

**Department for Work and Pensions**

**Research Report No 596**

# **Regional European Social Fund Frameworks: A case study evaluation**

**David Devins and Dr David Usher**

A report of research carried out by the Policy Research Institute at Leeds  
Metropolitan University on behalf of the Department for Work and Pensions

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# Abbreviations

CFO	Co-financing Organisation
DWP	Department for Work and Pensions
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
GO	Government Office
LSC	Learning and Skills Council
NEET	Young people not in education, employment or training
NSRF	National Strategic Reference Framework
OP	England and Gibraltar Operational Programme 2007-2013
RDA	Regional Development Agency
REF	Regional ESF Framework
RES	Regional Economic Strategy
RSP	Regional Skills Partnership (or successor body)
SSCs	Sector Skills Councils
VCS	Voluntary and Community Sector



# Summary

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

## REFs and Co-financing Organisation Plans

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

## The evaluation of REFs

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

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

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

## REF development process

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

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

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

## Link to regional context

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

## From frameworks to plans

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

## Target groups and value adding activity

A review of the REFs and the CFO Plans along with the qualitative data collected through the stakeholder interviews suggests that the REFs address the target groups and activities outlined in the OP. The stakeholders contributing to the research generally report that target groups articulated in the framework broadly reflects the interests of each case study area. There is some qualitative evidence of regional influence on the national programme through the different emphasis given to for example, resource allocation to specific priorities or particular target groups in a particular region. There is also some evidence of development work to inform the spatial emphasis of the programme in each case study area but less evidence of sectoral focus or emphasis of ESF in each area. However, there are sometimes tensions between national and regional aspirations which have been (and continue to be) played out and negotiated. One such issue is associated with higher level skills where this is viewed as a priority by the majority of stakeholders in several case study areas but given limited coverage in the OP, REFs and CFO Plans. This reflects the emphasis of national skills policy which suggests that given the high return on investment for both individuals and employers associated with higher level skills, public funding should be focussed on the low skilled and disadvantaged in the labour market where the rationale for intervention associated with market failure and equity issues is most pronounced.

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

The REFs and CFO Plans all recognise the importance of developing linkages between ESF and ERDF (and other funding streams). The documents outline a range of approaches to support this including joint monitoring committees

and efforts to establish connections at the design and commissioning stages of implementation. The stakeholder interviews in each of the case study areas identify several challenges associated with establishing effective connections between the programmes in practice.

## Cross cutting issues

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

## From CFO Plans to delivery

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

## Some implications for further development

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

- retaining a long-term view when economic conditions are unfavourable in the short-term (including cross cutting issues and complementarity);
- reconciling national-regional interests and the regional preference for more flexibility;
- the influence of new local structures such as employment and skills boards and city regions on the development of the REFs.

The case study research also identifies some potential changes and areas of good practice to be built upon in the development of future frameworks for 2010-13. These include:

- establishing a clear link between the evidence, analysis, and targeting of ESF funded activities;

- clear vertical connections between the OP, Regional Strategies and local policy instruments, e.g. City Employment Strategies, LAAs;
- supplementing the activity underpinning the development of the Framework and Plans with a review of current provision to identify gaps in provision;
- open and intense CFO partnership working to identify value adding activity to underpin development of the CFO Plans and REF;
- ongoing CFO partnership activity to minimise duplication, identify gaps and ensure that ESF continues to add value when mainstream provision is flexed;
- using the framework and CFO plans to review progress in the region at forums such as the Regional Monitoring Committee;
- relevant, reliable and timely management information to support monitoring and assessment of regional impact (largely absent currently);
- the identification of specific technical assistance activity to support cross cutting issues where required;
- effective promotion and public relations to demonstrate the impact of ESF activity in the region related to the REF.



# 1 Introduction

In 2000, the European Council agreed the Lisbon Agenda. This set a new strategic goal for the next decade for the European Union (EU) to 'become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion.' The European Social Fund (ESF) supports the Lisbon Agenda by investing in people and attracting more people into employment, targeting people who are at a disadvantage in the labour market, improving their employability and skills to increase the supply of skilled labour and achieve the Lisbon goals.

Member States and regions devise their own ESF Operational Programmes (OP) and the ESF programme for England and Gibraltar has two primary objectives associated with (a) Convergence and (b) Regional competitiveness and Employment. The Convergence Objective aims to develop areas where the economy is lagging behind the rest of the EU. The only area in England covered by the Convergence Objective is Cornwall and the Isles of Scilly. The rest of England is covered by the Regional Competitiveness and Employment Objective. Within this objective, areas previously in receipt of ESF Objective 1 as a result of the greater social and economic development challenges they face are viewed as phasing-in or transitional funding areas (Merseyside and South Yorkshire).

The England and Gibraltar OP outlines a single programme which establishes national ESF priorities in line with the Lisbon Agenda and the Government's employment and skills strategies. Within this framework of national priorities, ESF has the flexibility to address regional employment and skills needs. The policy mechanism to enable the programme to contribute to the regional policy agenda and to address distinctive regional employment and skills issues are the Regional ESF Frameworks (REFs). The main role of the ESF Frameworks is to:

- demonstrate how ESF can add value to existing regional strategies and contribute to their delivery, e.g. identify sectoral skills priorities to ensure that ESF workforce development activity is targeted in key sectors for regional economic development;
- set out how ESF resources can be focused on specific disadvantaged groups, areas or communities

- set out how ESF resources can support regional priorities to tackle worklessness and low skills;
- provide context, along with the OP, for Co-financing Organisation (CFOs) to develop detailed delivery plans.

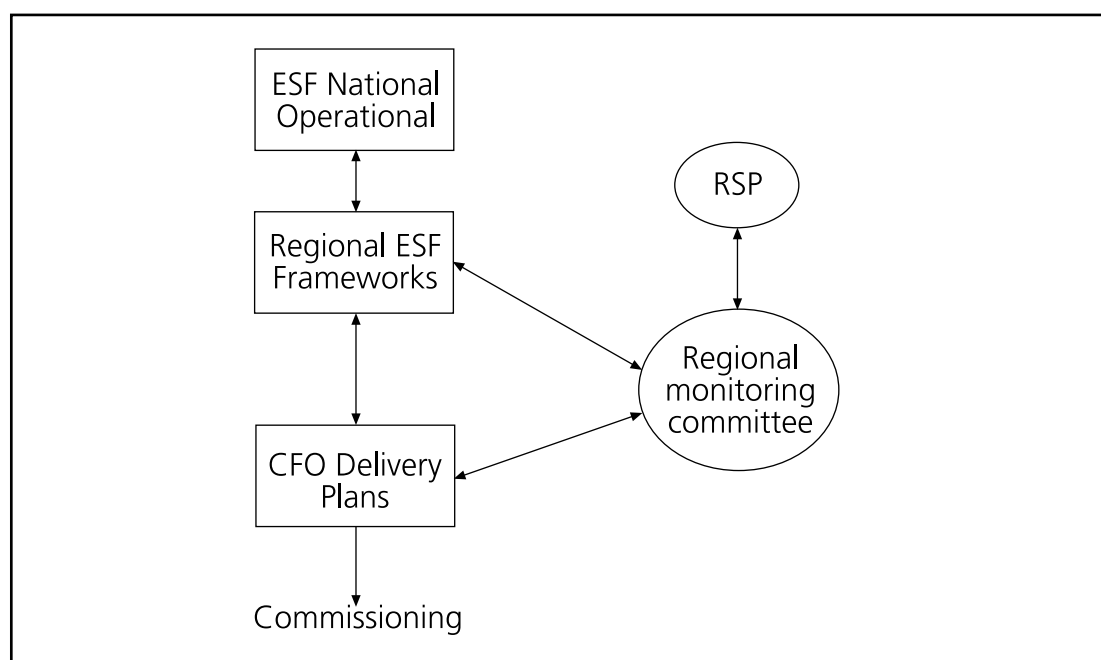
## 1.1 The development of REFs

The desire for a strong regional dimension to the ESF Programme in England led to Regional Skills Partnerships having a strategic role in developing REFs and in reviewing and updating them as necessary in the light of changing circumstances and ESF implementation. The role of the RSP is outlined in a guidance note and involves:

- working with regional stakeholders to shape and develop the framework and secure commitment to its implementation;
- ensuring that the framework reflects the amount of funding available and contributed towards the indicative regional output and results targets;
- ensuring that the Framework is consistent with and will contribute to the delivery of the relevant employment and skills aspects of the Regional ESF Strategy (RES) and other regional strategies;
- identifying regional employment and skills priorities where and how ESF can be targeted to add value to them;
- considering how ESF can complement other regional funding streams including ERDF;
- identifying and agreeing any specific regional indicators in addition to those set out in the OP;
- identifying any high level regional issues associated with ESF cross cutting themes.

