</p> <p>The DWP CFO Plan describes five ways that ESF funded projects will consider environmental or community impacts and that ESF-funded project staff will be able to access sustainable development workshops.</p>
<p>The regional contribution to the 2010 Annual Implementation Report states:</p> <ul style="list-style-type: none"> <li>• Equality, Diversity and Diversity Training Plans are submitted annually to achieve DWP accreditation.</li> <li>• All providers are required to fund childcare support to address barriers to work – and most providers in London actively target Lone Parents</li> <li>• For disability support: accessibility, partnership working, assessment and delivery are described.</li> <li>• Ethnic minorities outreach, prayer room provision, ESOL and partnership working to arrange work trials are described.</li> <li>• Marketing the 50+ group is described, alongside aspects of delivery and employer engagement.</li> </ul>	<p>The regional contribution to the 2010 Annual Implementation Report does not contain information on sustainable development.</p>

## North East

### Summary

- At the CFO level, the proportion of participants in work on leaving the programme is below the national target level, but the ESF funded provision achieved 42% - the highest proportion amongst the Priority 1 regions.
- The 'Regional Employability Framework', a model shared and owned by partners was a distinctive feature of the regional approach to delivery in the North East – and sought to align provision procured by the region's CFOs.
- Low economic activity and low skill levels relative to other regions were issues when the ESF documentation was produced.
- The CFO achieved below the indicator target level for participation of people aged over 50, but the ESF-funded provision contributed above target level on this.
- The region was one of two which took the approach of letting one type of contract across the region.

### Background/Context

#### a. Geography and demography

In 2007, the region was divided into three Jobcentre Plus districts: Northumbria; South Tyne & Wear Valley and Tees Valley. In 2007, it was also the smallest region by population. The North East had the highest proportion of the population classed as White British – 10 per cent higher than the England average in 2007. The Regional ESF Framework reported that the population and working age population was declining. After London, the North East had the highest proportion of children living in workless households. In the second quarter of 2007, 21 per cent of children were in workless households.

#### b. Labour Market

The region had amongst the lowest rates of employment and economic activity in the second quarter of 2007 – with only the London region having a lower employment rate. Rates of both unemployment and inactivity have remained consistently above the England and Wales in recent years. The 2007 regional Framework highlighted that economic activity and participation rates were particular issues in the North East with economic activity rates low by national standards, and inactivity relatively high. Research commissioned by regional partners and reported in the Framework found that a quarter of inactive people would like work – suggesting an opportunity to boost the regions workforce. The North East also has low productivity (by Gross Value Added by hour worked) – in 2007 it was 8.8% below the UK average.

Through the economic downturn and recession, from January 2008 to June 2010, the North East saw a 3 percentage point increase in unemployment; however, in the year to February to April 2010 the North East saw an increase in the numbers employed while most areas continued to a fall.

#### c. Skills

The Framework reports that the qualifications profile of the North East workforce has been improving, but skill levels remain low in comparison to England averages. Additionally it is reported that a 'significant proportion' of the adult population has low levels of basic literacy, numeracy and ICT skills. In 2007, the region had the lowest proportion of its working age population qualified to graduate level of any English region.

## Governance and Alignment

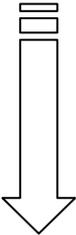
### a. What were the arrangements for ESF Planning, Governance and Monitoring?

For the 2007-2010 period, the North East had two Co-financing Organisations – the Department for Work and Pensions (DWP), the Learning and Skills Council (LSC). Skills North East prepared the Regional Framework. This Regional Skills Partnership comprises partners including the Association of Colleges, Association of Learning Providers, Association of North East Councils, Confederation of British Industry, North East Chamber of Commerce, Government Office for the North East, Jobcentre Plus, LSC, North East Assembly, One NorthEast, Skills for Business Network, Trade Union Congress and Universities for the North East; Business Link; and the Higher Education Funding Council for England.

### b. How did DWP seek to align with other CFOs through ESF?

The initial CFO Plan stated that a good relationship exists between DWP and the LSC and that Service Level Agreements are in place to ensure good joint working. The CFO Plan also describes how joint working manifests itself: through joint involvement in the procurement process; including evaluating bids and sharing provider information; and a Joint Delivery Plan which is initially intended to be reviewed quarterly and will provide formal performance assurance. The organisations planned to meet – initially monthly – to share best practice and discuss issues arising. The CFO Plan notes that DWP/Jobcentre Plus held informal discussions with other potential CFOs.

### c. ESF documentation timeline:

- 
- North East Regional Economic Strategy produced September 2006
  - National Operational Programme submitted 5<sup>th</sup> March 2007 and agreed 9<sup>th</sup> August 2007
  - North East 2007-2013 Framework final version was produced in July 2007
  - DWP CFO Plan Phase 1 final version produced in November 2007
  - Local Specifications published 5<sup>th</sup> December with closing date 1<sup>st</sup> February 2008
  - Contracts were generally let June 2008, initially to run to June 2011. One contract was let in November 2008 to August 2011

**Coverage – how did the initial DWP CFO Plan, and the provision procured to deliver this, seek to contribute to the Framework?**

a. ESF priorities in the North East

**National Priorities: Operational Programme**

ESF should add value to national and regional employment and skills strategies, including Regional Economic Strategies. It is intended to support the unemployed, inactive and low-skilled – and particularly those at a disadvantage in the labour market. Under Priority 1, the programme should:

- Help these groups gain skills for employability and enter sustainable employment
- Support the employability of young people, carers and women
- Consider sustainable development and equal opportunities as cross cutting themes
- Support active and preventative labour market measures
- Contribute to the UK Social Inclusion Action Plan
- Raise awareness of the world of work, enterprise and entrepreneurship for young people.

**Regional Issues: Regional ESF Framework strategic context & analysis**

- The Framework states the ESF Programme is a key vehicle in delivering the Regional Economic Strategy (RES) and Action Plan priorities, which are: reducing worklessness, social inequalities and deprivation through the Regional Employability Framework; helping people to take-up self employment; supporting people to progress up the skills escalator; driving up demand for higher skills in key sectors.
- Therefore, the North East ESF Programme will: deliver through an integrated regional approach; support/engage with the most disadvantaged/hard to help; and increase numbers in sustainable employment/ raise skill levels.
- To support the RES, ESF funding will also support Regional Employability Framework (REF): by investing in line with REF principles (ensuring services are 'seamless', targeted and aligned, support transition to sustainable employment and demand-led); are primarily focused on 'Engagement' and 'Aftercare and Retention' components of the REF - filling in activity and eligibility gaps for the other components.

**North East CFO Plan Priorities**

- To tackle worklessness and support disadvantaged groups.
- Highlights the links the Operational Programme, Framework, REF and Economic Strategy.
- Particular focus on partnership working and consultation, mapping provision with the LSC and aligning funding.

b. How does the DWP CFO Plan seek to reflect national and regional priorities?

The North East DWP CFO Plan mentions the Operational Programme, Framework and Regional Economic Strategy. It provides less information on strategic linkages and priorities than some CFO Plans. Alignment and partnership are a particular focus in the North East, and this is reflected in the DWP CFO Plan. The North East's Regional Employability Framework is the key concept that links the Regional ESF Framework to other key regional documents, and then connects these to CFO Plans.

c. DWP's North East CFO Plan activities. target groups and areas

<p><b>Key features of the activities in the initial CFO Plan</b></p> <ul style="list-style-type: none"> <li>• A focus on supporting the following inactive groups and hardest to help: <ul style="list-style-type: none"> <li>○ Incapacity Benefit Claimants</li> <li>○ Young people</li> <li>○ Over 50s</li> </ul> </li> <li>• Support for job sustainability and/or retention</li> <li>• Action planning</li> <li>• Discretionary funding and funding to overcome practical barriers (e.g. travel and childcare)</li> <li>• In-work support for up to 26 weeks</li> <li>• Joining and/or enhancing existing local resources and groups to provide a seamless customer journey</li> <li>• Demand-led, engaging employers and addressing their needs</li> <li>• Tailoring to meet individual need</li> <li>• Mentoring</li> <li>• Jobsearch programmes and life skills courses integrated into all delivery</li> </ul>	<p><b>Targeting in the CFO Plan</b></p> <p><b>Target Groups</b></p> <p>a) There are two overlapping sets of target groups- those in line with the Framework:</p> <ul style="list-style-type: none"> <li>• those who are unemployed or inactive</li> <li>• women</li> <li>• people with disabilities or health conditions</li> <li>• lone parents</li> <li>• those aged 50+ and ethnic minorities.</li> </ul> <p>b) Priorities for DWP, which includes some of the above, and, additionally:</p> <ul style="list-style-type: none"> <li>• people on incapacity benefits - particularly those with children;</li> <li>• other people with children - including those not on benefit; and</li> <li>• those most disadvantaged in the labour market (e.g. minority ethnic groups, ex-offenders, those with histories of drug and alcohol misuse, the homeless, refugees and those who persistently return to claim JSA).</li> </ul>
	<p><b>Target Areas</b></p> <p>The Framework and CFO Plan do not lay down specific geographical guidelines. The Framework notes that unemployment/worklessness affects people in urban, rural and former coalfield areas – and this should be considered in drawing up CFO Plans. In the response, the DWP CFO Plan states that all activities to be delivered across the region, dependent on local need, with partnership ensuring that delivery is channelled into areas of most need. However, in addition to this, the DWP CFO Plan also stated that activity should be targeted particularly in the most deprived wards in each District – and these are listed.</p>



**What was procured in Phase 1?**  
Four contracts of one contract type were procured in the North East, each covering a) Continuous Support, b) Customer Engagement c) Community Outreach and Mentoring as well as elements of 'Continuous Support'

d. How does the DWP CFO Plan fit with the Regional ESF Framework?

The North East CFO Plan describes four types of activity: 'Customer Engagement – Community Outreach', 'Mentoring (including Aftercare to enhance sustainability)', 'Employer or sector specific Routeways' and 'General Support'. DWP sought to cover these through one contract type featuring each of these components – of which four were let across the region.

The CFO Plan activities all feature or closely relate to the Framework's activities specification – with the exception of mentoring which is included in the CFO Plan but which is not specifically mentioned in the Framework. DWP's Phase 1 CFO Plan sought to cover the majority of the activity outlined in the Framework under Priority 1. Activities which the DWP CFO Plan did not reference were initiatives to develop the employability and skills of ex-offenders; measures to support economic activity amongst people with a disability; and advice and support to encourage people into self employment and business creation. It is useful to note that offenders could participate in the DWP provision, but the LSC were responsible for a suite of provision for these customers, followed by the National Offender Management Service during the first half of the programme. Disabled people were also a target group for ESF provision in the region, specified in the CFO Plan and contract summaries.

In the North East, the target groups outlined in the DWP CFO Plan cover all the target groups from the Framework, in DWP's area of responsibility under Priority 1. There are also some additional target groups, which reflect DWP priority areas, with child poverty in particular mentioned.

**Supplementary CFO Plans – Phase 2 funding**

Supplementary ESF funding made available for the North East in 2009 was allocated to extending support in line with the initial CFO Plan (focusing primarily Engagement, Mentoring and Employer/Sector-specific routeways), across the region to additional participants – in particular those who have been claiming Jobseekers Allowance for over 6 months as well as a range of early entrants, at Jobcentre Plus adviser discretion.



**What was procured in Phase 2?**

There were no additional contracts let.

**Innovative and Flexible Delivery**

The ESF Manager for the region identified two aspects of the delivery of the region's Flexible Routeway contracts as examples of innovative and flexible delivery.

<p><b>Employer Placement Routeway</b></p> <p>An initiative developed in South Tyne and Wear Valley between Jobcentre Plus, an ESF provider and the NHS provided work experience placements with Sunderland Royal Hospital, the largest hospital in the area.</p> <p>There were a variety of placements within different sections of the hospital in various types of work including clerical/admin roles, pharmacy assistant, portering, care assistant, maintenance and laundry work.</p> <p>Although jobs were not guaranteed, it did give the participants access to NHS vacancies with some customers being successful in obtaining a job within the hospital.</p>	<p><b>Lone Parent Provision</b></p> <p>In North Shields, an ESF provider decided to target one of their disadvantaged groups, lone parents, in a different way by tailoring group sessions specifically for them.</p> <p>From the lone parent sessions evolved the 'Women only group' – this sought to engage women who were nervous of mixed gender groups.</p> <p>The ESF Manager in region reported a rise in referrals and feedback from customers suggesting that they preferred being with other lone parents, who they felt understood some of the barriers and difficulties they faced.</p>
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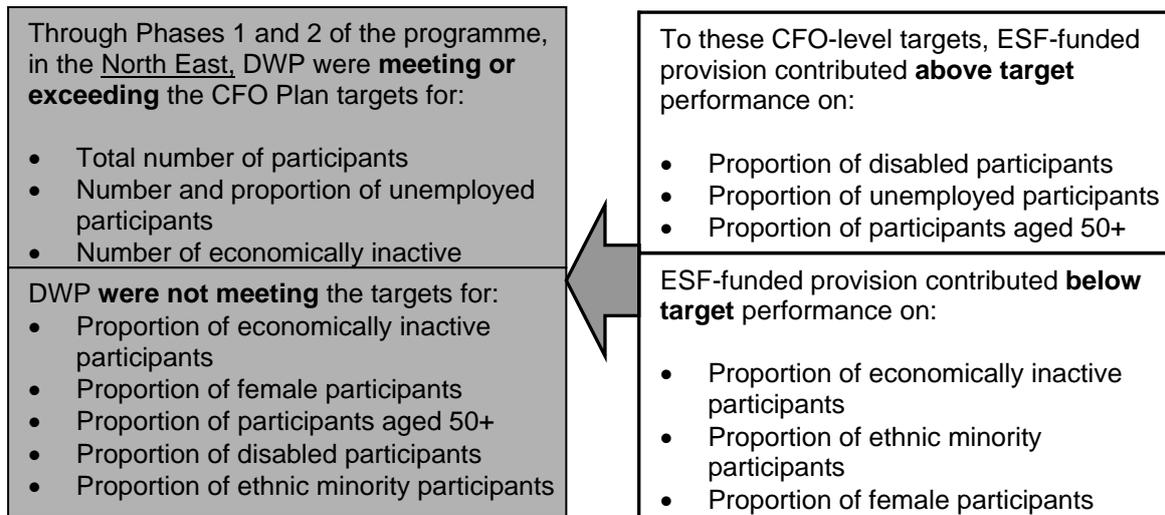
## Performance: Targets and Indicators

### Regionally specific targets

In general, the participation indicators in the CFO Plan proportionally match the Framework, which in turn matches the Operational Programme. However, as might be expected in the region, the target for the proportion of ethnic minorities participating is lower for the North East's Framework and DWP CFO Plan, than the Operational Programme. Additionally, the initial DWP CFO Plan targets a higher proportion of unemployed and inactive participants than the Operational Programme.

The supplementary CFO Plan increased the target proportion of employed participants and decreased the target proportion of inactive participants.

### Performance against CFO Plan targets



At the CFO level, the North East did not achieve many of its regional participation targets, and was below the target level for the proportion of customers leaving provision in-work. However, these targets mask stronger performance against these indicators by the ESF-funded provision.

This is particularly the case with the result indicator target of the proportion of participants leaving the programme in-work. The ESF funded provision achieved 42% - but was brought under target by the match funded component which achieved 14%.

### Results indicator – North East

Indicator	Targets				Achievement to Nov '11	
	OP – Priority 1 [2007- 13]	Framework [2007-13]	CFO Plan [2007- 10]	From Sup. CFO Plan	Achieved	ESF funded
Participants in work on leaving (a) Number (b) Percentage	195 000 22%	16 100 22%	3 914 22%	4 881 22%	13 500 21%	6 500 42%

Output indicators<sup>52</sup> – North East

Indicators	Targets				Achievement
	OP 2007-13 (Priority 1)	North East Framework 2007-13 (Priority 1)	DWP CFO Plan 2007-2010	Including Supplementary 2009 DWP CFO Plan	Cumulative achievement to Nov '11
Total number of participants	887 000	73 200	17 792	22 186	63 500
Number and % of participants who are unemployed	371 000 42%	30 600 42%	9 792 55%	14 186 64%	55 000 87%
Number and % of participants who are inactive	303 000 34%	25 000 34%	8 000 45%	8 000 36%	8 500 13%
% of participants with disabilities or health conditions	22%	22%	22%	22%	19%
% of participants aged 50 or over	18%	18%	18%	18%	12%
% of participants from ethnic minorities	25%	8%	8%	8%	3%
% of female participants	51%	51%	51%	51%	25%

<sup>52</sup> The Operational Programme gives a series of participation indicators in terms of the proportions of participants from different target groups. These proportions do not equal 100%. Many of the categories are not mutually exclusive (for example, one participant could be inactive, aged over 50 and have a disability). Two categories which **are** mutually exclusive are those who are unemployed and those inactive. To note – young people Not in Employment, Education or Training (NEET) or a risk of becoming NEET are also a participation target indicator group for Priority 1, but are not for DWP, so are not included here.

## Cross-Cutting Themes

Equal opportunities	Sustainable Development
<p>The Framework states that the North East have established an Equality and Diversity Board, which has an action plan to focus and co-ordinate activity. It also states that the procurement process can be used to support equal opportunities. The Framework provides information and suggestions for activity against the following headings:</p> <ul style="list-style-type: none"> <li>• age</li> <li>• gender</li> <li>• women and men entering non-traditional occupations and sectors</li> <li>• ethnicity</li> <li>• disability</li> </ul>	<p>The Framework states that the principles of sustainable development are integral to the RES Action Plan, which includes: a commitment to improve leadership on the issue; specialist business support for encouraging resource efficiency and a focus on low carbon technologies and renewable energy; improving access to employment for the disadvantaged and promoting equality and diversity; incorporating sustainable development principles and best practice into regeneration schemes; a focus on demand management and energy usage in transport schemes; and a focus on enhancing and protecting natural heritage and cultural assets.</p>
<p>The DWP CFO Plan re-iterates the targeting of disadvantaged groups and the geographically targeting (see p.75), and outlines a range of provision for which the disadvantaged are eligible, alongside the specifically targeted 'Customer engagement through community outreach' provision. Provider responsibilities for equal opportunities are outlined</p>	<p>The DWP CFO Plan describes the rationale for, and four main aims of, sustainable development and describes how this will be supported through the procurement process. It states five ways to support employability considering environmental or community impacts and that ESF funded project staff will be able to access sustainable development workshops. It also states that the proposal for mentoring and intensive support workers to help disadvantaged customers will also contribute to the achievement of the sustainable development aims</p>
<p>The regional contribution to the 2010 Annual Implementation Report provided information on how action on equal opportunities had been delivered. It provides a variety of specific examples of interventions and events under the following headings: gender equality; care priorities; disability; ethnic minorities; older workers; and other disadvantaged groups.</p>	<p>The regional contribution to the 2010 Annual Implementation Report states that sustainable development plans are agreed and reviewed regularly to ensure Continuous Improvement is measured and evaluated in line with guidance. There are no projects/sub contractors within current North East DWP CFO provision that are directly related to environmental or have a green skills focus.</p>

## **North West (incl. Merseyside)**

### **Summary**

- Merseyside's ESF-funded provision made one of the highest contributions to the regional CFO results indicator target for participants leaving the programme in-work – 30%. However, the low volumes in ESF-funded provision relative to match meant that the CFO still came in below this target at the CFO level.
- Merseyside has particular issues with economic inactivity. Correspondingly, in Merseyside, the DWP CFO achieved one of the higher proportions of inactive participation on ESF-funded provision, compared with other regions.
- At the CFO-level, the only output proportional participation targets met were for the proportion of participants who were unemployed (in both the North West and Merseyside) and for the proportion of disabled participants and economically inactive participants in the North West.

### **Background/Context**

In 2007, the North West was divided into five Jobcentre Plus districts: Merseyside; Cumbria & Lancashire; Manchester East & West; Manchester Central; and Cheshire & Warrington (including Halton). Merseyside was designated a 'phasing-in' area, which attracts transitional funding to 2010. 'Phasing-in' areas receive higher proportion of ESF to match funding than the other Priority 1 'Regional Competitiveness' areas, although not as high as the Convergence Objective areas (see Annex A)<sup>53</sup>.

#### **a. Geography and demography**

In 2007, the North West had the third highest population and the second highest population density in England – although this varied substantially at a sub regional level. Experimental statistics show that, compared with England as a whole, the North West had a higher proportion of the population classing themselves as White British than the UK average (89 per cent compared with 84 per cent) in 2007. The lowest proportions were in Manchester (69 per cent) and Blackburn with Darwen unitary authority (75 per cent).

The 2007 Framework describes the region as “large and varied”, stating that it has “some of the most urbanised areas in Europe with deep economic and social challenges, highly competitive areas with significant concentrations of knowledge based industries, as well as isolated rural areas”.

#### **b. Labour Market**

In the second quarter of 2007 the employment rate in the North West was just below the England average with 73 per cent of people of working age employed, compared with the UK rate of 74 per cent, while unemployment was 0.5% above the UK average at 6%. The region had amongst the lowest rates of economic activity in the second quarter of 2007. Productivity, (as measured by Gross Value Added per hour worked) was 91.6 per cent of the UK rate in 2007.

The region had amongst the greatest increases in unemployment during the economic downturn and recession – with an increase of 4% percentage points from January 2008 to June 2010.

#### **c. Skills**

In the second quarter of 2007, only the West Midlands had a greater proportion of its working age population with no qualifications.

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<sup>53</sup> The scope for direct commissioning as part of the Merseyside's 'phasing-in' area status is not included in the CFO Plan and is not covered in this report

## Governance and Alignment

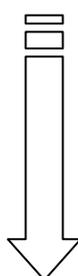
### a. What were the arrangements for ESF Planning, Governance and Monitoring?

For the period covered by the 2007-2010 DWP CFO Plans, the North West had two Co-financing Organisations – the Department for Work and Pensions (DWP) and the Learning and Skills Council (LSC). Government Office North West and external consultants drafted the Framework with support from an ESF Working Group. The Northwest Regional Development Agency (NWDA) is described as ‘having a remit to influence the Framework in line with Regional Economic Strategy’.

### b. How did DWP seek to align with other CFOs through ESF?

The DWP CFO Plan states there has been joint working at regional and local level between the LSC and Jobcentre Plus, with ‘measures’ including: “ongoing dialogue to progress joint provision”; presentations at LSC events by Jobcentre Plus; and joint mapping of provision in the form of an integrated ‘Customer Journey’. The CFO Plan also states there is a different delivery focus for each organisation – with DWP/Jobcentre Plus focusing on initial engagement and preparation for mainstream provision, and the LSC focusing on customer assessment and in-work support.

### c. ESF documentation timeline:

- 
- North West Regional Economic Strategy produced in March 2006
  - National Operational Programme submitted 5<sup>th</sup> March 2007 and agreed 9<sup>th</sup> August 2007
  - North West 2007-2013 Framework initial final version produced in November 2007
  - DWP CFO Plan final version produced in 2007
  - Local Specifications published 5<sup>th</sup> December 2007 with closing date 1<sup>st</sup> February 2008
  - Most Contracts were let in July or August 2008, initially to run to July or August 2011. One contract was let February 2010 to September 2011 and another ran December 2009 to July 2011

**Coverage – how did the initial DWP CFO Plan, and the provision procured to deliver this, seek to contribute to the Framework?**

a. ESF priorities in the North West

**National Priorities: Operational Programme**

ESF should add value to national and regional employment and skills strategies, including Regional Economic Strategies. It is intended to support the unemployed, inactive and low-skilled – and particularly those at a disadvantage in the labour market. Under Priority 1, the programme should:

- Help these groups gain skills for employability and enter sustainable employment
- Support the employability of young people, carers and women
- Consider sustainable development and equal opportunities as cross cutting themes
- Support active and preventative labour market measures
- Contribute to the UK Social Inclusion Action Plan
- Raise awareness of the world of work, enterprise and entrepreneurship for young people.

**Regional Issues: Regional ESF Framework strategic context & analysis**

- The Framework references the Lisbon Agenda, National Reform Programme and European Community Strategic Guidelines
- 'North West Statement of Skills Priorities for 2007-10' is 'a description of how key Regional Economic Strategy themes and actions relating to skills, employment and learning will be taken forward. It has six broad priorities, most of which relate to developing different types of skills, but it does also include 'tackling worklessness by linking people, jobs and training'.
- For each of the two ESF Priority axes, the Framework describes 'Action Areas'. The key Action Area for DWP is "Improving Employability and Removing Barriers to Work", with the related key aim of "Improving employability and skills of the unemployed and economically inactive people (including supporting them, where appropriate, to become self-employed) to enable them to gain, retain and progress in work. This includes re-engaging disadvantaged groups in the labour market and tackling barriers to work"

A wide range of regional issues and challenges are outlined. Those most relevant to DWP's focus on the worklessness appeared to be:

- North West: a widening productivity gap against the UK average, a declining working-age population, economic growth forecast to slow and be focused in certain sectors, sub-regional variation in the employment rate
- Merseyside: Strong recent employment growth but still a 'jobs deficit'; Problems with retaining graduates; very high economic inactivity particularly amongst BME groups, registered disabled and over 50s.

**North West CFO Plan Priorities**

- To tackle worklessness and support disadvantaged groups.
- Highlights the links the Operational Programme, Framework, DWP Strategy and the Regional Economic Strategy and 'Regional Statement of Priorities'.
- Highlights that severe deprivation is evident in most districts across the North West – the North West contains 17 of the 50 most deprived districts in England, with particular issues concentrating in Liverpool, Manchester and Knowsley.
- Particular focus on partnership working and consultation.

*b. How does the DWP CFO Plan seek to reflect national and regional priorities?*

The North West DWP CFO Plan provides brief coverage of regional analysis and references the key regional and national documentation. It links DWP Strategy to the ESF Framework, references the Regional Economic Strategy and 'Regional Statement of Priorities'. It contains a brief section on regional analysis.

*c. DWP's North West CFO Plan activities, target groups and areas*

<p><b>Key features of the activities in the initial CFO Plan</b></p> <ul style="list-style-type: none"> <li>• Early engagement of customers through community projects and volunteer activities especially people from Ethnic Minorities.</li> <li>• Tailored jobsearch help, advice and guidance.</li> <li>• Work experience placements.</li> <li>• Support for the most disadvantaged to gain sustainable employment</li> </ul> <p><b>North West (excl. Merseyside)</b></p> <ul style="list-style-type: none"> <li>• Pre-entry level Skills for Life and ESOL provision.</li> <li>• Vocational training and qualifications related to specific employers.</li> <li>• Activities to enhance job brokerage to meet the needs of disadvantaged groups.</li> <li>• Retraining people at risk from redundancy</li> </ul> <p><b>Merseyside</b></p> <ul style="list-style-type: none"> <li>• Increasing confidence, motivation and team working skills – addressing individual barriers.</li> <li>• Signposting to specialised support services and support to aide transition from benefits to employment.</li> <li>• Support for working customers in receipt of sickness benefits to avoid long – term dependency on benefits</li> <li>• Long term mentoring</li> </ul>	<p><b>Targeting in the DWP CFO Plan</b></p> <p><b>Target groups</b> The CFO Plan provides these in rank order:</p> <ul style="list-style-type: none"> <li>• People on incapacity benefits – particularly those with children.</li> <li>• Lone parents, including those with health problems and needing job search skills</li> <li>• Other people with children</li> <li>• The most disadvantaged – minority ethnic groups, ex-offenders, those with drug and alcohol misuse problems, the homeless, refugees and those who persistently return to claim JSA.</li> <li>• City Strategy provision</li> <li>• Pre - Basic Skills and ESOL support delivered as outreach</li> <li>• Repeat JSA claimants.</li> </ul> <p>There were not separate Merseyside target groups given.</p> <p><b>Target Areas</b> The Framework does not outline specific target areas but states that ESF Priority 1 resources can be spatially targeted to support activities in rural areas, area-based worklessness strategies and initiatives for urban areas, including City Employment Plans. This will also link to neighbourhood renewal strategies and Local Area Agreements (LAAs).</p> <p>This approach is echoed in the CFO Plan which states ESF activity has been aligned with LAAs and CESs. Allocation by area has been informed by analysis of numbers of priority group beneficiaries.</p>
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<p><b>What was procured in Phase 1?</b> A range of contracts were procured in the North West:</p> <ul style="list-style-type: none"> <li>• Four contracts contained a number of interventions – the contracts covered different geographical areas and varied in terms of the interventions contained, which could indicate a degree of local targeting.</li> <li>• One contract focused on Pre-Entry Level Basic Skills/ESOL</li> <li>• One contract focused on Engagement to Retention</li> <li>• Two contracts covering long term disadvantaged JSA customers</li> </ul>
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*d. How does the DWP CFO Plan fit with the Regional ESF Framework?*

The North West DWP CFO Plan provides a more succinct list of activities than the regional Framework, with more generic activity types (for example 'Support for the most disadvantaged to gain sustainable employment'). There are not descriptions of specific activities for certain groups (for example, for ex-offenders or the homeless), but the CFO Plan generally seems to seek to cover most of the Priority 1 activities in the Framework. Advice and support for self-employment, business creation and social enterprise is one area the DWP CFO Plan did not seek to cover. The DWP CFO Plan also contained mentoring, additional to the Regional Framework's activities specification.

Although not mentioned specifically in the CFO Plan, assessments, action planning and Intermediate Labour Markets, which are described in Framework, are features of ESF-funded contracts let by DWP in the North West.

In the North West, the target groups outlined in the DWP CFO Plan cover all the target groups from the Framework. There are also additional target groups, including repeat JSA claimants and those on City Strategy provision. In the regional contribution to the ESF Annual Implementation Report 2010, women and older workers are also described as priority groups.

**Innovative and Flexible Delivery**

The ESF Manager identified Community Direct, delivered as part of an ESF contract, as an example of innovative and flexible delivery.

**Community Direct in Merseyside**

As part of their ESF contract, one ESF provider identified existing community projects which met gaps in welfare-to-work provision. The provider supported these by providing funding and by arranging networking events to link these community projects together and to link them to commissioning organisations such as DWP and Work Programme providers.