REFs cover a three year period (2007-10) to coincide with the Spending Review cycle. The Convergence Area of Cornwall and the Isles of Scilly is the only sub-region to have developed a 'Regional' ESF Framework.

Regional ESF committees are responsible for endorsing the CFO Plans and monitoring regional performance. The Committees include membership of the organisations that form the Regional Skills Partnership (RSP) as well as the wider partnership in the region and report back to the RSP on how ESF is being implemented and contributing to the priorities in the regional framework. Figure 1.1 outlines the relationship between the REFs, the national programme and the CFO Plans and the governance structures associated with their development.

**Figure 1.1 ESF governance structures****1.1.1 The role of CFOs**

In the previous 2000-06 programme, the majority of ESF funded activity was commissioned through co-financing, although in the early years this ran in parallel with a direct bidding route. The co-financing mechanism is implemented by CFOs, with the largest share of funds being committed in the 2000-06 programme to the Learning and Skills Council (LSC) and Jobcentre Plus. The CFOs involved in the current programme are outlined in Table 1.1:

**Table 1.1 CFOs by region**

Region	Co-financing Organisations
East of England	Luton BC, Bedfordshire CC, The Department for Work and Pensions (DWP), EEDA, LSC
East Midlands	DWP, LSC, local authorities in East Midlands consortium
London	DWP, LSC, London Councils, London Development Agency (LDA)
North East	DWP, LSC
North West	DWP, LSC
South East	LSC, South East England Development Agency (SEEDA)
South West (and Cornwall and the Isles of Scilly)	DWP, LSC
West Midlands	DWP, LSC
Yorkshire and the Humber	DWP, LSC

Whilst the majority of the ESF Programme funding will be commissioned by the LSC and the DWP (Jobcentre Plus) there is some flexibility associated with the

Convergence Area and the phasing in area. For example the phasing in status provides 'ring fenced' resources and affords greater flexibility in terms of ESF development and delivery in Merseyside.

## 1.2 Overview of the REFs Evaluation

In October 2008, the Policy Research Institute at Leeds Metropolitan University was commissioned by the ESF Evaluation Team in the DWP to undertake a case study evaluation of the REFs. The aim of the research is to evaluate the extent to which REFs for 2007-2010 address regional employment and skills needs and inform the plans of CFOs. The REFs have a key role to play in ensuring that ESF adds value to existing strategies and plans and ensures that regional, national and European interests are aligned effectively within ESF.

The main objectives of the study are:

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

As such, the evaluation is focused on processes and is largely formative in nature and is to be used to inform the further development and implementation of the REFs.

### 1.2.1 Methodology

The methodology underpinning the research draws on both primary and secondary sources of information. The research is based on five regional case studies drawing on a combination of primary and secondary data to provide key evidence to evaluate the REFs. A selection strategy which takes into account a variety of institutional and social-economic factors was developed to underpin the selection of the case study areas, see Appendix A. The areas selected through the operation of the framework were as follows:

- Cornwall and the Isles of Scilly;
- East of England;
- London;
- North West;
- South West.

Key secondary data was collected and reviewed in each case study area. The documents included the REF and other relevant documents such as the CFO Plans. A template to underpin data collection and analysis was developed and agreed with the evaluation steering group, see Appendix B. A further key aspect of the research methodology is qualitative interviews with key stakeholders involved in the development and/or implementation of the REFs and CFO Plans. A total of 61 face-to-face and telephone interviews were undertaken using a semi-structured discussion guide for the data collection. The contact list for regional stakeholders was provided by the Government Office in each Region and the list of national stakeholders was provided by the ESF Evaluation Team. Table 1.2 provides an indication of the number of stakeholders contributing to the research in each case study area along with national and other regions. Representatives of the key stakeholders in each case study area including the Regional Skills Partnership, Government Office, CFOs, Voluntary and Community Sector (VCS) and local authorities participated in the research in each case study area. A list of the research participants is contained in Appendix C.

**Table 1.2 Number of interviewees by area focus**

<b>Area</b>	<b>Number of interviewees*</b>
National	8
Cornwall and Isles of Scilly	8
East of England	6
London	12
North West	12
South West	11
Other Regions	6

\* Some interviewees cover both South West and Convergence Area.

The vast majority of interviews were digitally recorded and transcribed for input into NVIVO software for analysis. The analysis and research findings are outlined in subsequent sections of this report. Chapter two outlines the development of the REFs and the CFO plans and the connection with the regional context; chapter three outlines the target groups and value adding activity identified in the documents; chapter four explores issues associated with cross cutting issues and chapter five explores issues moving towards delivery of the programme. The final chapter draws together the research findings and discusses implications for the further development of the REFs.

RSPs have continued to evolve at the regional level and are known under different names in each of the case study areas. To aid simplicity and clarity, the abbreviated term RSP is retained throughout this report although readers should be aware that the RSP (or successor body) is now known under a different name in each case study as follows:

- East of England – Skills and Competitiveness Partnership;
- London – Skills and Employment Board;
- North West – Regional Skills and Employment Partnership;
- South West – Regional Skills and Employment Partnership (also covers the Convergence Area of Cornwall and Isles of Scilly).

## 2 Regional context

One of the aims of the Regional ESF Frameworks (REF) is to forge links between the national European Social Fund (ESF) programme and the regional agenda. This section of the report outlines the process adopted to develop the REFs in the case study areas and explores the extent to which the regional context is reflected in the frameworks.

### 2.1 REF development process

#### 2.1.1 The role of the Regional Skills Partnership (RSP)

In all of the regions, the RSP has worked closely with key partners and stakeholders in the region with a similar development process being adopted in each region. The key characteristics of this process are:

- establishment of a steering group (chaired by the RSP) providing a forum for key partners (e.g. Jobcentre Plus, the Learning and Skills Council (LSC), local authorities, private sector representation, community and voluntary sector) to oversee development of the framework;
- iterative development (based on partner feedback) on the draft frameworks.

In all case study areas, the RSP worked closely with key partners (for example Government Office and Co-financing Organisation (CFO) Partners) at the outset of the development process to determine how the REF should be taken forward. In London the ESF Framework was developed by the London Development Agency (LDA) with policy guidance from the Mayor's Office. In East of England the RSP established an Executive Operation Group which was tasked with developing, steering and overseeing the development and drafting of the framework. In the South West the framework was produced by the RSP with the support of an ESF Steering Group made up of representatives from the main stakeholders. In the Convergence Area a similar process was adopted although given the spatial characteristics of the area (county as opposed to district) and the strong local partnerships established to deliver previous ESF programmes in the area, the South West RSP adopted an approach which enabled the sub-region to develop its own framework within the regional context.

The RSP in the North West also adopted an enabling approach to the development of ESF in the region with Government Office North West (GONW) playing a leading role in its development. Stakeholders suggest that this was not a contested governance issue and that the RSP played a key role in the Steering Group and ratified the final draft of the Framework. There are a number of reasons for this approach in the North West, the most commonly cited by stakeholders being that GONW had the understanding and knowledge of ESF and the partnership structures developed through previous programmes. As a consequence GONW were better placed to oversee its development than the RSP whose role was emerging in the region at the time of the development of the ESF Frameworks. A further influence was cited as the lack of Voluntary Community Sector (VCS) Representation on the RSP which was seen to be a weakness in the context of ESF development in the region and which was addressed through the wider partnership based approach adopted in the region.