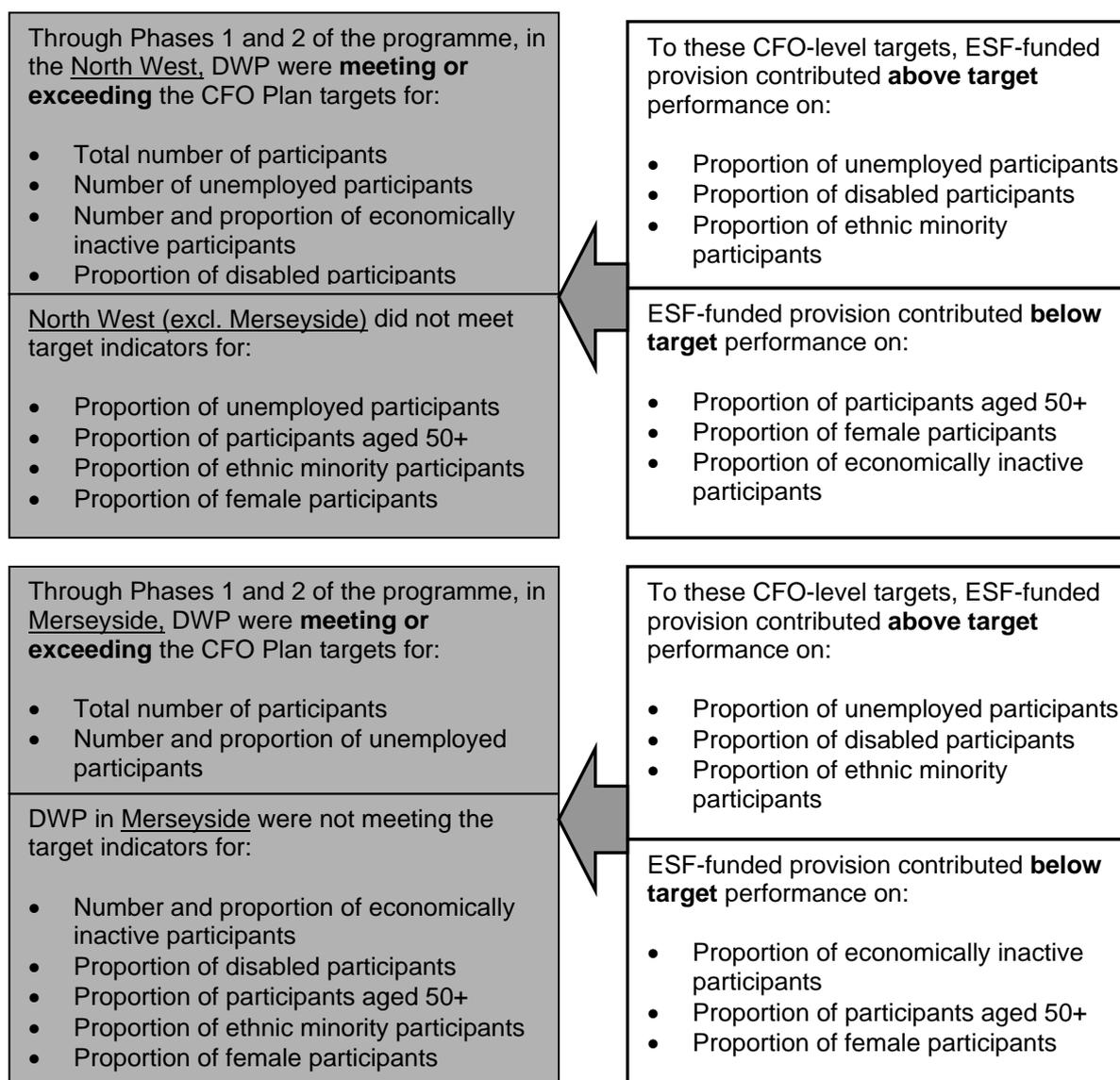
**Performance: Targets and Indicators**

**Regionally specific targets**

In general, the participation indicators in the DWP CFO Plan proportionally match the Framework, which in turn matches the Operational Programme. The targets for the proportion of ethnic minorities participating are lower in the North West Framework than stipulated in the Operational Programme – particularly for Merseyside. The ethnic minority participation indicators in the initial DWP CFO Plan, for the North West and Merseyside, are also below the Operational Programme – although for Merseyside the indicator is some way above the Framework target, while for the North West (excluding Merseyside) it was just below.

A Memorandum of Understanding (MoU), agreed in October 2010, contained revisions to the CFO Plan indicator target sets for the North West and Merseyside. As well as increasing the target frequencies, the MoU revised the ethnic minority participation indicator for both areas to be in line with the Framework. It also increased the targeted proportion of unemployed participants and, correspondingly, decreased the targeted proportion of inactive participants.

## Performance against CFO Plan targets



In both the North West and Merseyside, the ESF funded component of the provision contributed at or above target level on more proportional output indicators than were met at the CFO level.

The ESF funded provision in Merseyside achieved amongst the highest proportion of participants leaving provision in-work for any region. The North West's ESF funded provision was just below indicator target level on this indicator. At CFO-level, like 10 of the 11 areas in which DWP delivered under ESF Priority 1, both the North West and Merseyside were below the target level for this indicator.

## Results indicator – North West and Merseyside

### North West

Target	Targets				Achievement – to Nov '11	
	OP – Priority 1 [2007- 13]	Framework [2007-13]	CFO Plan [2007- 10]	From MoU <sup>54</sup>	Achieved	ESF funded
Participants in work on leaving (a) Number (b) Percentage	195 000 22%	9 700 22%	7 102 22%	8 528 22%	13 500 16%	6 500 21%

### Merseyside

Target	Targets				Achievement – to Nov '11	
	OP – Priority 1 [2007- 13]	Framework [2007-13]	CFO Plan [2007- 10]	From MoU	Achieved	ESF funded
Participants in work on leaving (a) Number (b) Percentage	195 000 22%	9 700 22%	3 120 22%	3 420 22%	6 500 18%	2 500 30%

<sup>54</sup> The North West did not produce a Supplementary CFO Plan but there was a Memorandum of Understanding agreed to cover the use of the additional funds provided for the recession.

### Output indicators<sup>55</sup> – North West and Merseyside

Indicators	Targets				Achievement
	OP 2007-13 (Priority 1)	North West Framework 2007-13 [Priority 1]	DWP CFO Plan 2007-10 [North West excl. Merseyside]	Revised MoU [North West excl. Merseyside]	Cumulative achievement to Nov '11
Total number of participants	88 7000	100 800	32 280	38 763	95 500
Number and % of participants who are unemployed	371000 42%	42 200 42%	17 754 55%	21 320 63%	58 000 61%
Number and % of participants who are inactive	303 000 34%	34 400 34%	14 526 45%	17 443 37%	37 000 39%
% of participants with disabilities or health conditions	22%	22%	22%	22%	35%
% of participants aged 50 or over	18%	18%	18%	18%	16%
% of participants from ethnic minorities	25%	17%	16%	17%	14%
% of female participants	51%	51%	51%	51%	33%

Indicators	Targets				Achievement
	OP 2007-13 (Priority 1)	North West Framework 2007-13 [Priority 1]: Merseyside	DWP CFO Plan 2007-2010 [for Merseyside]	Revised MoU [for Merseyside]	Cumulative achievement to Nov '11
Total number of participants	887 000	58 900	14 260	15 554	36 500
Number and % of participants who are unemployed	371 000 42%	26 300 46%	7 843 55%	8 550 55%	30 500 84%
Number and % of participants who are inactive	303 000 34%	21 500 37%	6 417 45%	6 995 45%	6 000 16%
% of participants with disabilities or health conditions	22%	22%	22%	22%	18%
% of participants aged 50 or over	18%	18%	18%	18%	9%
% of participants from ethnic minorities	25%	5%	16%	5%	4%
% of female participants	51%	51%	51%	51%	30%

<sup>55</sup> The Operational Programme gives a series of participation indicators in terms of the proportions of participants from different target groups. These proportions do not equal 100%. Many of the categories are not mutually exclusive (for example, one participant could be inactive, aged over 50 and have a disability). Two categories which are mutually exclusive are those who are unemployed and those inactive. To note – young people Not in Employment, Education or Training (NEET) or a risk of becoming NEET are also a participation target indicator group for Priority 1, but are not for DWP, so are not included here.

## Cross-Cutting Themes

Equal Opportunities	Sustainable Development
<p>The Framework describes the legal framework behind equal opportunities and states that, in particular, it will:</p> <ul style="list-style-type: none"> <li>• Maintain the dual approach to tackling gender inequality and equal opportunities by funding specific projects that target women and disadvantaged/under-represented groups.</li> <li>• Promote accessibility for disabled people at all stages of implementation, and ensure that projects give full consideration to the needs of disabled people.</li> </ul>	<p>The Framework states that sustainable development will be integrated into the commissioning process to meet regulatory requirements and maximise resource and energy efficiency, and sustain and enhance the natural and physical environment. It provides three sustainable development objectives. In addition, it states that when identifying priorities for ESF, the Framework will consider:</p> <ul style="list-style-type: none"> <li>• How ESF can complement ERDF and other regional economic strategies in a way that supports environmental sustainability</li> <li>• Identifying skills needs in sectors most likely to impact on the environment – supporting CFOs in identifying vocational courses which would benefit from integrated sustainable development training</li> <li>• Entrepreneurial and skills support for SMEs in the environmental technologies sector.</li> </ul>
<p>The DWP CFO Plan states that it will seek to embrace diversity and equality by targeting resources on the most disadvantaged, and there will be alignment with the City Employment Strategy to support this. The DWP CFO Plan states that it will support equality and diversity by providing services that embrace and promote these. The CFO plan also includes specific provision for the disadvantaged, including ethnic minorities, older workers and the disabled. Providers' requirements in relation to equality and diversity are described</p>	<p>The DWP CFO Plan describes the rationale for, and four main aims of, sustainable development and describes how this will be supported through the procurement process. It states five ways to support employability considering environmental or community impacts and states that ESF funded project staff will be able to access sustainable development workshops.</p>
<p>The regional contribution to the 2010 Annual Implementation Report provides information on how gender equality has been actively promoted. It states that all DWP ESF providers in the North West promote gender equality – it provides examples of activity from a number of providers, including: working with partner organisations to promote referrals; promotion through group inductions to provision; the importance of and rationale for equal rights being provided within handbooks; training for males, females and transgender groups are available; use of outreach; ensuring courses are open to all genders. Examples of provision for lone parents, disabled people, people with mental health problems and older workers are provided, as are details of child care support.</p>	<p>The regional contribution to the 2010 Annual Implementation Report provides information on how sustainable development has been incorporated in the programme for 2007-10:</p> <ul style="list-style-type: none"> <li>• All ESF Providers completed the ESF8 Local Sustainable Development Provider Self Assessment Tool between 13 and 26 weeks from their contract start date and completed a revised ESF8 in January 2010.</li> <li>• Two contracts in particular have elements with a specific focus on Green projects. An example project is provided, in which a group session on Sustainable Development developed by DERFA is delivered within a 10 week course on improving employability and skills.</li> </ul>

## **South East**

### **Summary**

- ESF-funded provision in the South East achieved amongst the higher regional performance levels against the results indicator target of proportion of participants leaving the programme in work. Although just below target, the total CFO-level for the first half of the programme was amongst the highest of any region.
- ESF funded provision procured by the CFO was unusual in exceeding the target for 50+ participants, contributing to target-level performance at CFO level.
- Indicators suggest that the region had one of the strongest labour markets in 2007, when ESF documentation was being finalised – but issues remained with intra-regional variations.
- The region was one of three which took the approach of letting a range of contracts for different types of provision.

### **Background/Context**

#### *a. Geography and demography*

In 2007, the South East region was organised into 4 Jobcentre Plus districts: Berkshire, Buckinghamshire and Oxfordshire, Hampshire and Isle of Wight; Kent; and Surrey and Sussex. It was the most populous region and had the third highest population density. Within the region, there is substantial variation between urban areas like Portsmouth and small towns and rural areas, like Chichester and West Oxfordshire.

#### *b. Labour Market*

The South East had the highest rates of employment and economic activity of the regions in the second quarter of 2007. It also had had the lowest economic inactivity rate and the second lowest unemployment rate – both some way below the England average. Labour productivity as measured by GVA (gross value added per hour worked) in the South East in 2007 was 3.1 per cent above the UK average.

Although the South East did experience a 40% increase in unemployment in the year to February-April 2009, more broadly, over the period from January 2008 to June 2010, the region experienced an increase in unemployment of 2.1 percentage points – the joint lowest with the East Midlands

However, the 2007 ESF Framework reports that there are intra-regional variations in labour market performance. The Framework also reports that the region had a relatively strong enterprise base, with the level of self-employment well above the national average and that the region is highly dependent on small enterprises.

#### *c. Skills*

In quarter 2 of 2007, 21.4 per cent of the working-age population in the South East were qualified to level 4 of the National Qualification Framework (NQF). This was the second highest percentage after London (30.5 per cent).

The 2007 ESF Framework commented more generally that, relative to most of the UK and EU, the South East has a well qualified workforce, but this masks significant intra-regional variations.

## Governance and Alignment

### a. What were the arrangements for ESF Planning, Governance and Monitoring?

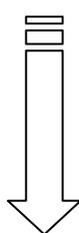
For the 2007-2010 period, the South East had three Co-financing Organisations – the Department for Work and Pensions (DWP), Learning and Skills Council (LSC) and the South East England Development Agency. In the South East, DWP delivered activity under Priority 1 – of the ESF Regional Competitiveness Objective – and responsibility for this objective was shared with the other two CFOs.

The Regional Skills Partnership which developed the Framework in the South East is the Regional Skills for Productivity Alliance (RSPA). This body drew together 20 key partners. Work on the evidence base was commissioned by RSPA; and an external research agency and a range of stakeholders supported the Framework development.

### b. How did DWP seek to align with other CFOs through ESF?

The CFO Plan states that the CFO organisations meet on a regular basis at all levels and that there will be ‘measures’ to support joint working – although the Plan is not specific on what these are.

### c. ESF documentation timeline:



- National Operational Programme submitted 5<sup>th</sup> March 2007 and agreed 9<sup>th</sup> August 2007
- South East Framework final version produced on 20<sup>th</sup> August 2007
- DWP CFO Plan final version produced in 2007.
- South East Economic Strategy produced 6<sup>th</sup> December 2007
- Local Specifications published 5<sup>th</sup> December with closing date 1<sup>st</sup> February 2008
- Contracts were let for 3 years, generally between beginning between June and August 2008, with one contract let December 2010 to July 2011.

**Coverage – how did the initial DWP CFO Plan, and the provision procured to deliver this, seek to contribute to the Framework?**

a. *ESF priorities in the South East*

**National Priorities: the Operational Programme**

ESF should add value to national and regional employment and skills strategies, including Regional Economic Strategies. It is intended to support the unemployed, inactive and low-skilled people – and particularly those at a disadvantage in the labour market. Under Priority 1, the programme should:

- Help these groups gain skills for employability and enter sustainable employment
- Support the employability of young people, carers and women
- Consider sustainable development and equal opportunities as cross cutting themes
- Support active and preventative labour market measures
- Contribute to the UK Social Inclusion Action Plan
- Raise awareness of the world of work, enterprise and entrepreneurship for young people.