### **2.1.2 Consultation process**

The Guidance Notes underpinning the development of the REFs suggest that there is no requirement for a full formal consultation exercise on their development in the region but included requirements to consult key regional partners including the third sector, local authorities, probation and/or offender management services and the social partners where they were not represented on RSPs. All the regions adopted some form of consultation in order to engage regional stakeholders in the development of the REFs. In the North West for example, an extensive consultation process is reported. The consultation process included:

- initial consultation on a one-to-one basis with a range of sectors with an interest in ESF and some additional consultation in Merseyside (reflecting its status as a phasing in area);
- ESF Working Group views on an initial draft of the framework;
- sub-regional consultation events (one in each sub-region) attended by about 150 people;
- written responses were invited and 21 stakeholders submitted their views;
- regional consultation to discuss the second draft of the framework (attended by about 180 people).

In other areas variations on this approach were adopted. For example, in London, the framework went through three stages of consultation involving the Greater London Authority (GLA), CFO Organisations and core stakeholders. This process involved an initial e-consultation and four events to assess the needs of the most disadvantaged and to provide a foundation for the development of the framework. The REF for the East of England was prepared by the RSP and an estimated 300 people attended the regional consultation event on the framework during 2007. In the South West the RSP led the development of the framework working in close partnership with other local stakeholders. A steering group was established as the main mechanism to contribute to the development of the REF.

In the Convergence Area, a more extensive steering group contributed to the development of the framework and authored a substantial part of it. All the stakeholders in the area and several in wider region (South West) reported positively on the skills and commitment of all partners to the development and implementation of the framework in Cornwall and the approach adopted by the RSP.

All the stakeholders contributing to the research in each of the case study areas reported that they valued the consultation process undertaken in each area as a key element of the development of the framework (although some had some problems recalling the process in any detail having been undertaken two years prior to the research). They, generally, outlined an inclusive and active engagement process. However, there was some regional variation, with some local authority partners in the East of England suggesting that they had not been fully engaged in the process (though this may have reflected uncertainty with regard to their proposed CFO status at the time).

There were some regional variations apparent with, for example, some stakeholders in London reporting that the time for consultation on the regional framework was compressed and this may have limited input by some partners. The delays in agreement of the Financial Perspective and relevant EU Regulations were significant constraints on the time available to develop the REFs.

Some stakeholders in several case study areas (North West, South West, London), particularly those whose job role did not focus solely on ESF, reported difficulties in terms of understanding the programme and the opportunities it may present. Some found the guidance notes (which were reported to be subject to change and revision) associated with programme context and delivery complex and difficult to interpret and several commented on uncertainty surrounding the development of the programme. They also reported some reservations in terms of the 'payback' (at the individual and organisational level) which may be realised from investing in developing the required knowledge and understanding of ESF. Several stakeholders in each of the case study regions reported the value of getting people in a room to talk about ESF and inform its development in the region. One stakeholder summed this up as 'it is as much about the journey as it is about the document'. Stakeholders in some areas (noticeably Cornwall) suggested that there would be benefits from involving wider stakeholders at an earlier stage of the process (prior to development of a first draft) to enable greater local influence on development of the framework.

More generally, contributors to the research in the case study areas were complimentary about the skills and commitment of all partners contributing to the development and implementation of the REFs in all areas (and most noticeably in the Convergence Area, North West and South West). Strong relationships were regularly reported between partners in the case study areas at the strategic level such as the RSP, Learning and Skills Council (LSC), Jobcentre Plus and GO. In London the key role played by the Mayor's Office and the London Development Agency (LDA) was also acknowledged. Voluntary and community sector interests

were input through representative groups and other representative bodies such as the Federation of Small Business put forward the interests of small businesses and the self employed. None of the stakeholders identified any gaps in terms of organisations represented around the table or examples of voices not being heard in any of the case study areas. However, a couple of research participants in the North West and South West expressed a desire for greater employer (both public and private sector) engagement in the development and implementation of the framework. An example of successful private sector employer engagement was apparent in the Convergence Area where a local consultation was arranged and businesses contributed to the development of the programme. There was little discussion of the requirements of individual businesses with the group providing ideas and support for the use of ESF to address a range of social issues associated with for example more activities for local children and improved information advice and guidance and services to improve the employability of young people.

### **2.1.3 Consultancy support**

A consultancy was commissioned to support the development of the Framework in three of the case study areas. The Frameworks for the East of England and London were drafted in house although consultancy support was obtained to develop the labour market intelligence for the East of England underpinning the Framework. The consultants were identified by stakeholders in the North West and South West as a positive influence on the process given their extensive knowledge of European Programmes (including ESF and ERDF) and the region and their ability to manage some process issues at arms length. Stakeholders in these case study areas generally recognise the value of the consultant in drawing together the evidence base established by the RSP and stakeholder views to inform the development of the framework.

## **2.2 Link to strategic context**

The REFs in each of the case study areas recognise the dynamic and emergent context where strategies and policies are emerging and evolving at the local, regional and national level. The REFs incorporate this context through reference to the key strategies and their implications for the development and implementation of ESF in the region to varying degrees. Table 2.1 provides an overview of the regional strategies which have been used to inform the development of the REFs.

**Table 2.1 Strategies influencing the development of the Regional ESF Frameworks**

	Convergence Area	East of England	London	North West	South West
Leitch review					
England and Gibraltar Operational Programme					
Regional Economic Strategy (RES)					
Statement of Skills Priorities/Skills and Employment Strategy					
City Employment Strategies/ Multi-Area Agreements /Local Economic Development plans					
Business Support Simplification Programme					
ERDF					
Rural Development Programme					

Table 2.1 illustrates the common reference points in establishing the context for ESF outlined in the Frameworks through for example reference to key policy documents such as the OP and RES. It provides an indication of the connection being made with national policy, regional policy and the emerging local policy direction in terms of for example Multi Area Agreements and City Employment Strategies. The following provides a brief summary of the regional characteristics and priorities as outlined in each ESF Framework.

The Lisbon Agenda's aims of creating a more enterprising, innovative and research and development intensive economy drawing attention to skills gaps associated with 'soft skills' and higher level skills which were often features of the evidence underpinning the REFs. For example, in the East of England, the Framework reflected concerns relating to the overall low level of high level skills across the region and the need to encourage level 3 and 4 skills to enable the development of the knowledge economy. In the South West, the REF outlines the characteristics of the regional economy and highlights a reliance upon low value added sectors and part-time working. A key issue facing the region is not the stock of skills but their application. It suggests investment in leadership and management skills (particularly in Small and Medium Enterprises (SMEs)) as the most effective means of improving skills utilisation and productivity. The South West RSP has identified three key themes emerging from analysis of the competitive situation and the labour market in the region which are productivity, progression and sustainability.

The main priorities for the South West RSP are outlined as:

- improving leadership and management skills;
- developing enterprise skills of all ages;
- developing skills to increase innovation and creativity, and
- ensuring that the skills needs of the regional economy and in key sectors in particular are addressed at level 3 and above.

The implications of these priorities for ESF in the region are discussed in the Framework.

The RES in the North West identifies skills as a key economic driver with a vision to develop a region where people have the skills and adaptability to underpin a modern and inclusive economy. The strategy identifies high level skills and an adaptable approach to learning and working as critical to supporting a region that is trying to compete on the basis of innovation and technology and where knowledge based and technical skills are at a premium. The transition area of Merseyside is included in the North West REF and given greater prominence than other sub-regional areas in the region with its own section within the Framework detailing the ambition for the area and the importance of the Merseyside City-Region Employment and Skills Strategy (CES) as a vehicle to guide ESF complementary strand investment.

The Convergence Area ESF Framework draws attention to the connection between ESF and the regional strategies through for example targeting activity (in terms of reducing the gaps between the region's best and worst performing areas), focusing on those facing the greatest challenge in taking up training and employment opportunities and addressing market failure, e.g. skills shortages. It also draws attention to activities to prepare people from disadvantaged groups to access Higher Education (HE) (but not provision itself) as HE has a unique role to play in the Convergence ESF Framework activities in Cornwall and the Isles of Scilly.