**Regional Issues: Regional ESF Framework strategic context & analysis**

- The Framework describes the links to the Regional Economic Strategy (RES), particularly around the ‘Smart Growth’ objective.
- Drawing on commissioned research, and evidence and intelligence from a range of sources, the Framework describes regional labour market issues
- It highlights there is still a “significant pool” of individuals that could be reconnected with the labour market, and that worklessness disproportionately affects certain groups
- There are intra-regional variations in unemployment, economic activity rates, and skills – where there are gaps, particularly at the lowest levels. There are also expected to be uneven patterns of future employment growth.
- Future challenges and opportunities included: demographic change and labour market constraints, including the ageing population; global competition and making the most of 2012.

**DWP South East CFO Plan Priorities**

- Makes links to the Operational Programme, Framework and Regional Economic Strategy and states it will respond to the analysis undertaken to support Framework development. Describes the aims and objectives of DWP and Jobcentre Plus – and states that ESF has complementary objectives.
- Will support ongoing Jobcentre Plus partnership activities to enable a sustained and co-ordinated approach to tackling worklessness. The CFO Plan also highlights other government bodies with a role – the RDA, Government Office and LSC, as well as the role for the Voluntary and Community Sector in supporting particularly the most disadvantaged people.

b. How does the DWP CFO Plan seek to reflect national and regional priorities?

The DWP CFO Plan references the links to the key national and regional documentation (including the Regional Economic Strategy), and between DWP and Jobcentre Plus’s aims and the Operational Programme and the Framework – although these links, and CFO-level priorities, are not described as much detail as some CFO Plans. Analysis commissioned to support the Framework is referenced.

c. DWP’s South East Co-Financing Organisation Plan activities. target groups and areas

<p><b>Key features of the activities in the initial CFO plan</b></p> <ul style="list-style-type: none"> <li>• Support for disadvantaged groups</li> <li>• Activities to support job sustainability and retention, as well as labour market engagement and entry.</li> <li>• Personalised, tailored or flexible packages of support, including pathways to employment</li> <li>• Training including job-related customised training, vocational, soft skills and access training, work experience and trials</li> <li>• Work search activities, information, advice and guidance</li> <li>• Access to childcare and care for dependent people</li> <li>• Activities to support Local Employment Partnerships (LEPs)</li> <li>• Rural areas, including community-based activities and outreach.</li> <li>• Measures which ensure early identification of the needs, including action plans</li> </ul>	<p><b>Targeting in the DWP CFO Plan</b></p>
	<p><b>Target groups</b> South East Region priority groups for DWP support in ranked order are:</p> <ul style="list-style-type: none"> <li>• People on incapacity benefits (particularly existing claimants, and those with children);</li> <li>• Lone parents;</li> <li>• Other people with children, including those not on benefit;</li> <li>• Most disadvantaged (for example, ex-offenders, people from black and ethnic minority communities, homeless people, persistent returners to JSA);</li> <li>• People with Basic Skills needs;</li> <li>• Jobseeker’s Allowance customers</li> </ul> <p><b>Target areas</b> The Framework states there should be a clear rationale in CFO Plans for targeting at ESF activity at different geographical levels. Local Area Agreements (LAA) and Multiple Area Agreements should be used where available to inform this. In terms of ESF Priority 1, the Framework states that deprived coastal, urban and rural areas are to be targeted as identified in the evidence base, in line with RES geographies and taking into account LAA information where available</p> <p>In response, the CFO Plan gives a series of specific priority areas, which it states have been chosen to reflect the patterns of deprivation and growth potential identified in the RES Framework.</p>



<p><b>What was procured in Phase 1?</b> The approach in the South East was to procure a series contracts for different types of intervention:</p> <ul style="list-style-type: none"> <li>• Sector skills</li> <li>• Mentoring for lone parents and Incapacity Benefit customers</li> <li>• Community outreach</li> <li>• Pre-employment training programme</li> <li>• Support for the hardest to help</li> <li>• A range employment support for disadvantaged groups</li> </ul>
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d. How does the DWP CFO Plan fit with the Regional ESF Framework?

The activities in the CFO Plan generally relate to those described in the Framework under Priority 1, although the CFO Plan refers more specifically to activities for different disadvantaged groups – as well as to work-search activities; active and preventative measures which ensure early identification of the needs, including action plans; and activities to support – which are not covered in the Framework.

The main area not covered under the DWP CFO Plan for the South East, which is referenced in the Framework, is activity to support self-employment, enterprise and social enterprise.

The DWP CFO Plan target groups cover all those described in the Framework, with the exception of older workers and women – who are not described as target groups in the CFO Plan, but for whom specific activities are described. The CFO Plan additionally contains homeless people, persistent returners to JSA, people with basic skills needs and Jobseeker's Allowance customers more generally.

**Supplementary CFO Plans – Phase 2 funding**

Supplementary ESF funding was made available for the South East in 2009. The supplementary CFO Plan states this funding should support the Framework delivery by:

- providing provision similar to existing provision to cater for additional participant numbers and/or scope of provision in some geographical locations in the South East
- developing new provision for which there was not sufficient funding under the original plan due to economic downturn

The new provision is targeted at people on JSA for 6 months or more, for at Day 1 on adviser discretion for a range of specified priority group customers. Four specific geographical target areas are given.



**What was procured in Phase 2?**

One contract to support long-term & disadvantaged JSA customers, with the aim of getting people into stable long term employment – and targeted at groups and in districts as above.

**Innovative and Flexible Delivery**

The South East's ESF Manager identified the 'Reach Out' programme as an example of innovative delivery in the region.

**Reach Out**

The Reach Out programme sought to engage priority customers in targeted areas that were less likely to be Jobcentre Plus customers, and provide support for up to 26 weeks. 'Key Workers' were a feature of the programme – staff that engaged and recruited customers and continued to support them through the programme. Jobcentre Plus customers could receive this support via Reach Out alongside Jobcentre Plus support, as long as each stream of support was seen to add value.

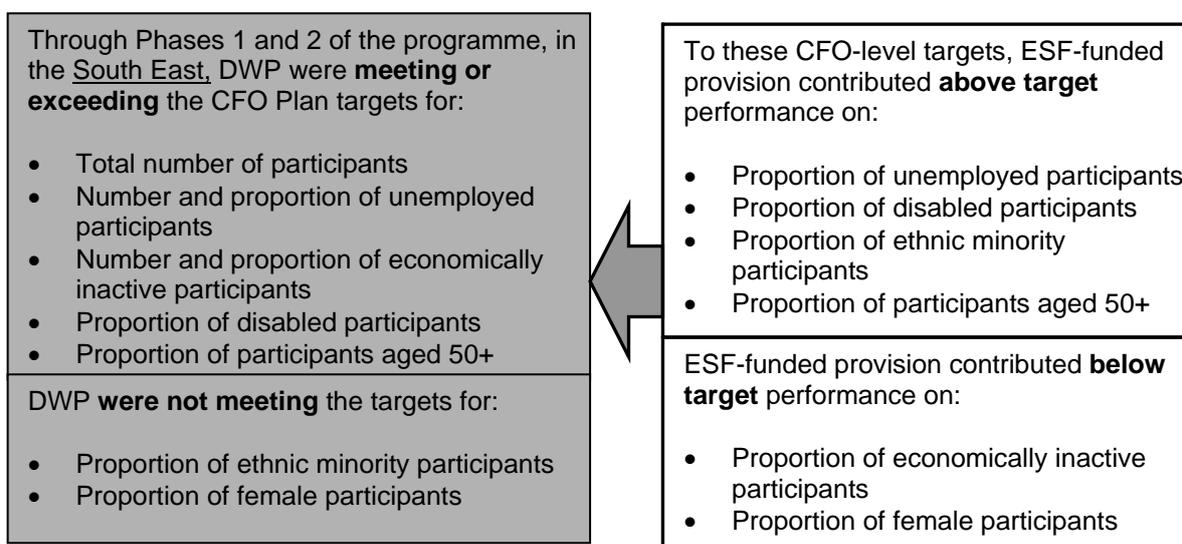
**Performance: Targets and Indicators**

**Regionally specific targets**

In general, the participation indicators in the DWP CFO Plan proportionally match the Framework, which in turn matches the Operational Programme. The target for the proportion of ethnic minorities participating is lower in the South East Framework and DWP CFO Plan than stipulated in the Operational Programme. Additionally, the Phase 1 DWP CFO Plan targeted a higher proportion of inactive participants. The 2009 supplementary CFO Plan increased the target indicator for the number of unemployed participants and the proportion,

while reducing the proportion of economically inactive participants – to closer to the level stipulated in the Framework.

### Performance against CFO Plan targets



The South East was one of the five CFOs to achieve the output target level for the proportion of over 50s participating. Against the supplementary CFO Plan targets, the CFO achieved the target for the proportion of economically inactive participants. The ESF-funded provision contributed to the above target performance on these indicators.

At the CFO level, the region contributed one of the highest proportions of people leaving the programme in-work, although this was still below the CFO Plan target level. The ESF-funded component also achieved one of the highest proportions of participants leaving the programme in-work – above the level specified in the initial CFO Plan, but just below the revised target in the supplementary CFO Plan, which was the highest set in any of the Priority 1 regions at 25%.

### Results indicator – South East

Indicators	Targets				Achievement to Nov '11	
	OP – Priority 1 [2007- 13]	Framework [2007-13]	CFO Plan [2007- 10]	From Sup. CFO Plan	Achieved	ESF-funded
Participants in work on leaving (a) Number (b) Percentage	195 000 22%	15 400 22%	4 560 22%	6 186 25%	10 000 21%	4 500 24%

## Output indicators<sup>56</sup> – South East

Indicators	Targets				Achievement
	OP 2007-13 (Priority 1)	South East Framework 2007-13 (Priority 1)	Original DWP CFO Plan 2007-2010	Including Supplementary 2009 DWP CFO Plan	Cumulative achievement to Nov'11
Total number of participants	887 000	70 200	20 560	24 956	56 500
Number and % of participants who are unemployed	371 000 42%	29 400 42%	11 320 55%	15 716 63%	35 500 63%
Number and % of participants who are inactive	303 000 34%	24 000 34%	9 240 45%	9 240 37%	21 000 37%
% of participants with disabilities or health conditions	22%	22%	22%	22%	41%
% of participants aged 50 or over	18%	18%	18%	18%	18%
% of participants from ethnic minorities	25%	11%	11%	11%	9%
% of female participants	51%	51%	51%	51%	33%

<sup>56</sup> The Operational Programme gives a series of participation indicators in terms of the proportions of participants from different target groups. These proportions do not equal 100%. Many of the categories are not mutually exclusive (for example, one participant could be inactive, aged over 50 and have a disability). Two categories which **are** mutually exclusive are those who are unemployed and those inactive. To note – young people Not in Employment, Education or Training (NEET) or a risk of becoming NEET are also a participation target indicator group for Priority 1, but are not for DWP, so are not included here.

## Cross-Cutting Themes

Equal Opportunities	Sustainable Development
<p>The Framework describes a number of specific issues for participant groups and the participation targets set. It states that the programme will promote equality in a pro-active way by integrating equal opportunities into all aspects of programme delivery. States that CFOs will need to complete EIAs – and what these should specify. Additionally:</p> <ul style="list-style-type: none"> <li>• Technical assistance may be available to support equal opportunities awareness raising training, sharing of adaptive technologies (including ICT) and to promote the use of tool kits and Impact Assessments.</li> <li>• The Equal-WORKS repository will be promoted.</li> <li>• The London 2012 Paralympic Games will be promoted as a positive focus for awareness-raising.</li> </ul>	<p>The Framework provides national-level background on sustainable development. Specific South East issues described are: climate change; coastal erosion; pressure on infrastructure and scarcity of natural resources (particularly water shortages); congestion and poor access in rural areas; research excellence in and growth of environmental technologies.</p> <p>States the approach to sustainable development will include:</p> <ul style="list-style-type: none"> <li>• Minimising travel and maximising access to provision through innovative delivery methods and the use of ICT.</li> <li>• Contributing to the development of the Regional Resource Centre for Environmental Technologies through the development of appropriate skills to enhance relevant implementation.</li> <li>• Integrating environmental management and technologies across provision, including support for skills and jobs identified in LANTRA’s Sector Skills</li> <li>• Identifying skills needs in key sectors which are likely to have a positive impact on the environment.</li> </ul>
<p>The DWP CFO Plan seeks to embrace diversity and equality by targeting resources on those considered most disadvantaged in the labour market – describing a number of groups for whom specific provision is available and stating that, geographically, areas identified as having the highest concentrations of the disadvantaged people should be targeted. Providers’ requirements in relation to equality and diversity are described.</p>	<p>The DWP CFO Plan describes the rationale for, and four main aims of, sustainable development. It states that sustainability will be an integral part of the procurement process.</p>
<p>The regional contribution to the 2010 Annual Implementation Report states:</p> <ul style="list-style-type: none"> <li>• Providers are supportive of gender equality with some delivering specifically tailored courses. Examples of customer experience are provided</li> <li>• Childcare is a contractual obligation.</li> <li>• The region is meeting its target for the disability priority group participation.</li> <li>• Difficulties in meeting the ethnic minority target are described; and aspects of outreach detailed.</li> <li>• The number of older workers being supported by providers has increased through the programme - linked to the recession. Aspects of partnership working are described.</li> <li>• Provision is available other disadvantaged groups (such as Offenders, Drug and Alcohol abusers)</li> </ul> <p>For all above groups, details of aspects of delivery are provided.</p>	<p>The DWP CFO Plan describes five ways that ESF funded projects will consider environmental or community impacts and that ESF-funded project staff will be able to access sustainable development workshops.</p> <p>The regional contribution to the 2010 Annual Implementation Report describes an example of ‘green delivery’ but states that “on the whole, our Providers do not have a particular focus on green skills or green jobs, and that also applies to our sub-contractors”.</p> <p>Providers are expected to have a ‘green policy’ and Performance managers check regularly that environment policies are in place. A sustainability training event, delivered by Ecotec, for ESF providers and CFOs is also described.</p>

## **South West**

### **Summary**

- The South West had some strong labour market indicators when the ESF programme documents were produced in 2007 – employment was relatively high and unemployment low, although there was significant intra-regional variation. There was also a challenge around productivity.
- The region's ESF-funded provision made an above-target contribution to the CFO result target of the proportion of participants leaving the provision in-work, although due to the performance of the match provision, the CFO was below target in the region.
- The South West, at CFO level, achieved target level performance on the proportion of disabled participants, 50+ participants, ethnic minority participants and economically inactive participants, although the latter was driven by the performance of match funded provision.

### **Background/Context**

#### *a. Geography and demography*

In 2007, South West region comprised four Jobcentre Plus districts: Devon (Cornwall falls under the ESF 'Convergence Objective' and is covered in a separate report); West of England; Dorset and Somerset; and Gloucestershire, Wiltshire and Swindon.

The South West is the largest region of England by area and has the lowest population density. Experimental estimates show that 92 per cent of the region's population classed themselves as White British in 2007, the second highest of all English regions after the North East.

#### *b. Labour Market*

Along with the South East and East of the England, the South West had relatively high employment and economic activity the second quarter of 2007. The unemployment rate was the lowest of the regions at 3.3 per cent compared with an average of 4.3 per cent for England.

The 2007 Framework reported that economic inactivity was lower in the region than nationally, although there were wide east-to-west variations within the region. In 2007, productivity, as measured by GVA per hour worked, was 91.6 per cent of the UK rate in 2007. Earlier data reported in the Framework also showed productivity levels below the UK average, and that although there had been growth in this area, there was also a sub-regional divide.

Like Yorkshire and the Humber, the West Midlands and the South East, the South West saw increases of over 40 per cent in the number of unemployed in the year to Feb–Apr 2009. Over the period from January 2008 to June 2010, the region experienced an increase in unemployment of 2.7 percentage points.

#### *c. Skills*

Along with the South East, in the second quarter of 2007, the South West had amongst the lowest proportions of regional working age populations with no qualifications.

## Governance and Alignment

### a. What were the arrangements for ESF Planning, Governance and Monitoring?

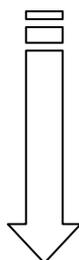
The Regional ESF Framework was produced by the Regional Skills Partnership, with the support of an ESF Implementation Group made up of representatives from the main stakeholders including: Jobcentre Plus, LSC; the Local Authorities; the Private Sector; the Community and Voluntary Sector; the Sector Skills Organisations and the South West Skills & Learning Intelligence Module.

For the 2007-2010 period, the South West had two Co-financing Organisations – the Department for Work and Pensions (DWP) and between the Learning and Skills Council (LSC). In the South West, DWP delivered activity under Priority 1 - of the ESF Regional Competitiveness and Employment Objective. This responsibility was shared with the LSC, although each CFO is responsible for the production of its own plan

### b. How did DWP seek to align with other CFOs through ESF?

The DWP CFO Plan states that there is an 'inherent understanding in all proposals' that DWP participants will be referred to LSC provision where it exists and is relevant. However, the Plan itself does not operationalise this. The CFO Plan also notes that LSC and DWP staff met to agree that the LSC would support activities close to the DWP agenda (four specific activities are outlined). The CFO Plan records meetings between DWP and Local Authorities to ensure that LAAs are supported through CFO Plan, but these are not detailed further.

### c. ESF documentation timeline:



- South West Economic Strategy produced 23<sup>rd</sup> May 2006
- National Operational Programme submitted 5<sup>th</sup> March 2007 and agreed 9<sup>th</sup> August 2007
- South West Framework final version produced in June 2007
- Final version of the initial DWP CFO Plan produced on November 2007
- Local Specifications published 5<sup>th</sup> December with closing date 1<sup>st</sup> February 2008
- Contracts were generally let June or July 2008, initially to run to June or July 2011. Two contracts were let from December 2009 to July 2011.

**Coverage – how did the initial DWP CFO Plan, and the provision procured to deliver this, seek to contribute to the Framework?**

a. ESF priorities in the South West

**National Priorities: the Operational Programme**

ESF should add value to national and regional employment and skills strategies, including Regional Economic Strategies. It is intended to support the unemployed, inactive and low-skilled people – and particularly those at a disadvantage in the labour market. Under Priority 1, the programme should:

- Help these groups gain skills for employability and enter sustainable employment
- Support the employability of young people, carers and women
- Consider sustainable development and equal opportunities as cross cutting themes
- Support active and preventative labour market measures
- Contribute to the UK Social Inclusion Action Plan
- Raise awareness of the world of work, enterprise and entrepreneurship for young people.

**Regional Issues: Regional ESF Framework strategic context & analysis**

- The Framework describes links to regional strategies including the Regional Economic Strategy; Regional Skills Strategy; 'The Way Ahead: Delivering Sustainable Communities in the South West'; The South West Competitiveness ERDF Programme; and the Rural Development Programme.
- Specifically, ESF Priority 1 is seen as linking to RES strategic objectives to: 'Build strong and Inclusive communities' – through increased levels of employment and training rates and reductions in the proportion of disadvantaged groups not in education, employment or training; and 'Regenerate the most disadvantaged areas' through reducing intra-regional reducing gap in productivity and increasing levels of enterprise in disadvantaged communities.
- Analysis included in the Framework highlights: a regional low skills equilibrium with an over dependence on low paid and low value jobs; workless households; the aging population; dependence on small firms and high levels of self-employment, which impact staff training and upskilling.
- A SWOT analysis for the region is also reported.

**DWP South West initial CFO Plan Priorities**

- References the Lisbon Agenda and the aims of DWP, stating that DWP ESF projects will support these. The CFO Plan presents a table explaining ESF contributions to regional strategy objectives described in the Framework.
- It highlights links to other CFO provision and the ERDF programme. A table sets out links with partners across districts.
- The focus is on reducing unemployment and inactivity by supporting disadvantaged groups. The regional overview highlights that that despite a period of sustained economic growth, and maintained high levels of employment and low levels of unemployment, the benefits have not been shared equally.

b. How does the DWP CFO Plan seek to reflect national and regional priorities?

The South West CFO Plan references DWP's aims and objectives and links these to the Operational Programme. The South West CFO Plan takes a detailed approach to describing strategic linkages, providing tables which demonstrate the ESF programme's contribution to the Regional Economic Strategy and how ESF objectives fit with a range of other regional strategies.

c. DWP's South West Co-Financing Organisation Plan activities. target groups and areas

<p><b>Key features of the activities in the initial CFO Plan</b></p> <ul style="list-style-type: none"> <li>• A focus on supporting the following disadvantaged and/or inactive groups: people with disabilities/health conditions; older workers; lone parents; ex-offenders; and ethnic minorities</li> <li>• Support for job sustainability and/or retention, as well re-engagement and labour market entry</li> <li>• Interventions to support skills, including: Skills for Life (including language skills and ESOL); soft and employability skills; volunteering, and environmental activities.</li> <li>• Early interventions for those at risk of redundancy to adapt qualifications and skills</li> <li>• Support for those with childcare/caring responsibilities</li> <li>• Jobsearch help, work preparation and work experience</li> <li>• Advice and support for self-employment</li> <li>• Job brokerage</li> <li>• Active and preventative measures which ensure early identification of needs, including individual action plans</li> <li>• Area-based approaches to tackling worklessness in urban areas.</li> </ul>	<p><b>Targeting in the CFO Plan</b></p> <p><b>Target areas:</b></p> <ul style="list-style-type: none"> <li>• Incapacity Benefit customers; people with disabilities and health conditions</li> <li>• Lone parents and other disadvantaged parents</li> <li>• Older people, aged over 50</li> <li>• Ethnic minorities</li> <li>• Ex-offenders</li> <li>• Homeless people</li> <li>• Refugees</li> <li>• Those with substance abuse, drug or alcohol problems</li> <li>• People under threat of redundancy</li> </ul> <p><b>Target groups</b></p> <p>The Framework describes the spatial targets as areas with significant workless/claimant household and rural areas.</p> <p>The DWP CFO Plan states activity will be delivered in all Jobcentre Plus Districts – but DWP/Jobcentre Plus have worked with partners to focus activity. Statistical data relating to Lower Super Output Areas was used as a reference point for determining both the geographical areas and the customer groups involved, to target areas of high worklessness.</p>
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<p><b>What was procured?</b></p> <p>A range of contracts were procured in the South West:</p> <ul style="list-style-type: none"> <li>• Two contracts offering a range of support for customers unemployed for 6 months or longer or who are disadvantaged</li> <li>• Three area-specific contracts to tackle worklessness and two contracts specifically focusing on priority deprived areas in one district – one focusing on engaging with unemployed/economically inactive parents through outreach and another on increasing economic participation.</li> <li>• Specific contracts for supporting those with learning disabilities; with economically inactive parents; with inactive partners/the families of offenders</li> <li>• Participant and employer engagement and employment support, with one contract focusing on reaching participants through outreach at children centres and another focusing on community centres.</li> </ul>
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d. How does the DWP CFO Plan fit with the Regional ESF Framework?

The relationship between the Framework and DWP's CFO Plan in the South West was very apparent for those activities featured in both the CFO Plan and the Framework – these were generally described in the same terms in both documents. As one of three CFOs, the DWP Plan sought to cover most of the activities under Priority 1 in the Framework. Those not described were:

- Vocational training and qualifications for employability
- Activities to tackle specific barriers to work faced in rural areas.
- Small grants for voluntary and community organisations
- Mainstreaming/specific action to support women, and to help men and women access occupations/sectors where they are underrepresented.
- Specific needs of people who experience multiple disadvantage

The approach to delivering the ESF programme in the South West was to commission a number of different types of contract, which appeared to cover all the key features of the CFO Plan. In addition to the range of activities and target groups described in the CFO Plan, there is provision targeted at the families and partners of offenders.

Of the three ESF Priority 1 target groups described in the regional Framework – NEETs, workless households and older workers – DWP only specifically referenced older people, although the activity procured by DWP in the region seeks to support workless people, who are either unemployed or inactive. There are also a number of groups additional to the Framework included in the South West's DWP CFO Plan: homeless people; refugees; those with substance abuse, drug or alcohol problems; and people under threat of redundancy.

**Supplementary CFO Plan – Phase 2 funding**

Additional ESF funding was made available in the South West in 2009. The supplementary CFO Plan stated that the funding would support:

- Increasing the numbers able to access existing ESF provision in parts of Devon.
- Providing new provision to support 6 month JSA customers in remaining three Districts comprising: engagement; assessment and identification of barriers; overcoming barriers and skills acquisition; transition into employment; and post employment support

**Target Groups**

- People on JSA for 6 months, not required to enter existing mandatory programmes
- Day One eligibility at Adviser Discretion for a wide range of customer groups
- Customers who have not passed Employment Support Allowance Work Capability Assessments or Incapacity Benefit Personal Capability Assessments



**What was procured in Phase 2?**

One contract was procured – for those unemployed for 6 months or longer or for certain disadvantaged groups or at the discretion of a Jobcentre Plus adviser from Day 1. Provision was intended to move individuals into stable secure work by moving individuals closer to the labour market through a range of tailored support measures.

## Innovative and Flexible Delivery

The ESF manager in the region put forward two projects as examples of innovative delivery.

Meditation and Tai Chi	Torbay Works
<p>In the West of England District, one ESF provider augmented their delivery by providing participants with (in addition to confidence building, interview techniques, and CV workshops) Meditation and Tai Chi to help individuals control their stress levels.</p>	<p>As part of the 'Torbay Works' project, an ESF provider arranged and hosted a community information event in the format of a summer festival – drawing people in with live musical entertainment, with skills and activities provided by self employed clients of the project. The approach had the aims of:</p> <ul style="list-style-type: none"> <li>• Raising the profile of the provision</li> <li>• Cementing multi-agency working developed through the outreach work done by consultants</li> <li>• Promoting the cross-cutting themes of skills development, small enterprise and the benefits of economic and community activity to the region</li> </ul>

## Performance: Targets and Indicators

### Regionally specific targets

In general, the participation indicators in the initial DWP CFO Plan proportionally match the Framework, which in turn matches the Operational Programme. The target for the proportion of ethnic minorities participating is lower in the South West Framework and DWP CFO Plan than stipulated in the Operational Programme and the initial DWP CFO Plan also targeted a higher proportion unemployed participants than either the Operational Programme or Framework.

The 2009 supplementary CFO Plan further increased the target indicator for the number and the proportion of unemployed participants, while reducing the target proportion of economically inactive participants to below the level stipulated in the Framework or Operational Programme.

### Performance against CFO Plan targets

<p>For Phases 1 and 2 of the programme, in the <u>South West</u>, DWP had <b>met or exceeded</b> the CFO Plan target indicators for:</p> <ul style="list-style-type: none"> <li>• Total number of participants</li> <li>• Number of unemployed participants</li> <li>• Number and proportion of economically inactive participants</li> <li>• Proportion of disabled participants</li> <li>• Proportion of participants aged 50+</li> <li>• Proportion of ethnic minority participants</li> </ul>	<p>To these CFO-level targets, ESF-funded provision contributed <b>above target</b> performance on:</p> <ul style="list-style-type: none"> <li>• Proportion of unemployed participants</li> <li>• Proportion of disabled participants</li> <li>• Proportion of participants aged 50+</li> <li>• Proportion of ethnic minority participants</li> </ul>
<p>DWP <b>not met</b> the target indicators for:</p> <ul style="list-style-type: none"> <li>• Proportion of unemployed participants</li> <li>• Proportion of female participants</li> </ul>	<p>ESF-funded provision contributed <b>below target</b> performance on:</p> <ul style="list-style-type: none"> <li>• Proportion of economically inactive participants</li> <li>• Proportion of female participants</li> </ul>

The South West region's ESF funded provision achieved above-target performance on the result target of the proportion of participants leaving the programme in-work, although due to the performance of the match provision, the CFO itself was below target.

The South West was one the three Priority 1 regions to achieve the target level on four proportional output indicators – the highest number met by any region. The CFO achieved the target for the proportion of the economically inactive participants in region – although as with other regions which achieved this, this was driven by the high proportions and volumes of this customer group on match provision.

**Results indicator – South West**

Indicator	Targets				Achievement to Nov '11	
	OP [2007- 13]	Framework [2007-13]	CFO Plan [2007- 10]	From Sup. CFO Plan	Achieved	ESF funded
Participants in work on leaving (a) Number (b) Percentage	195 000 22%	9 700 22%	3 120 22%	3 766 22%	12 500 21%	4 500 23%

## Output indicators<sup>57</sup> – South West

Indicators	Targets				Achievement Cumulative achievement to Nov'11
	OP 2007-13 (Priority 1)	South West Framework 2007-13 (Priority 1)	Original DWP CFO Plan 2007-2010	Including Supplementary 2009 DWP CFO Plan	
Total number of participants	887 000	44 200	14 160	17 097	71 500
Number and % of participants who are unemployed	371 000 42%	18 500 42%	9 346 66%	12 283 72%	40 000 56%
Number and % of participants who are inactive	303 000 34%	15 100 34%	13 869 34%	4 814 28%	31 500 44%
% of participants with disabilities or health conditions	22%	22%	22%	22%	42%
% of participants aged 50 or over	18%	18%	18%	18%	18%
% of participants from ethnic minorities	25%	7%	7%	7%	7%
% of female participants	51%	51%	51%	51%	34%

<sup>57</sup> The Operational Programme gives a series of participation indicators in terms of the proportions of participants from different target groups. These proportions do not equal 100%. Many of the categories are not mutually exclusive (for example, one participant could be inactive, aged over 50 and have a disability). Two categories which **are** mutually exclusive are those who are unemployed and those inactive. To note – young people Not in Employment, Education or Training (NEET) or a risk of becoming NEET are also a participation target indicator group for Priority 1, but are not for DWP, so are not included here.