The London strategic context identifies two particular features of the London labour market. Firstly, London has the lowest rate of employment and the highest rate of poverty in the UK and secondly London has the most productive and most highly skilled workforce in the UK. This 'two speed economy' is reflected to varying degrees in other REFs. In London this has led to a focus upon extending employment opportunities whilst in the North West, the REF makes reference to the challenges of meeting both the needs of those with no or low skills that are unemployed or inactive whilst at the same time adapting to the long-term shift towards a higher skilled, higher value knowledge economy. The North West highlights the importance of higher level skills as a key constraint on the region's efforts to meet the needs of the knowledge economy, and is also recognised in other case study areas such as the East of England and South West.

The majority of stakeholders in each region point to the importance of the framework and the positive role played by the RSP in setting ESF in the wider

regional context. Generally, stakeholders in each of the case study areas suggest that the framework has helped to forge greater strategic connections through explicit reference to key strategies such as the RES, RSS and European Regional Development Fund (ERDF) Competitiveness along with reference to other strategies such as Local Economic Development Plans and Local Area Agreements (LAAs). Stakeholders generally recognise the role of the framework in embedding ESF in the wider regional policy environment and encouraging discussion and joint-working. More generally the Framework is seen by stakeholders to represent an improvement on attempts to articulate the regional picture through, for example, Regional Development Plans adopted in previous programmes.

However, there are varying views associated with the extent to which REFs are seen to articulate what is distinctive about a region. Stakeholders generally suggest that it broadly achieves this through, for example identifying key issues facing the region, e.g. hidden exclusion in rural areas in the South West and combined urban and rural challenges in the North West. However stakeholders in these regions suggest that recognising local diversity in a large region such as the South West or the North West within a Regional Framework is a major challenge. London, however, was regarded as being a more coherent region by stakeholders with a consistent focus upon the joint issues of low employment rates and associated poverty across the area.

### 2.3 From frameworks to plans

The REFs are designed to provide a context for the CFOs to develop more detailed delivery plans. Those involved in the development of the CFO Plans in each case study region report early and substantial involvement in discussion associated with the development of the ESF Programme in the region. This has resulted in the ESF Frameworks and the CFO Plans both informing and being informed by each other in each of the case study areas. The CFO representatives in all the case study areas report that the REF and the scrutiny applied to their CFO Plans by the regional stakeholders through for example the regional Steering Group has ensured that the plans reflect the regional interests outlined in the framework. Stakeholders in the RSP and Government Office also report an iterative process associated with the development of the CFO Plans which ensured the regional fit. In the North West for example, stakeholders refer to the CFO Plans being scored against the Framework to ensure that the Plans reflected the regional interests outlined in the Framework. CFO representatives in each area suggest that several drafts were submitted and subject to review and amendment prior to submission to the RSP and endorsement by the Regional Monitoring Committee. Generally, the process is valued by stakeholders as the discussions help to secure stakeholder input and buy-in to the framework and the CFO Plans (although some CFO stakeholders reported frustrations at the perceived high level of scrutiny applied to their plans and the need for several drafts prior to sign-off of the document).

### **2.3.1 Development process**

The representatives of the CFOs, Government Office and RSP contributing to the research in the case study areas outlined the consultation process which was adopted in the development of the CFO Plans. Each case study area was characterised by strong and collaborative partnership working between the two key organisations (LSC and Jobcentre Plus) tasked with delivery. This approach was recognised and valued by many stakeholders in each case study area. CFOs did however adopt different approaches to consultation and there was also some evidence of regional variation in the nature of partnership activity.

The LSC approach was based on consultation with key partners in the sub-region to develop a plan based on local needs. This, generally, involved consulting with local authorities and relevant partners in each region. In the North West a relatively extensive process was adopted and reported in the LSC CFO Plan. This included working closely with a range of stakeholders in the region including employers, City Employment Strategy Consortia and the Trades Union Congress (TUC). Consultations were held in each of the five sub-regions with over 500 people attending the events. In other case study areas a similar consultation and development process was adopted by the LSC.

The Department for Work and Pensions (DWP) approach was based on consultation with local Jobcentre Plus offices in each region. Wider consultation was not required as local offices were identified as being best placed to determine local needs due to their direct relationships with their clients in the local areas.

In the areas with more than two CFOs a further level of consultation and co-ordination was required. In the East of England a view was expressed that the process could have been co-ordinated to a greater degree to ensure that duplication was minimised and value added activity identified to a greater extent. In both regions however the emerging CFO plans were discussed at regular meetings with key partners and the CFO organisations. This level of transparency by the CFOs (RDAs and local authorities) was generally regarded as being important in ensuring that regional worklessness and employment priorities were fully reflected in the CFO plans. In London, the CFO development process reflected the key role played by the Mayor's Office and the LDA.

### **2.3.2 Connection to the strategic context**

Each of the CFO Plans makes reference to the role of the REF in informing its development. For example, the CFO plans reflect the strategic context outlined in the ESF Frameworks and often commit to deliver the framework whilst making reference to further influences reflecting both national priorities for the CFO organisation and further local strategies. For example, the North West LSC CFO Plan reports that it has been framed by reference to a range of strategic documents (including the North West RES, ESF Regional Framework and North West Competitiveness Programme (ERDF)). It also recognises the importance of working closely with local partners through the emerging Employment and Skills Boards, Local Strategic Partnerships, Multi and LAAs and City Employment

Strategies to address sub-regional and local needs. The DWP CFO Plan identifies a key role for ESF in taking forward both the RES and North West Regional Statement of Priorities. It also suggests that there needs to be close links between ESF and City Employment Strategies in the North West (including Merseyside).

At the time of the research, stakeholder awareness of the content of the CFO Plans varied considerably in each region. Several contributors to the research had little or no knowledge of the detail of the plans and were unable to offer comment on the extent to which they reflected the Regional Framework although there was a widespread recognition that the framework provided the necessary regional context to influence their regional priorities and an assumption that this was reflected in the CFO Plans. Those directly involved in the development of the CFO Plans suggested that they had been developed with explicit reference to the REF and did indeed reflect the regional context. This view was endorsed by members of the Regional Monitoring Committee contributing to the research in each case study area. Generally, the Framework development process was identified as making a useful contribution to the understanding of the nature of worklessness and skills in each case study area with CFO partners in particular involved in data mining to aid the subsequent targeting and development of interventions.

Further illustrations of the connections between the REFs and the CFO Plans are outlined in subsequent sections of this report.

## 2.4 Summary and key points

- In all case study areas the RSP worked closely with key partners and stakeholders with Government Office playing a key role in the process.
- The RSP adopted various approaches to REF development, in some areas adopting a 'hands on' approach and in others an 'enabling' approach.
- The vast majority of the stakeholders contributing to the research in each of the case study areas reported that they valued the development process and outlined an approach which was in their view open and inclusive.
- The REFs in each of the case study areas recognise the dynamic and emergent employment and skills policy context at the national, regional and local levels.
- They incorporate this context through reference to the key documents such as the RES and some assess their implications for the development and implementation of ESF in the region.
- Generally, stakeholders suggests that the REF has helped to forge greater strategic connections through explicit reference to key regional strategies along with reference to other local policy interventions such as Local Economic Development Plans and LAAs. It is identified as an improvement on previous mechanisms to support regional development of ESF.

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

## 3 Target groups and value adding activity

This section of the report draws on the review of the Regional ESF Frameworks (REF) and the Co-financing Organisation (CFO) Plans along with the qualitative interviews with stakeholders to explore issues associated with the extent to which the REF address the European Social Fund (ESF) Operational Programme (OP) and identify issues associated with regional target groups and value adding activity.

### 3.1 Context

ESF 'adds value' to mainstream provision through its focus on particular target groups in the labour market and the activities it funds. The target groups outlined in the OP relate to the following:

- people with disabilities and health conditions;
- lone parents and other disadvantaged parents;
- older workers;
- ethnic minorities;
- people with low or no qualifications;
- those without basic skills;
- those not qualified to level 2 and where justified to level 3;
- those experiencing gender segregation in the workforce;
- managers and workers in small enterprises (with a particular focus on the low skilled and addressing skills shortages).