## Cross-Cutting Themes

<b>Equal Opportunities</b>	<b>Sustainable Development</b>
<p>The Framework describes a dual approach - promoting equality through funding specific activities and integrating equal opportunities into the programme as a whole. The Framework has set a number of targets relevant to Gender and Equal Opportunities – details of relevant group and geographical targeting is given.</p>	<p>The Framework provides national-level background on sustainable development. The Framework states that the South West aims to invest in the drivers of a low carbon economy. Under the Framework, CFO Plans should contribute towards:</p> <ul style="list-style-type: none"> <li>• ensuring training activity is delivered in a way consistent with the UK Sustainable Development Strategy;</li> <li>• addressing skills needs in the environmental technology sector;</li> <li>• ensuring the regions workforce can support businesses to address their environment challenges and increase competitiveness</li> </ul>
<p>The DWP CFO Plan states providers are required to take account of the needs of people with disabilities. It states it includes specific provision for: disadvantaged parents; offenders’ families; incapacity Benefit recipients and workless people with multiple barriers to overcome. It describes the programme participant priority groups and states that an Equal Opportunities Sub-Group has been established. Geographical target areas are given.</p>	<p>The DWP CFO Plan describes the rationale for, and four main aims of, sustainable development. It states that sustainability will be an integral part of the procurement process. It also describes five ways that ESF funded projects will consider environmental or community impacts and that ESF-funded project staff will be able to access sustainable development workshops.</p> <p>The DWP CFO Plan also describes the process used in previous round of ESF tendering - Equal Opportunities Gateway questions, Sustainable Development Toolkit and annual questionnaire – stating that a similar process is being developed for the new programme.</p>
<p>The regional contribution to the 2010 Annual Implementation Report describes the South West’s ‘active’ Equality and Diversity sub group and meeting frequency. It states that:</p> <ul style="list-style-type: none"> <li>• Across Priority 1, projects have been focusing on providing help for women to access employment. Performance Managers have been encouraging providers to actively promote opportunities for women.</li> <li>• All Providers are aware of the requirement to provide support for participants with caring responsibilities.</li> <li>• Provision is inclusive of ethnic minorities, although numbers are low.</li> <li>• All ESF provision is available for participants with disabilities</li> <li>• Action taken had increased the number of participants aged 50+.</li> <li>• Providers work with large numbers of participants who come from a wide range of disadvantaged groups.</li> </ul> <p>Some individual customer experiences are given.</p>	<p>The regional contribution to the 2010 Annual Implementation Report states that Performance Managers and the Contract Monitoring Officers check that sustainable development are covered by providers. It states that all providers are compliant with the policy but there are not any specifically ‘green’ projects.</p>

## **West Midlands**

### **Summary**

- West Midlands contains very sparsely populated rural areas as well as one of the largest conurbations in the country. It features the most ethnically diverse regional population outside London, largely concentrated in urban areas and experiencing significant worklessness levels.
- Correspondingly, for both match-funded provision (34%) and ESF-funded provision (28%), the region had the second highest proportion of ethnic minority participants (behind London) – although it was just below the CFO Plan indicator target level.
- The West Midlands had the highest increase in unemployment rate of any region during the economic downturn and recession.
- The CFO did not achieve the Operational Programme result indicator target of 22% of participants leaving provision in-work. Although the ESF funded provision made a higher contribution than the match-funded provision, neither met the target.

### **Background/Context**

#### *a. Geography and demography*

The metropolitan boroughs and Local Authorities which comprise the West Midlands contain one of the largest conurbations in the country, second only to London. The west of the region has large rural areas and there are also extensive rural areas to the east in North Staffordshire - the region contains two of the most sparsely populated counties in England.

The West Midlands also has the most ethnically diverse regional population outside London, although the non-white population varies substantially within the region, between urban areas such as Birmingham and Wolverhampton and rural areas like Shropshire and Herefordshire.

#### *b. Labour Market*

The West Midlands had a relatively low employment rate in the second quarter of 2007. Unemployment was second highest, behind London, at 5.3% against an England average of 4.3%. While below the England average, economic inactivity levels were ranked 5<sup>th</sup> of the 9 regions. Labour productivity (Gross Value Added per hour worked) in 2007 was 10.1 per cent below the UK average.

The West Midlands recorded the highest unemployment rate in England during the recent economic downturn with unemployment peaking a 10.5 per cent in the second quarter of 2009 – from January 2008 to June 2010 the unemployment rate rose by 4.7 percentage points, the most of any region over this period. This has since declined, but the unemployment and worklessness rates have remained above the England average.

The 2007 Framework reported that the West Midlands had a rate of worklessness above the England average and highlighted that this was a particular issue in the major urban areas for some groups. Those with no or low-level qualifications highlighted were highlighted as being at greater risk of worklessness. In addition, some groups growing in proportion within the community were reportedly experiencing high rates of worklessness: the Pakistani, Bangladeshi, and Black Caribbean ethnic groups as well as older age groups.

#### *c. Skills*

At the time of the Framework, overall figures for the region indicated that the West Midlands was close to the national averages in terms of adult basic skills levels. However there was substantial variation in levels of need between the urban areas of Birmingham, Coventry and The Black Country and other parts of the region. The region had the highest proportion of the working age population with no qualifications in the second quarter of 2007.

## Governance and Alignment

### a. What were the arrangements for ESF Planning, Governance and Monitoring?

For the 2007-2010 period, the West Midlands originally had two Co-financing Organisations (CFOs) – the Department for Work and Pensions (DWP) and a partnership between the Learning and Skills Council (LSC) and the West Midlands Leaders Board (WMLB) – with a third CFO, the National Offender Management Service (NOMS) beginning partway through the programme. In the West Midlands, DWP delivered activity under Priority 1 of the ESF Regional Competitiveness and Employment Objective. Responsibility for this Priority was shared with the LSC/WMLB and NOMS.

A wide range of partners - Advantage West Midlands, LSC, Jobcentre Plus, Local Authorities, Higher Education, the Third Sector, employer representatives from the Sector Skills Councils and Chambers of Commerce were involved in drawing up the Regional ESF Framework in the West Midlands.

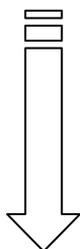
The Regional Framework was intended to be reviewed twice yearly by the Regional Skills Partnership Progress Group and once a year by members of the Regional Skills Partnership Board.

### b. How did DWP seek to align with other CFOs through ESF?

The CFO Plan highlights a 'networking approach' taken by DWP with the other CFO in the region, building on the joint work to develop the Framework. The CFO Plan sets out a few different roles for DWP and the LSC, and states that the LSC will represent Local Authorities' interests.

It also states there will be a 'consultative approach' through Jobcentre Plus with a range of other bodies in the region, although it does not describe how this might operate in practice.

### c. ESF documentation timeline:



- National Operational Programme submitted 5<sup>th</sup> March 2007 and agreed 9<sup>th</sup> August 2007
- West Midlands Framework final version produced on 22<sup>nd</sup> June 2007
- DWP CFO Plan final version produced on 14<sup>th</sup> November 2007
- West Midlands Economic Strategy produced 6<sup>th</sup> December 2007
- Local Specifications published 5<sup>th</sup> December with closing date 1<sup>st</sup> February 2008
- Contracts let June 2008, initially to run to June 2011.

**Coverage – how did the initial DWP CFO Plan, and the provision procured to deliver this, seek to contribute to the Framework?**

a. ESF priorities in the West Midlands

**National Priorities: the Operational Programme**

ESF should add value to national and regional employment and skills strategies, including Regional Economic Strategies. It is intended to support the unemployed, inactive and low-skilled people – and particularly those at a disadvantage in the labour market. Under Priority 1, the programme should:

- Help these groups gain skills for employability and enter sustainable employment
- Support the employability of young people, carers and women
- Consider sustainable development and equal opportunities as cross cutting themes
- Support active and preventative labour market measures
- Contribute to the UK Social Inclusion Action Plan
- Raise awareness of the world of work, enterprise and entrepreneurship for young people.

**Regional Issues: Regional ESF Framework strategic context & analysis**

The Framework cites the Lisbon Agenda, the Leitch Review and key regional documentation (including the Regional Economic Strategy and Regional Spatial Strategy). Analysis presented highlights:

- Regional issues of worklessness, concentrated amongst some groups (e.g. certain ethnic groups, older workers) and in some areas (e.g. City areas)
- Issues relating to young people not in education, employment or training (NEET)
- Other groups that face barriers to labour market access, including migrants and refugees, people with a disability, lone parents and particularly ex-offenders
- Low skills, particularly in some parts of the region and low numbers in training
- Low rates of productivity

**DWP West Midlands initial CFO Plan Priorities**

To tackle worklessness and low skills, particularly where the Framework reflects the DWP priorities, including improving access to the labour market for disadvantaged customers and tackling child poverty. In addition to issues covered in the Framework and the Operational Programme, the CFO Plan highlighted:

- Supporting disadvantaged parents
- Innovative support for customers who cannot sustain employment or who return to New Deal more than once and
- Specific support in deprived urban areas – linking with an ERDF priority around “sustainable urban development” .

b. How does the DWP CFO Plan seek to reflect national and regional priorities?

The West Midlands DWP CFO Plan captures national priorities – the focus on disadvantaged groups (unemployed and inactive) and sustainable employment – and regional issues, including the need for support in urban areas. The West Midlands CFO Plan also contains a relatively extensive section outlining regional analysis. The CFO Plan links DWP priorities with the regional ESF Framework and Operational Programme, although there are fewer links to regional strategies than in some CFO Plans – for example, there's no specific reference to the Regional Economic Strategy.

c. DWP's West Midlands Co-Financing Organisation Plan activities, target groups and areas

<p><b>Key features of the activities in the initial CFO Plan</b></p> <ul style="list-style-type: none"> <li>• A focus on supporting the following disadvantaged and/ or inactive groups: <ul style="list-style-type: none"> <li>○ disabilities/health conditions</li> <li>○ older workers</li> <li>○ lone parents</li> <li>○ ex-offenders</li> </ul> </li> <li>• Support for job sustainability and/or retention</li> <li>• Interventions to support skills, particularly pre-vocational or soft skills</li> <li>• Support for those with childcare/ caring responsibilities</li> <li>• Action planning</li> <li>• Discretionary funding</li> <li>• Support for people in rural areas</li> <li>• Mentoring</li> </ul>	<p><b>Targeting in the CFO Plan</b></p> <p><b>Target groups:</b></p> <ul style="list-style-type: none"> <li>• Incapacity Benefit recipients, especially with children;</li> <li>• Lone parents and other disadvantaged parents, including in single income families with low income;</li> <li>• Carers</li> <li>• The most disadvantaged and those facing multiple barriers, including; people from ethnic minority groups, ex-offenders, those with drug and/or alcohol dependencies, refugees and those who persistently return to claim JSA;</li> <li>• Customers with very low levels of basic skills or ESOL needs not met through other provision;</li> <li>• JSA recipients who persistently return to benefit or have participated in New Deal more than once.</li> </ul>
	<p><b>Target Areas:</b></p> <p>The Framework and CFO Plan reported that worklessness is highly concentrated in particular geographic areas and amongst some groups. The CFO Plan does not specify geographical target areas it states it will focus on priority customers groups wherever they live. The Framework does note is it likely that a number will reside in key disadvantaged wards across the region.</p> <p>The Framework states that funding is to be concentrated in areas defined in the Regional Spatial Strategy and as Regional Economic Strategy “place” priority areas. A focus on these areas was not made explicit in the CFO Plan.</p>



**What was procured?**  
Seven Flexible Routeway contracts were let in the West Midlands. The content of the contracts was consistent across districts, comprising six components: Employment Training; Pre Vocational ESOL Training; Intensive Job Focused Support; Learning Disabilities and Mental Health Barriers; Alcohol and Drug Dependency; and Offender Support

d. How does the DWP CFO Plan fit with the Regional ESF Framework?

There is commonality between the Framework and CFO Plan across the activities and target groups. However, some aspects are categorised differently across the documents, and some aspects have been added and some not included.

In terms of activities, the DWP CFO Plan for the West Midlands described three categories – Engaging Customers, Routeways to Work and Aftercare Support. The activities specified

beneath these, with the exception of mentoring, feature in or clearly relate to, the Framework's activities specification. The Priority 1 activities outlined in the Framework which were not described in the CFO Plan were:

- City and area-based initiatives to tackle worklessness in urban areas
- Advice and support for self-employment, entrepreneurship, business creation and social enterprise.
- Employer led intervention – activities that specifically require the involvement of employers

Pre-vocational ESOL training and job-search help, advice and guidance provision were also not specifically described in the CFO Plan but the contract summaries indicate these were procured. More generally, contract summaries indicate that the key features of DWP CFO Plan activities were covered by provision procured.

The DWP CFO Plan describes a narrower set of target groups than the Framework, which also included: unemployed graduates; JSA Claimants; economically inactive people; people with learning and physical disabilities; and older potential workers. However, support for these last two groups was specified in the activities specification of the CFO Plan. The content of the contracts in terms of the planned activities were generic across the region, although all of the opportunities contained flexibility for the provision to be individually tailored.

#### **Supplementary CFO Plans – Phase 2 funding**

Supplementary ESF funding was made available for the West Midlands in 2009. This was allocated to existing provision, to support greater numbers in response to the economic downturn. The provision supported was for those on JSA for 6 months and for certain groups at day 1 – with a strong focus on job search help and advice and guidance.



#### **What was procured in Phase 2?**

No new contracts were let in Phase 2 – any funds used would be spent through Phase 1 contracts.

### **Innovative and Flexible Delivery**

The region listed one example of innovative delivery in their contribution to the 2010 Annual Implementation Report and a second was provided by regional ESF staff.

<b>Barriers Grants</b>	<b>The Halo Project</b>
<p>The regional contribution to the 2010 Annual Implementation Report states that while the ESF flexible routeway specification sets out some key requirements, it required providers to respond to customer needs on an individual and tailored basis. One of the innovative components recorded by the DWP CFO in the region is the barriers grant. The regional contribution to the 2010 Annual Implementation Report states that providers have used this money to assist customers in getting work, for example by buying a bicycle for a customer or paying for an MOT or car insurance. Providers could award a grant during the post employment support period, to cover needs to support ESF participants in sustaining employment.</p>	<p>The region's ESF manager suggested the Halo Project was an innovative approach to encourage ESF learners to engage within the local community. It was intended to identify particularly disadvantaged customers, and offer them the opportunity to develop new life skills within an informal environment.</p> <p>The pilot comprised a pilot scheme, which allows customers to take advantage of a three month leisure centre membership. Participants received support in dietary need assessment and exercise skills, whilst widening their social network, simultaneously developing a routine and awareness of the importance of health and hygiene, which was considered to mirror the advantages of employment.</p>

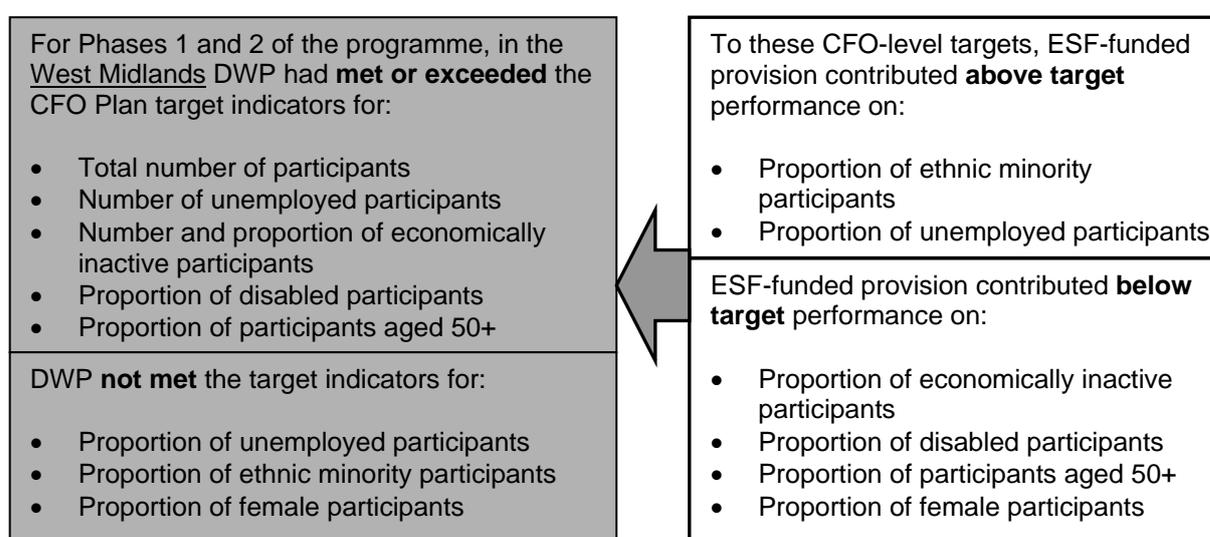
## Performance: Targets and Indicators

### Regionally specific targets

In general, the participation indicators in the DWP CFO Plan proportionally match the Framework, which in turn matches the Operational Programme. However, as might be expected in the region, the target for the proportion of ethnic minorities participating is higher in the West Midlands Framework and DWP CFO Plan than stipulated in the Operational Programme. Additionally, the original DWP CFO Plan targeted a higher proportion of inactive participants.

The 2009 supplementary CFO Plan increased the target indicator for the number and proportion of unemployed participants, while reducing the proportion of economically inactive participants to the around the level stipulated in the Framework.

### Performance against CFO Plan targets



The DWP CFO in the West Midlands achieved target level on a number of indicators – this was driven in some cases by match provision.

On the results indicator, neither the ESF funded nor match funded provision met the indicator target for participants leaving provision in-work. The ESF-funded provision made the greater contribution however, and was only 1% below the target level.

### Results indicator – West Midlands

Indicator	Targets				Achievement to Nov'11	
	OP – Priority 1 [2007- 13]	Framework [2007-13]	CFO Plan [2007- 10]	Supp. CFO Plan	Achieved	ESF funded
Participants in work on leaving (a) Number (b) Percentage	195 000 22%	25 100 22%	6 820 22%	8 661 22%	10 500 20%	7 000 21%

Output indicators<sup>58</sup> – West Midlands

Indicators	Target			Achievement	
	OP 2007-13 (Priority 1)	Framework 2007-13 (Priority 1)	Original DWP CFO Plan 2007-2010	Including Supplementary 2009 DWP CFO Plan	Cumulative achievement to Nov'11
Total number of participants	887 000	114 100	31 001	39 371	62 000
Number and % of participants who are unemployed	371 000 42%	47 800 42%	13 384 43%	25 502 65%	35 000 57%
Number and % of participants who are inactive	303 000 34%	39 000 34%	13 869 45%	13 869 35%	27 000 43%
% of participants with disabilities or health conditions	22%	22%	22%	22%	36%
% of participants aged 50 or over	18%	18%	18%	18%	19%
% of participants from ethnic minorities	25%	31%	31%	31%	30%
% of female participants	51%	51%	51%	51%	31%

<sup>58</sup> The Operational Programme gives a series of participation indicators in terms of the proportions of participants from different target groups. These proportions do not equal 100%. Many of the categories are not mutually exclusive (for example, one participant could be inactive, aged over 50 and have a disability). Two categories which **are** mutually exclusive are those who are unemployed and those inactive. To note – young people Not in Employment, Education or Training (NEET) or a risk of becoming NEET are also a participation target indicator group for Priority 1, but are not for DWP, so are not included here.

## Cross-Cutting Themes

Equal Opportunities	Sustainable Development
<p>The Framework describes a dual approach - promoting equality through funding specific activities and integrating equal opportunities into the programme as a whole. This is underpinned by six specific requirements. The Framework states that targets have been set which are relevant to equal opportunities and states that priority will be given to projects addressing segregation including under-representation for men and women in different sectors.</p>	<p>The Framework provides national-level background on sustainable development and notes that integration of sustainable development into the ESF Programme should support the Regional Sustainable Development Framework and West Midlands Economic Strategy actions on the low carbon economy. The Framework states that the West Midlands aims to invest EU funds in the drivers of a low carbon economy. Under the Framework, CFO Plans should contribute towards:</p> <ul style="list-style-type: none"> <li>• ensuring training activity is delivered in a way consistent with the UK Sustainable Development Strategy;</li> <li>• addressing skills needs in the environmental technology sector;</li> <li>• ensuring the regions workforce can support businesses to address their environment challenges and increase competitiveness</li> </ul>
<p>The DWP CFO Plan states it will target resources on the most disadvantaged and in the labour market geographically target resources in the 55 City Strategy Wards plus areas of high deprivation outside of the City Strategy area in Staffordshire. The CFO Plan states that DWP intend to:</p> <ul style="list-style-type: none"> <li>• engage with and provide additional support for disadvantaged parents</li> <li>• provide pre-vocational ESOL training in wards where people have low levels of basic skills in their own language.</li> </ul> <p>Providers are required to Programmes need to take account of the needs of people with disabilities.</p>	<p>The DWP CFO Plan describes the rationale for, and four main aims of, sustainable development. It states that sustainability will be an integral part of the procurement process.</p> <p>The DWP CFO Plan describes five ways that ESF funded projects will consider environmental or community impacts and that ESF-funded project staff will be able to access sustainable development workshops.</p>
<p>The regional contribution to the 2010 Annual Implementation Report states that it is not possible to select separate projects to demonstrate examples. However, it did include:</p> <ul style="list-style-type: none"> <li>• All providers support women in returning to the labour market and offer financial support for care costs.</li> <li>• The routeway includes specific support for those with mental health and learning disabilities.</li> <li>• All providers have equality policies which require them to take account of the needs of people with disabilities.</li> <li>• Providers have undertaken outreach activity in community centres to engage with different minority groups.</li> <li>• The ESF routeway does not have a specific focus on older workers; they are one of the priority target groups.</li> <li>• The routeway also includes support for those with alcohol or drug dependency and in a chaotic state.</li> </ul>	<p>The regional contribution to the 2010 Annual Implementation Report states that no specific environmentally focused training is included in the ESF routeway. Vocational training is one aspect of the provision and if a customer needed this training to gain employment it would be offered.</p>

## ***Yorkshire and the Humber (incl. South Yorkshire)***

### **Summary**

- In Yorkshire and the Humber, productivity and employment rates were amongst the lowest in 2007. It was also one of the regions worst affected by the recession, experiencing the second largest rise in unemployment of any English region during this period.
- Although at the CFO-level, Yorkshire and the Humber, and the South Yorkshire 'phasing-in' area were below target in terms of the proportion of participants leaving the programme in-work, the ESF funded-provision contributed above target performance in both areas.
- On the output participation indicators, the only proportional indicators met by either ESF or match funded provision were by the ESF-funded provision for the participation of unemployed and disabled people (in both areas). This contributed to target-level performance at CFO-level on both indicators for both areas.
- South Yorkshire's 'Progress Together' model provided an example of a more formal structure to align provision delivered by the two CFOs in region, and link this with the City Strategy Pathfinder in the area.

### **Background/Context**

#### ***a. Geography and demography***

In 2007, Yorkshire and the Humber was divided into three Jobcentre Plus districts: North East Yorkshire & the Humber, West Yorkshire and South Yorkshire.

The 2007 Framework states that the three city regions contained within Yorkshire and the Humber – Leeds, Sheffield and Hull and Humber Ports city region – cover approximately 94% of the population of the region. Kingston upon Hull (the only entirely urban authority in the region) has the highest population density. Beyond these, there are remote and sparse rural areas and peripheral coastal zone. The DWP CFO Plan describes the four sub regions as "diverse" and states that the spread of deprivation is uneven across most of the region.

Compared with England as a whole, Yorkshire and the Humber had a higher proportion of the population classing themselves as White British – 88 per cent compared with 84 per cent for England in 2007.

#### ***b. Labour Market***

In Yorkshire and the Humber, productivity and employment rates were amongst the lowest in 2007. The employment rate in Yorkshire and the Humber was 72.8 per cent in the second quarter of 2007 (compared with a UK average of 74.2 per cent). Productivity in 2007 (as measured by Gross Valued Added per hour worked) was the lowest of any region – 12% lower than the UK average.

Yorkshire and the Humber was one of the regions worst affected by the recession – from January 2008 to June 2010, the unemployment rate increased 4 percentage points, which was the second largest rise of any English region during this period.

#### ***c. Skills***

In 2007, the region had the second lowest proportion of graduates in its working age population, compared with other regions. Compared with the England average of 13.2 per cent, 15.3 per cent of Yorkshire and the Humber's working age population had no qualifications.

## Governance and Alignment

### a. What were the arrangements for ESF Planning, Governance and Monitoring?

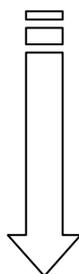
For the 2007-2010 period, Yorkshire and the Humber had two Co-financing Organisations – the Department for Work and Pensions (DWP) and the Learning and Skills Council (LSC). Both organisations delivered activity under Priority 1. Within Yorkshire and the Humber, South Yorkshire was a ‘phasing-in’ area. Phasing-in areas are allowed to complete activities from their 2000-2006 Objective 1 programmes that are eligible for the 2007-13 Programme.

A task and finish group was established by the Regional Skills Partnership (RSP) to develop and oversee the drafting of the Framework. An external consultant advised on the evidence base. There was also a regional consultation event. The Framework states it will be reviewed periodically – no less than annually – following advice from the Regional ESF Committee and the RSP Board.

### b. How did DWP seek to align with other CFOs through ESF?

The CFO Plan states that DWP sought to align with the other CFO in the region, the LSC, through: regular meetings at different working levels; a joint plan, revised at the time of the production of the CFO Plan to include a section on ‘Integrated Employment and Skills’; and ‘measures’ (not specified by the CFO Plan) to try to eliminate duplication.

### c. ESF documentation timeline:



- National Operational Programme submitted 5<sup>th</sup> March 2007 and agreed 9<sup>th</sup> August 2007
- Yorkshire and the Humber Framework final version produced on 22<sup>nd</sup> June 2007
- DWP CFO Plan final version produced in 2007
- Yorkshire and the Humber Economic Strategy produced 6<sup>th</sup> December 2007
- Local Specifications published 5<sup>th</sup> December with closing date 1<sup>st</sup> February 2008
- Contracts let June 2008, initially to run to June 2011, with two Phase 2 contracts let to run from to December 2011

**Coverage – how did the initial DWP CFO Plan, and the provision procured to deliver this, seek to contribute to the Framework?**

a. ESF priorities in the Yorkshire and the Humber

**National Priorities: the Operational Programme**

ESF should add value to national and regional employment and skills strategies, including Regional Economic Strategies. It is intended to support the unemployed, inactive and low-skilled people – and particularly those at a disadvantage in the labour market. Under Priority 1, the programme should:

- Help these groups gain skills for employability and enter sustainable employment
- Support the employability of young people, carers and women
- Consider sustainable development and equal opportunities as cross cutting themes
- Support active and preventative labour market measures
- Contribute to the UK Social Inclusion Action Plan
- Raise awareness of the world of work, enterprise and entrepreneurship for young people.

**Regional Issues: Regional ESF Framework strategic context & analysis**

- The Yorkshire and the Humber Framework states it will contribute to the Lisbon Agenda and the UK National Reform Programme. It maps the national ESF Priorities against Yorkshire and the Humber 'RSP Priorities' and describes tackling worklessness by supporting individuals into training and jobs as a high priority, as Yorkshire and the Humber has a high number of economically inactive groups (including lone parents, BME and older worker groups).
- The Regional Economic Strategy features quite strongly in the policy context – including the links between ESF and RES Objective 3 'Skilled People Benefiting Business' and Objective 4 'Connecting People to Good Jobs'. The RES also has three cross cutting themes to underpin its delivery. These are: Sustainable Development; Diversity; and Leadership and Ambition.
- Some detailed information on key labour market issues in Yorkshire and the Humber and South Yorkshire is provided.

**DWP Yorkshire and the Humber CFO Plan Priorities**

- A short selection of key employment and demographic features is provided
- Priority 1 ESF Delivery is described as fitting well with DWP and Jobcentre Plus' objectives, particularly around tackling worklessness.
- Yorkshire and the Humber Regional Skills Partnership priorities are presented alongside indicative activities
- Specific targets which the CFO Plan will contribute to are described from the DWP's PSAs and Departmental Strategic Objectives, Jobcentre Plus, Regional Employability and Skills Plan, RES and City Strategy in South Yorkshire.

b. How does the DWP CFO Plan seek to reflect national and regional priorities?

The DWP CFO Plan in this region references a number of key regional documents as well as highlighting the links with DWP and Jobcentre Plus' objectives. The CFO Plan also takes the approach of specifying a number of targets (some within regional strategies) which the CFO Plan will contribute to.

c. DWP's Yorkshire and the Humber Co-Financing Organisation Plan activities, target groups and areas

<p><b>Key features of the activities in the initial CFO plan</b></p> <ul style="list-style-type: none"> <li>• A focus on supporting the following disadvantaged and/or inactive groups: disabilities/health conditions; older workers; lone parents and other disadvantaged parents; women; ethnic minorities; ex-offenders; those who persistently return to JSA; men and women in sectors in which they are underrepresented</li> <li>• Support for job sustainability and/or retention as well as re-engagement and job entry support</li> <li>• Training interventions – covering pre-vocational and access training, basic skills training and financial management advice; vocational training, qualifications</li> <li>• Support for those with childcare/caring responsibilities</li> <li>• Job brokerage</li> <li>• Measures to ensure early identification of needs, including action planning</li> <li>• Job search and work search, work preparation activities including work experience placements</li> <li>• City and other area based strategies and initiatives to tackle worklessness in urban areas.</li> </ul>	<p><b>Targeting in the CFO Plan</b></p> <p><b>Target groups</b></p> <ul style="list-style-type: none"> <li>• those not otherwise eligible for training who experience multiple disadvantage or barriers in entering the labour market.</li> <li>• people on incapacity benefits (particularly those with children)</li> <li>• lone parents, other people with children (including those not on benefit)</li> <li>• minority ethnic groups</li> <li>• ex-offenders</li> <li>• those with an history of drug and alcohol misuse</li> <li>• the homeless</li> <li>• refugees</li> <li>• Persistently returners to JSA</li> </ul>
	<p><b>Target areas</b></p> <p>The Yorkshire and the Humber Framework highlights that, with services increasingly delivered on a personalised basis approaches 'based solely on target groups' may not reflect multiple disadvantage, and that enhanced data allowed for 'fine grained targeting, including on a 'street-by-street basis'.</p> <p>The DWP CFO Plan describes delivery of activities will be dependant on need. It describes a number of district-specific approaches</p>



**What was procured in Phase 1?**

In Yorkshire and the Humber a number of contracts focusing on various types of support:

- To support participants to overcome barriers to work
- Vocational and Employability Skills Training
- Providing a range of employment services to various disadvantaged groups (two contracts).
- Support for self-employment
- Employment services for economically inactive immigrants
- Support for those furthest from the labour market
- A contract offer three models of job support to JSA customers who have opted out of mainstream provision

d. How does the DWP CFO Plan fit with the Regional ESF Framework?