The OP outlines a range of indicative activities which may be supported through ESF to include employment and skills measures to encourage employability and sustained employment particularly for those most at risk of disadvantage in the labour market and those facing multiple barriers to work and progression. These activities include:

- individual action plans and personalised support;
- pathways to employment;
- basic skills and vocational training;
- work with employers to promote the recruitment and retention of those at risk of labour market disadvantage.

The stakeholders contributing to the research generally report that target groups articulated in each REF broadly reflect the interests of each region. However, there are sometimes tensions between national and regional aspirations which have been (and continue to be) played out and negotiated. The discussions underpinning the identification of target groups (and activities) were reported to have been focussed within the context of the ESF OP. For example, it was reported that higher level skills were viewed as a priority by the majority of stakeholders in the case study areas (except London) but this was afforded limited coverage in frameworks and plans. Two key drivers influenced this, firstly the context which reflects the emphasis of national skills policy which suggests that given the high return on investment for both individuals and employers associated with higher level skills, public funding should be focussed on the low skilled and disadvantaged in the labour market where the rationale for intervention associated with market failure and equity issues is most pronounced. Secondly, the limited connection with this agenda of the key CFOs delivering the programme. Of the areas that identified higher level skills as an important issue, only the Convergence Area appears to have been satisfied with the emphasis on higher level skills it has been able to achieve as a result of its priority to develop its Higher Education resource base in the area.

There is some further evidence of regional influence on the national programme through the different emphasis given to particular groups in a particular region. In the North West for example, stakeholders suggested that the REF development process had raised a number of issues which were discussed with regional stakeholders and the managing authority. These included:

- the front loaded nature of the Merseyside Programme (to 2010);
- shifting resources between priorities;
- target groups.

Stakeholders contributing to the research often struggled to recall the precise nature and implications of these discussions or the extent to which they had ultimately impacted on the REF given the elapsed time between the process of their development and the conduct of this research (circa two years).

The role of the REFs is to set out how ESF resources can be focussed on disadvantaged groups, areas or sectors and to add value to regional strategies. This is explored below in terms of the target groups and activities articulated in the REFs and the CFO Plans.

## 3.2 Target groups

Each REF in the case study areas makes reference to a detailed evidence base drawn together by the Regional Skills Partnership (RSP) and its partners to underpin the development of regional skills priorities. Each recognises to varying degrees the challenges affecting individuals and labour market groups at risk of labour market exclusion from place to place within the region. The REFs are generally seen by stakeholders to provide a regional level strategic approach but at the same time providing the flexibility to tackle special needs of particular groups and spatial areas.

The following draws on the review of the REFs and the CFO Plans and the interviews with stakeholders to identify the focus of ESF in the case study areas in terms of:

- (a) labour market groups;
- (b) sectors;
- (c) spatial targeting.

### 3.2.1 Labour Market Groups

All the ESF Regional Frameworks identify a wide range of target groups which reflect those outlined in the OP. The REFs also identify further specific groupings which provide an indication of regional priorities for ESF in terms of for example workless households (North West/South West/Cornwall) or people without partners or people facing redundancy (East of England). Under Priority 2, there is some regional variation with, for example, in the North West a specific focus on gender and ethnic minority communities in sectors where there are skills shortages at Level 3 along with a focus on basic skills in Merseyside. In the South West and Cornwall there is an emphasis on small and micro enterprises (particularly in terms of management and leadership skills) as a target group for ESF activity and building a research base for the benefit of the local economy (Convergence only). The CFO Plans generally reflect the national and regional priority groups and to varying degrees develop a further focus for delivery at the regional level. For example some provide a focus for homeless people (South West/North West/London) or refugees (North West/South West) under Priority 1. The target groups outlined for Priority 2 tend to focus on those groups identified in the OP such as those in work with a disability or health condition, lone parents, older workers, ethnic minorities and people with no or low qualifications.

Several stakeholders draw attention to the perceived prescriptive nature of the ESF Programme in terms of for example funding allocations associated with priorities and target groups. The extent to which regional interests have been reflected in the REF is variable across the regions. For example, in the North West, reference was made by several stakeholders to the large prison population in the region and 'offenders' were often cited as an example of a target group not given the priority desired by the region. Two further examples of target groups absent from the

framework were cited by participants in the research firstly in terms of the need to retain graduates in the region and secondly the need to encourage and support the self-employed.

Stakeholders identified further national/regional tensions more generally across the regions in terms of two target groups; firstly in terms of higher level skills (not identified in Cornwall to the same degree as in other areas as some funding is available for this in the area) and secondly the funding focus of the programme on Young People who are Not in Employment, Education or Training (NEET) (as opposed to older people) which was particularly evident in the South West.

### 3.2.2 Sectors

The REFs outline various approaches to sectoral targeting of the programme. Some identify key sectors whilst others suggest that they are not pursuing a sectoral approach to ESF in the region. Table 3.1 provides an overview of the approach to sector targeting outlined in the REFs. It highlights where the case study areas have identified the key sectors in the region, whether they have identified an opportunity to use ESF to address specific skills gaps and whether they are proposing a targeted or 'inclusive' (some prioritisation of sectors but no exclusions) approach.

**Table 3.1 Approach to sectors**

	Convergence Area	East of England	London	North West	South West
Industrial Sectors identified					
Skills gaps identified					
'Inclusive' approach					

Table 3.1 provides an indication of some variation in approach to the sectoral dimension of the regional programme. A closer inspection of the REFs reveals the nature of variation between the case study areas. For example in the North West the following RSP sectors (at Level 3) are identified for ESF Priority 2 activity in the region:

- advanced engineering and materials;
- biomedical;
- care/healthcare;
- construction;
- digital and creative industries;
- education and training;
- energy and environmental technologies;
- food and drink;

- retail;
- visitor economy.

With the exception of retail and visitor economy, the regional priority sectors at Level 4 are the same as those above with the addition of Business and professional (specifically financial) services. In Merseyside there is scope to support a wider range of eligible sectors (those identified in the Merseyside City Region Development Plan) than in the rest of the region in terms of level 3 and 4 provision. There is also scope to target SMEs (up to 250 employees) as opposed to the focus on firms employing up to 50 in the rest of the North West.

In developing the REF for the East of England, the EESCP partners, including the Skills for Business Network, identified and agreed seven level 2 and 3 priority sectors in the region. These are:

- construction/built environment;
- retail;
- logistics;
- health and social care;
- hospitality;
- manufacturing and engineering;
- land based industries.

Whilst the framework prioritises these sectors, it does not exclude other sectors from being eligible for ESF funds. The London Framework states that the Framework will engage with the SSDA and the Sector Skills Councils (SSCs) to help ensure that support is:

- demand led;
- an articulation of London employers' needs;
- leading to the provision of support for economically valuable skills development.

Building on the rationale set out in the Mayor's Economic Development Strategy 'Sustaining Success', some sectors are noted to be particularly important to London, but the framework suggests that the public sector should not attempt to 'pick winners'.

In the South West the REF suggests that the programme will not have exclusive sectoral priorities. However, it identifies that it will be important that project activity (particularly under Priority 2) contributes to:

- improving productivity of businesses in the west of the region;

- improving productivity of businesses in rural areas;
- priority and key sectors identified in the Regional Economic Strategy (RES) and the RSP;
- developing a low carbon economy, specifically in relation to environmental management skills particularly to meet relevant environmental standards;
- environmental technology and renewables sector (including training to enable businesses to diversify into this sector);
- companies involved in business growth, innovation and research and development through the Competitiveness (ERDF) Programme.

In the Convergence Area the importance of some sectors to the regional economy are referenced by the Convergence ESF Framework with Distribution, Hotels and Restaurants, Public Administration and Health identified as important sectors in terms of current employment and other sectors such as Banking, Finance and Insurance, Transport and Communications and Other Services in terms of employment growth (albeit from a low base). Direct reference is made to SMEs (and the need to develop management and leadership skills) along with the aim to develop a low carbon economy. An indication of sectoral targeting is presented in the Convergence ESF Framework with skill gaps in specific sectors - manufacturing, retail and tourism - identified.

The extent to which regional priority sectors are dealt with in the CFO plans is mixed. In the South West for example sectoral targeting is not explicit in either of the CFO Plans and reflects the approach outlined in the REF. The Learning and Skills Council (LSC) CFO Plan does, however, reference the development of sub-regional services to support, for example, recruitment to the care sector and for retail, hospitality, catering and tourism (Market Towns support) and the need to improve productivity and management and leadership skills in SMEs. In the Convergence Area the LSC CFO Plan reports that ESF interventions will provide training to meet the needs of employers and in delivering flexible provision as it evolves through the work of the Sector Skills Councils.

In general, stakeholders report that the development of the ESF Framework and CFO Plans has played a useful role in terms of identifying the key sectors in the region and in thinking about sectoral targeting of the programme. In the North West for example, the process had prompted useful discussions surrounding the priority sectors of key stakeholders such as the RDA and the LSC and where ESF could make the greatest contribution in the North West. In the South West and Convergence Area, a Sector Operations Group is identified by the RSP as playing a key role in terms of connecting ESF with sector skills priorities in the region and the LSC reported commissioning delivery to reflect sector priorities in the region.

### 3.2.3 Spatial targeting

The extent to which the regions outline a spatial approach to targeting of the programme is variable across the case study areas. With the exception of London all the case study areas provide an indication of spatial targeting sometimes implicitly and sometimes explicitly in the Framework. For example, the North West REF identifies areas where the largest numbers and greatest concentrations of workless people live in the North West (Greater Merseyside and Greater Manchester) and some significant concentrations within these two sub-regions at the more local level. It also references concentrations of worklessness elsewhere in the region (particularly in West Cumbria and Furness) and West Lancashire, implying a spatial emphasis for ESF. The framework also suggests that there is scope for spatial targeting to support City Employment Plans, neighbourhood renewal strategies and Local Area Agreements (LAAs) and other area based strategies and initiatives designed to tackle worklessness in both urban and rural areas. Merseyside's status as a phasing in area provides further flexibilities and the REF identifies the potential of ESF to spatially target interventions such as the New Heartlands Housing Market Renewal Pathfinder for example.

The North West REF recognises that particular challenges vary at the sub-regional level and a major focus of the programme is to identify where particular policies can have the most impact. It suggests that the designation of programme wide intervention areas, by local authority, ward or postcode is likely to prove too restrictive whilst at the same time recognising that there is a spatial concentration of worklessness in urban areas. It also recognises that whilst policies targeted at deprived communities may focus on the region's urban areas, additional policies are needed to tackle issues related to rural deprivation such as the individuals distance from employment markets and learning providers.

The South West REF suggests that the regional programme will not have exclusive spatial priorities; however, it identifies however it identifies that it will be important that project activity (particularly under Priority 2) contributes to supporting workforce development in principal urban areas. Further spatial dimensions to the programme are articulated in the South West REF. In particular, the programme considers the potential for further divergence between the economic prosperity of western and eastern parts of the region and the potential impact of industrial restructuring on some (notably rural) parts of the region. The spatial dimension of specific target groups is also articulated in the framework. For example, the variations in employment rate associated with the east/west of the region and the prevalence of disadvantaged and lone parents in areas such as the Gloucestershire, Wiltshire and North Somerset sub-region. The distribution of NEETs across the region leads to the identification of Bournemouth, Dorset and Poole, Wiltshire and Swindon as areas where NEETs are most prevalent. The framework draws attention to 143,000 residents living in Super Output Areas ranked among the ten per cent most deprived areas with these areas most likely to be in Bristol and Plymouth (with concentrations in a number of other centres

including Swindon, Bournemouth, Gloucester and Exeter). The REF recognises 'hidden' deprivation in rural areas and draws attention to areas of North Somerset and North Devon where this may be apparent. The framework also references the 'Way Ahead' strategy for delivering sustainable communities in the South West and identifies urban areas such as Bristol, Plymouth, Swindon and Exeter (along with key Cornish towns) to ensure that existing strategies and aspirations for delivering sustainable growth in the region are realised.

A spatial dimension to ESF implementation is also implied by the Convergence ESF Framework with, for example, areas in the bottom 20 per cent of the Index of Multiple Deprivation, e.g. Restormel, Kerrier and Penwith and areas with relatively high levels of unemployment such as Caradon and Carrick identified in the framework.

The CFO Plans reflect (to a degree) as well as further develop spatial targeting outlined in the frameworks. For example, the Convergence Area Department for Work and Pensions (DWP) CFO Plan reports that delivery will cover the whole of Cornwall and the Isles of Scilly but that additional investment will be made in the areas where the overall benefit claim rate is highest, identifying parts of Penzance, Camborne-Pool-Redruth, St Austell, Newquay and Bodmin as areas where groups (particularly people with disabilities and lone parents) amongst the most at risk of disadvantage live. It also recognises the rurality of the area and seeks to ensure that delivery embraces and addresses this. The plan anticipates that investment in specific locations may change over the duration of the programme in response to changing economic circumstances.

The LSC CFO Plan for the Convergence Area and the South West highlights the need to take into account the rurality of the area and the impact that this has on delivery resources. It recognises that higher costs may be associated with interventions for those living and working in areas of rural isolation or inaccessibility and suggests that this will be reflected in the appraisal of bids with consideration given to the varying costs of similar intervention delivered in diverse rural locations. The LSC CFO Plan also indicates the need for spatial targeting of young people and adults in deprived communities through locally provided tailored employment and skills packages.

The CFO Plans in the South West also reflect, to varying degrees, the spatial dimension outlined in the South West REF. The LSC CFO plan reports working with partners (Jobcentre Plus and local authorities) to identify sub-regional needs and ensure fit between ESF and LAAs. The LSC CFO plan details key needs and activities for each of the sub-regional areas identifying particular target groups such as young people, NEETs or workless adults. It highlights the joined up approach to worklessness and workforce development in Gloucester and connections with, for example the City Employment Plan and Park Life (working on 15 business parks) along with Market Towns support.

The DWP CFO Plan in the South West reports that activity will be delivered in all Jobcentre Plus Districts in the South West Region. The plan reports that statistical data relating to Lower Super output Areas was used to determine both geographic areas and customer groups to ensure that provision is targeted specifically towards areas of high worklessness in line with the needs of the South West REF and DWPs priority customer groups. The DWP CFO Plan reports working with partners such as local authorities, LSC and the Regional Development Agency (RDA) to determine where ESF activity should be focused. The DWP CFO Plan outlines the local district (and within that appropriate disadvantaged wards or priority areas), target groups and specific linkages to partners and their key initiatives or interventions, e.g. ERDF, Neighbourhood Management Plans, LAAs, Every Child Matters.

In the North West, both CFO Plans recognise the phasing-in area as a distinct element of the North West ESF Programme. The LSC CFO plan reports working with partners to identify sub-regional needs and ensure fit between ESF and CES/LAAs. The DWP CFO Plan reports that activity will be delivered in all Jobcentre Plus Districts in the North West Region and it will be used to complement 17 LAAs in the North West and focus activity on the geographical areas identified as having greatest need.

The East of England REF does not indicate any direct spatial targeting dimension for the ESF programme. However, the DWP CFO Plan is more specific with regard to the identification of spatial delivery priorities. The activities covered in the DWP CFO Plan are directed across the entire region; however, it includes a particular emphasis on 17 local authority wards where employment rates are significantly below the national average and have been identified as being disadvantaged areas or having disadvantaged customers as follows:

- Victoria and Kursaal in Southend-on-Sea.
- Golf Green, Rush Green and Pier in Clacton-on-Sea.
- Harbour and Kirkley in Lowestoft.
- Central and Northgate and Nelson in Great Yarmouth.
- North Lynn and St. Margarets with St. Nicholas in Kings Lynn.
- Mancroft in Norwich.
- Dallow, Biscot and Northwell in Luton.
- Cauldwell in Bedford.
- Central in Peterborough.

Both the Luton Borough Council and Bedfordshire County Council CFO Plans state that their activity will be targeted at some of the most deprived areas and estates in the borough and former county respectively where individuals often face multiple disadvantage in accessing the labour market.