The Framework divides activities between Yorkshire and the Humber and South Yorkshire, while the DWP CFO Plan does not – it re-states the RSP's priorities for the region and the phasing-in area and states that these should be a particular focus from the list of indicative activities provided. The Framework provides a relatively (to other regional Frameworks) succinct list of indicative activities. The DWP CFO sought to cover all of the proposed activities included in the Framework.

There is commonality between the target groups described in the regional Framework and the CFO Plan. The CFO Plan target groups cover a number of those described in the Framework, although women and older people (included in the Framework) are not described as target groups. It is useful to note here that the CFO Plan does describe indicative activities for inactive older workers and women who want training to enter non-traditional occupations.

There are also a number of additional target groups included in the CFO Plan:

- those with an history of drug and alcohol misuse
- the homeless
- refugees
- those who persistently return to claim JSA

**Supplementary CFO Plans – Phase 2 funding**

Supplementary funding was made available for both Yorkshire and the Humber (excl. South Yorkshire) and for South Yorkshire. The supplementary CFO Plan states that this provision was to be allocated in response to the economic downturn.

**Target groups and areas**

This provision was intended to be made available across the entire region and be focused on JSA customers that have yet to find work after six months.



**What was procured in Phase 2?**

Two further contracts were let using the Phase 2 supplementary funds, both of which provided support for particular disadvantaged groups. One contract provided specialist support for JSA customers with mental health conditions and/or learning disabilities across two districts and the second supported IB/ESA claimants and lone parents in South Yorkshire. As noted in section 2.3, the purpose for the supplementary funds was generally to support those on Jobseekers Allowance (JSA) disadvantaged by the economic recession. In Yorkshire and the Humber and South Yorkshire, Phase 2 funds were used to let new contracts, while uncommitted Phase 1 funds were then used to provide support for Jobseekers Allowance (JSA) disadvantaged by the economic downturn.

## Innovative and Flexible Delivery

The Progress Together model and the Think Positive initiative were considered innovative by the region's ESF manager.

The Progress Together model	Think Positive
<p>The Progress Together model was developed in South Yorkshire as a direct result of the work driven forward by the City Strategy Partnership in conjunction with Jobcentre Plus and the LSC. The aim of the model was to provide a seamless journey for the customer from initial engagement to sustainable employment by Jobcentre Plus and the LSC developing Priority 1 ESF contracts that marry up, removing any duplication and ensuring a comprehensive coverage of provision that meets the needs of the customer, regardless of their starting point.</p> <p>Six ESF contracts make up the Progress Together model, and the majority were awarded in South Yorkshire since June 2008, with three developed through DWP (Jobcentre Plus) and three developed through the LSC. The model is the main delivery vehicle for ESF interventions under Priority in South Yorkshire.</p>	<p>The Think Positive initiative has been delivered across West Yorkshire and North East Yorkshire and the Humber districts. An innovative approach was used to support JSA customers with health and or learning difficulties. The provider organised three weeks of activities which went through the full recruitment process from start to finish. Activities included:</p> <ul style="list-style-type: none"> <li>• Week 1: 'Dress to Impress' event to identify clothing needs; Employability sessions on interview technique and covering letters</li> <li>• Week 2: Job adverts displayed – all customers encouraged to apply to one with help on covering letters; Sessions on 'how to prepare for Group Interviews' delivered by Work Coaches; Sessions on 'understanding body language'; Hair, facial, make-up and manicure appointments; group and one to one interviews</li> <li>• Week 3: Awarding of 'job offer prizes'; and feedback to all customers.</li> </ul>

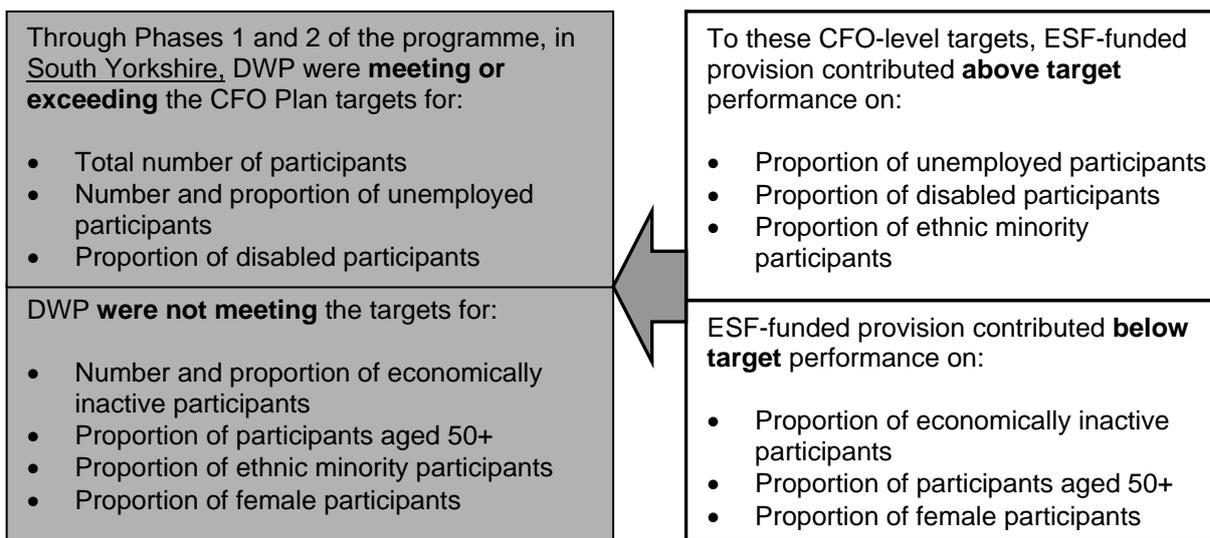
## Performance: Targets and Indicators

### Regionally specific targets

In general the output targets for participation included in the Phase 1 CFO Plans match the Framework, which in turn match the Operational Programme. The Framework and CFO Plans have lower targets for ethnic minority participation for the region and the 'phasing-in' area than the Operational Programme.

### Performance against CFO Plan targets

<p>Through Phases 1 and 2 of the programme, in <u>Yorkshire and the Humber</u> DWP were <b>meeting or exceeding</b> the CFO Plan targets for:</p> <ul style="list-style-type: none"> <li>• Total number of participants</li> <li>• Number and proportion of unemployed participants</li> <li>• Number of economically inactive participants</li> <li>• Proportion of disabled participants</li> </ul>	<p>To these CFO-level targets, ESF-funded provision contributed <b>above target</b> performance on:</p> <ul style="list-style-type: none"> <li>• Proportion of unemployed participants</li> <li>• Proportion of disabled participants</li> <li>• Proportion of ethnic minority participants</li> </ul>
<p>DWP were <b>not meeting</b> the targets for:</p> <ul style="list-style-type: none"> <li>• Number of economically inactive participants</li> <li>• Proportion of participants aged 50+</li> <li>• Proportion of ethnic minority participants</li> <li>• Proportion of female participants</li> </ul>	<p>ESF-funded provision contributed <b>below target</b> performance on:</p> <ul style="list-style-type: none"> <li>• Proportion of economically inactive participants</li> <li>• Proportion of participants aged 50+</li> <li>• Proportion of female participants</li> </ul>



In terms of participation indicators, at CFO level across Yorkshire and the Humber and the South Yorkshire phasing-in area, output targets for the total frequencies of participants for Phases 1 and 2 were met. In terms of proportions, at the CFO-level, the region and 'phasing-in' area met indicators for the proportion of unemployed participants and disabled participants. In both areas, the ESF funded provision achieved above target level on the proportion of ethnicity minority participants, although due to low levels of this group on the match funded provision, the areas were both below target at the CFO level.

On the results targets, the ESF funded provision contributed an above target proportion of participants leaving the programme in-work. However, as the selected match funded provision contributed a below target proportion of participants leaving the programme in-work, DWP in the region and 'phasing-in' area was below target.

### Results indicator - Yorkshire and the Humber and South Yorkshire

#### Yorkshire and the Humber (excluding South Yorkshire)

Indicator	Targets				Achievement to Nov '11	
	OP – Priority 1 [2007- 13]	Framework [2007-13]	CFO Plan [2007- 10]	From Sup. CFO Plan	Achieved	ESF Contr.
Participants in work on leaving (a) Number (b) Percentage	195 000 22%	12 200 22%	4 822 22%	6 025 22%	12 500 20%	5 000 22%

#### South Yorkshire

Indicator	Targets				Achievement to Nov '11	
	OP – Priority 1 [2007- 13]	Framework [2007-13]	CFO Plan [2007- 10]	From Sup. CFO Plan	Achieved	ESF Contr.
Participants in work on leaving (a) Number (b) Percentage	195 000 22%	12 200 22%	4 204 22%	5 777 22%	5 500 20%	4 500 24%

Output indicators<sup>59</sup> for Yorkshire and the Humber and South Yorkshire

Yorkshire and the Humber (excl. South Yorks)	Targets				Achievement
	OP 2007-13 (Priority 1)	Y&H Framework 2007-13 (Priority 1)	Original DWP CFO Plan 2007-2010	Supplementary 2009 DWP CFO Plan	Cumulative achievement to Nov'11
Total number of participants	887 000	65 900	21 920	27 388	63 500
Number and % of participants who are unemployed	371 000 42%	27 600 42%	12 056 55%	17 524 64%	52 500 83%
Number and % of participants who are inactive	303 000 34%	22 500 34%	9 864 45%	9 864 36%	11 000 17%
% of participants with disabilities or health conditions	22%	22%	22%	22%	22%
% of participants aged 50 or over	18%	18%	18%	18%	10%
% of participants from ethnic minorities	25%	21%	21%	21%	19%
% of female participants	51%	51%	51%	51%	30%

South Yorkshire	Targets				Achievement
	OP 2007-13 (Priority 1)	Y&H Framework 2007-13 (Priority 1)	Original DWP CFO Plan 2007-2010	Supplementary 2009 DWP CFO Plan	Cumulative achievement to Nov'11
Total number of participants	887 000	55 300	19 111	26 261	27 000
Number and % of participants who are unemployed	371 000 42%	23 200 42%	10 511 55%	17 661 67%	20 500 75%
Number and % of participants who are inactive	303 000 34%	18 900 34%	8 600 45%	8 600 33%	6 500 25%
% of participants with disabilities or health conditions	22%	22%	22%	22%	23%
% of participants aged 50 or over	18%	18%	18%	18%	11%
% of participants from ethnic minorities	25%	12%	21%	21%	19%
% of female participants	51%	51%	51%	51%	28%

<sup>59</sup> The Operational Programme gives a series of participation indicators in terms of the proportions of participants from different target groups. These proportions do not equal 100%. Many of the categories are not mutually exclusive (for example, one participant could be inactive, aged over 50 and have a disability). Two categories which are mutually exclusive are those who are unemployed and those inactive. To note – young people Not in Employment, Education or Training (NEET) or a risk of becoming NEET are also a participation target indicator group for Priority 1, but are not for DWP, so are not included here.

## Cross-Cutting Themes

<b>Equal Opportunities</b>  The Framework provides information on a series of disadvantaged groups: Gender – highlights a pay gaps; lone parents and interactions between disadvantages for this group. Ethnicity – that employment rates for the BME groups are significantly lower Disability – after one year on incapacity benefit, customers only have a 20% chance of returning to work Age – older workers are the most vulnerable to changes in the labour market as they often require support in upskilling.  It states that the ESF programme will comply with the ‘gender equality duty’ as well as address a number of target groups.	<b>Sustainable Development</b>  The Framework states that sustainable development is integrated across all aspects of the programme. The ESF programme will endeavour to be resource efficient and low carbon. Important sectors in the region, such as construction and the chemical industry were to show vocational training opportunities and routes can be used to minimise environmental impact.  The Regional Sustainable Development Framework provides the basis for design and appraisal of policies, plans, programmes and projects. The Framework states this will be used to analyse of CFO plans.
The DWP CFO Plan states it will target resources at the most disadvantaged in the labour market and geographically target resources in priority wards with the highest deprivation. Providers’ requirements in relation to equality and diversity are described.	The DWP CFO Plan describes the rationale for, and four main aims of, sustainable development. It states that sustainability will be an integral part of the procurement process.  The DWP CFO Plan describes five ways that ESF funded projects will consider environmental or community impacts and that ESF-funded project staff will be able to access sustainable development workshops
The regional contribution to the 2010 Annual Implementation Report describes: <ul style="list-style-type: none"> <li>• Outreach and engagement to achieve gender equality as well as detail of delivery in specific projects</li> <li>• That childcare is provided by all DWP providers as a contractual obligation – aspects of delivery in specific projects is again provided</li> <li>• Promotion and delivery in specific projects for disabled people, with a case study. Specialist support through subcontractors is also described.</li> <li>• Outreach and aspects of delivery to ethnic minorities is described.</li> <li>• A provider event to refocus providers on engaging with the hardest to help customers is mentioned, alongside description of an individual’s experience and detail of a specific project</li> <li>• Provision available to more other disadvantaged groups (such as Offenders, ex-offenders, Drug and Alcohol abusers) is also described.</li> </ul>	The regional contribution to the 2010 Annual Implementation Report does not contain information on sustainable development.

## Annex D: Operational Programme indicators with targets – Priority 1 and Priority 4<sup>60</sup>

Priority 1	
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
1.3	Participants who are inactive: a) Number of inactive participants (aged over 19) in Priority 1: 303,000
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
1.5	Participants with disabilities or health conditions
1.6	Participants who are lone parents
1.7	Participants aged 50 or over
1.8	Participants from ethnic minorities
1.9	Female participants
1.10	Participants in work on leaving a) Number of Priority 1 participants in work on leaving: 195 000
1.11	Participants in work six months after leaving a) Number of participants in work six months after leaving: 231 000
1.12	Economically inactive participants engaged in jobsearch activity or further learning (distance travelled indicator)
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
Priority 4	
1.1	Total number of Priority 4 participants: 24 500
1.2	Participants who are unemployed: a) Number of unemployed participants (aged over 19) in Priority 1: 371 000
1.3	Participants who are inactive: a) Number of inactive participants (aged over 19) in Priority 1: 303 000
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
1.5	Participants with disabilities or health conditions
1.6	Participants who are lone parents
1.7	Participants aged 50 or over
1.8	Participants from ethnic minorities
1.9	Female participants
1.10	Participants in work on leaving a) Number of Priority 1 participants in work on leaving: 195 000
1.11	Participants in work six months after leaving a) Number of participants in work six months after leaving: 231 000
1.12	Economically inactive participants engaged in jobsearch activity or further learning (distance travelled indicator)
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

<sup>60</sup> <http://webarchive.nationalarchives.gov.uk/20111115171921/http://dwp.gov.uk/docs/esf-annex-a.pdf>

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This report presents the findings of an evaluation of the contribution of DWP's European Social Fund 2007-2010 Co-financing Plans. Co-financing Plans are regional delivery plans produced by DWP.

The evaluation was undertaken by the Department for Work and Pensions and involved a review of key documentation, an examination of management information and a narrative review of recent evidence on the management of employment programmes.

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<http://research.dwp.gov.uk/asd/asd5/rrs-index.asp>

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