The EEDA CFO Plan is relatively imprecise in terms of setting out clear geographic priorities for the delivery of its activity. Whilst the plan does contain section sub heads on geographical targeting, these sections indicate that the majority of programme activity will be delivered across the whole region. The LSC CFO Plan covers the whole of the East of England region and does not highlight specific sub areas for programme delivery.

In general, stakeholders report that the development of the ESF Framework and CFO Plans has played a useful role in terms of thinking about spatial targeting in the region.

### 3.3 Activities

The REFs reflect the activities proposed to support Programme Priorities outlined in the OP in terms of engaging those most at risk of disadvantage in the labour market and supporting sustainable employment and progression. The majority of regional stakeholders in the case study areas (excluding London) made some reference to the limitations of the programme in terms of activities to support higher level skills in the region which would otherwise be viewed as a key value adding activity. However, stakeholders also suggest that the REF reflects activity articulated in the OP and has provided a basis for further development in the region. Stakeholders in London, North West and the South West suggest that the development of the framework had encouraged a mapping exercise to identify gaps in provision and where ESF might be targeted to best effect in terms of communities at most risk of disadvantage in both rural and urban areas.

More generally, considerable effort and resources have been applied in each region to further develop ESF activities and ensure that CFO provision complements rather than competes with existing provision and adds value to mainstream provision. This often involves the CFOs working closely together. In the South West and Cornwall the approach includes Jobcentre Plus and the Learning and Skills Council in joint mapping of provision in the form of an integrated 'Customer Journey' to inform where best to focus respective ESF Funds. The journey ensures that customers are taken from the earliest form of engagement to sustainable employment and that potential areas for ESF value adding activity are clearly identifiable. A similar approach was adopted in London where the ESF Regional Framework is informed by the concept of 'end to end support' for the individual participant adapted from the City Strategy Pathfinders initiative in London. This is particularly important for the target groups within the ESF programme who often face multiple disadvantage and are some distance from the labour market. The success of this continuum of support rests on the ability of providers to guide individuals along the pathway to employment and ensure they are offered the best next step provision in their skills development at each point in the process.

Both South West CFO Plans state that the Learning and Skills Council and Jobcentre Plus have worked closely in developing the proposed interventions and routeways. The DWP CFO Plan reports that value will be added in the South West region by:

- targeting people who may not otherwise come forward to existing provision;
- focussing on specific localities where there are particular difficulties for people wanting to return to work;
- adding to the range of provision available or providing additional facilities already shown to be working in other parts of the region;
- providing different or more intensive support to people facing greater barriers;
- providing specific help to disadvantaged people to help them to find and keep a job;
- providing support to employers through Local Employer Partnerships to complement the help available to them through other DWP provision.

The South West LSC CFO Plan suggests that value adding activity will be realised through filling in gaps associated with mainstream skills and employment services through enhanced packages of support and extending eligibility. It reports a strong emphasis on engaging 'hard to reach' groups, supporting skills development, progression into employment and job retention.

In the North West, the DWP CFO Plan outlines a range of ways in which provision may complement match funded activity and other DWP provision which include:

- extending the amount of range of provision;
- engaging harder to help customer groups currently outside mainstream activity;
- establishing mentoring from engagement through progression into LSC provision;
- targeting of families in need and creating bespoke packages of support;
- providing intensive support to specific priority groups;
- supporting employers through Local Employment Partnerships to work with long-term unemployed people towards sustainable employment;
- identifying in-work poor customers and developing strategies to improve their situation.

The LSC CFO Plan in the North West identifies similar value adding activity including additional support for disadvantaged groups giving them an increased likelihood of success. Activities include additional support to encourage attainment, linking pre-employment support with post employment training and extending target groups. In the North West both CFO Plans identify the need to work in partnership with local partners and to align ESF activity with the priorities set out in the three

City Employment Strategies (CES) in the region and the LAAs. The Complementary Strand in Merseyside reflects the focus of the Core City Employment Investment Strategy and an agreed Single Investment Framework to ensure that funding streams are aligned and to ensure that ESF adds value. The focus of the Core City Employment Investment Strategy includes:

- Information Advice and Guidance – locally based employment and skills centres.
- Transition to work, e.g. intermediate labour market programmes.
- Pathfinder Enabling Programme – improve capacity and capability to develop and deliver programmes.

The CFO stakeholders in all case study areas report applying considerable resources to the identification of value adding activity associated with ESF in the region. CFO representatives (noticeably LSC and Jobcentre Plus) report considerable efforts both individually and collectively to identify gaps in provision and value adding activity associated with ESF to inform project procurement.

The concept of the 'customer journey' (or similar model) has informed joint working of the LSC and Jobcentre Plus and dialogue helped to identify where each could add value through ESF. In several case study areas, one of the key activities underpinning this process has been a mapping of LSC and Jobcentre Plus provision to identify gaps ESF may fill and to minimise duplication. The REF was identified by CFOs as playing a useful part in identifying sectors which has helped to target procurement.

The London ESF Framework endorses 'end to end support' and it is therefore viewed within the region as being important that all projects develop and facilitate good referral routes through to other providers that can deliver other elements in the pathway back to employment. Each of the respective CFOs plays a role in this process with the focus of LDA's CFO activity upon ensuring progression rather than employment outputs, acknowledging the distance from the labour market of some target groups. The LSC's CFO plan focuses upon young people who are NEET and the focus of the London Councils CFO Plan is aimed at individuals who are hardest to engage and, also, experiencing disadvantage in relation entering the labour market. The London Councils fund the majority of its activity through the Voluntary and Community sector.

In the East of England the DWP CFO Plan outlines an approach whereby ESF provision adds value by targeting people who may not otherwise come forward to existing provision and by focusing on specific local authority wards where there are particular difficulties for people wanting to return to work. The CFO Plan also holds out the prospect of providing more intensive support to people facing greater barriers and providing support to employers through Local Employment Partnerships to complement help available through other DWP provision. The LSC's CFO Plan in the East of England sets out the way in which ESF will be targeted

to ensure complementarity and enhance the added value of ESF. This involves the procurement of high quality provision and alignment with the demand led approach. The Commissioning Strategy is also aiming to ensure that there is sufficient regional flexibility to meet regional skills needs and that ESF is actively used to inform mainstream development and approaches.

Stakeholders in all the case study areas suggest that one of the challenges facing ESF in respect of value adding activity during this programming period is the flexing of mainstream activity associated with core funding of the CFOs. Activity initially identified as adding value at the start of the programme (such as funding a second level 2) has impacted on ESF provision. CFOs have had to look for further ways for ESF to add value and the joint working and ongoing dialogue between the CFOs has been crucial for identifying and maintaining value adding activity in an environment where mainstream provision is constantly changing in terms of reach and eligibility.

### 3.4 Links to ERDF

The REFs all recognise the importance of developing linkages between ESF and ERDF to ensure that the complementary nature of the interventions are realised. There is considerable variability in the extent to which the process of establishing connections is to be made. For example, the North West REF reports consideration of the following to inform design, implementation and management of the two funds:

- linking access to employment actions to the jobs being created, both in terms of sectors/occupations and spatial areas;
- improvements in transport accessibility and improved accessibility of high unemployment area to areas of employment growth;
- targeted holistic programmes of employment creation in prioritised regeneration areas characterised by low employment rates;
- support for enterprise in deprived areas and amongst disadvantaged groups;
- integration between ERDF and ESF funded workforce development activity;
- linkages between the types of training and the employment growth sectors/occupations, areas and locations, being fostered through the ERDF programme.

In the South West, the REF makes connections with the South West Competitiveness ERDF through the potential to use the business diagnostic process to stimulate demand for skills and providing leadership and management skills to help businesses realise their growth plans. The DWP CFO Plan identifies the need for partnership links to be developed in order that emerging ERDF interventions can benefit from and add value to proposed ESF interventions. Likewise, it is recognised that ESF delivery needs to be sufficiently flexible to react to ERDF investment opportunities arise. The DWP CFO Plan identifies specific opportunities in terms of a range of

areas including Gloucester City (complementing LSC activity), Plymouth (linking with the Millbay Economic Strategy), Torbay and the rest of Devon (to meet regeneration plans) and Bristol (as an ERDF priority area).

In the East of England, ESF Framework the key areas identified include ERDF and ESF funded workforce development activity and linkages between types of training and the employment growth particularly in the renewable energy and environmental technologies sectors being fostered through the ERDF programme. There is also an aim to link access to employment actions to the jobs being created in terms of renewable energy, conservation and environmental sectors. However, none of the five CFO Plans contain specific references to the potential linkages between ESF and ERDF.

The CFO Plans generally recognise the need to connect ESF and ERDF. The DWP CFO plans identify the need for partnership links to be developed to ensure that emerging ERDF interventions can benefit from and add value to proposed ESF interventions. The DWP CFO Plan reports that ESF specifications will clearly demonstrate the synergy between ERDF and ESF activity with many of the proposed interventions delivering activity at a ward level through outreach services thereby ensuring that disadvantaged communities are well placed to access wider employment opportunities created by ERDF activity.

In several case study areas the LSC CFO Plans recognise the need to connect ESF and ERDF. They report the differing timescales of the two programmes and the importance of developing effective linkages to facilitate complementarity. They highlight the potential to connect ESF and ERDF investment in general by meeting increased demand for labour arising from area based regeneration as well as recognising the potential value associated with connecting ESF providers to wider business support activity.

### **3.4.1 ESF-ERDF: Connections in practice**

In each of the case study areas stakeholders recognise the value and importance of connecting ESF with ERDF (and vice versa) whilst at the same time expressing some reservations associated with the efficacy of the linkages being made between the two programmes. Different organisations are responsible for the programmes. The RDA have responsibility for ERDF and the Government Office (LDA in London) have responsibility for ESF in the region. Each of these organisations has their own priorities and systems which are not necessarily aligned to deal with each other. In some of the case study areas, a joint monitoring committee has been set up to oversee both programmes whilst in others separate monitoring committees for each programme exist.

In most case study areas stakeholders suggest that there has been development work to facilitate links between the programmes. For example stakeholders in the North West, South West and Cornwall reported mapping exercises to identify where ESF and ERDF overlap or where there are opportunities to connect the programmes. Stakeholders often suggest this joint investment mapping has

helped considerably with complementarity in the region. Notwithstanding this, most stakeholders suggest that the links between ESF and ERDF are not being made effectively at this time and stakeholders provide a range of reasons for this. Firstly, in the North West, they point to the existence of separate groups overseeing each of the programmes and different approaches and systems underpinning the management of each programme. In the South West, stakeholders suggested that the joint ESF/ERDF Monitoring Committee had helped to overcome some of the barriers to making better connections between the programmes through, for example developing a better understanding of each of the agendas, more effective sharing of information and joint planning. However, the stakeholders generally reported that there was still some way to go before the two programmes were aligned in an effective way. In the East of England where ERDF and CFO activity are co-located within the EEDA, stakeholders suggested that there are, in practice, few examples of joint working across the respective programmes. Whilst a joint Regional Committee monitors the links between ERDF and ESF and EEDA has responsibility for managing the ESF/ERDF interface, in practice there have been no substantive examples of the two programmes delivering simultaneously. This situation was replicated in London where the ERDF programme is also relatively small in its scope.

In general, all stakeholders realise that making the connections between the programmes is far from straightforward. They point to problems associated with the uncertainty surrounding commission rulings associated with the types of activities which can be funded by each programme and the different language used in the two programmes. They also point to the differing tendering and procurement approaches of the various bodies involved in the two programmes and a lack of timely information upon which to base decision making. Several stakeholders in the North West identify opportunities for fruitful connections between ERDF and ESF related to business support and local regeneration but report that these do not appear to have been successfully made during the programme to date (even where there have been joint tenders).

### 3.5 Innovation

Innovation is a key element of each REF although at the time of the authoring of the documents the precise form of a strand of innovation for ESF was in the process of being determined. Several of the frameworks suggest that innovation is integrated throughout the programme. For example, in London, Innovation has been developed through partnership activity which undertook a thorough examination of the respective roles of funding bodies, analysis of 'What Works' and provided a clearer agreement on segmentation of activity. One innovative strand is for projects up to the value of £25,000 for community and voluntary sector organisations that can deliver more 'hard outputs' such as skills development and employment support and leading to more formal progression pathways for beneficiaries.

Throughout the development of the framework regional innovation activities included new approaches to worklessness that integrated the key proposals from 'What Works' and that are demand led, flexibility aligned to mainstream programmes and new diplomas for 14-19 and engaging employers. There has also been an aim to embed skills development in the workplace via Union Learning representatives and Learning Agreements. There were also proposals to develop the 'campus model' of delivery based on a network of delivery providers committed to providing tailored, accessible and joined up provision along with the development of skills for tackling climate change. As the opportunities for dedicated innovative and transnational projects have emerged, national themes have been agreed and guidance has been developed with regions selecting themes to progress. The call for proposals for innovative and transnational ESF projects was launched on 31 October 2008 and closed on 16 January 2009. The call sought regional applications under six themes for innovation:

- Active Inclusion.
- Engaging with Employers.
- ICT and the Digital Divide.
- Meeting New Challenges – Demographic Change (Older Workers and Migration).
- Meeting New Challenges – Skills for Climate Change and Sustainable Development.
- Social Enterprise.

Projects awarded under each theme are summarised in Table 3.2.

**Table 3.2 Innovation themes by region**

	Active inclusion	Engaging with employers	ICT and the digital divide	Demographic change	Skills for Climate change	Social enterprise
Cornwall						
East of England						
East Midlands						
London						
North East						
North West						
South East						
South West						
West Midlands						
Yorkshire and the Humber						

At the time of the qualitative research in the case study areas, respondents had little to report back on the Innovation and transnational element of the programme. A small number of stakeholders in three regions reported that they had hoped to use the 'Innovation fund' to pursue higher level skills priorities in the region and expressed some frustration that this had not been possible although in fact there will be some higher level skills activity especially in the skills for climate change theme.

Several regional stakeholders expressed a perception of ESF development and implementation as becoming more 'prescriptive' with many of the target groups and activities 'predetermined' by national stakeholders. This was generally perceived to limit opportunities for Innovation at the regional or sub-regional level. However, other stakeholders recognised the value of further resources to take forward important issues associated with employment and skills in their area and pointed out that the innovation sub-committee includes representatives from the regions and that the national list of themes was based on regional proposals to take this theme forward.

### 3.6 Summary and key points

- The review of the REFs and the CFO Plans along with the qualitative data collected through the stakeholder interviews suggests that the REFs address the target groups and activities outlined in the OP.
- The stakeholders contributing to the research generally report that target groups articulated in the framework broadly reflect the interests of each case study area.
- There is some qualitative evidence of regional influence on the national programme through the different emphasis given to, for example resource allocation to specific priorities or particular target groups in a particular region.
- There is also some evidence of development work to inform the spatial emphasis of the programme in each case study area but less evidence of sectoral focus or emphasis of ESF in each area.
- However, there are sometimes tensions between national and regional aspirations which have been (and continue to be) played out and negotiated (e.g. Higher Level Skills).
- The regional stakeholders outline considerable effort to further map provision and activities to ensure that duplication is minimised and that ESF activity adds value to mainstream.
- The REFs and CFO Plans all recognise the importance of developing linkages between ESF and ERDF (and other funding streams) although the stakeholder interviews in each of the case study areas identify several challenges associated with establishing effective connections between the programmes in practice.
- Each case study region has benefited from the innovation strand of the ESF programme with some areas seeking to integrate innovation throughout the ESF programme in the region.



## 4 Cross cutting themes

Within the context of European Social Fund (ESF), gender equality and equal opportunities and sustainable development are both identified as cross cutting themes in the 2007-2013 programme. Both themes are taken forward in line with the relevant Council Regulation (1083/2006) and the UK National Strategic Framework. The Regional ESF Frameworks (REF) in the case study areas outline the proposed approach to further the cross cutting themes in each area.

### 4.1 Equal opportunities

The REFs outline the approach to be adopted in each region to take forward cross cutting issues. For example, in London ESF Framework states that the integration of diversity and equality issues into ESF plans and delivery is essential in developing a strong and competitive city. Specific framework actions include:

- taking an integrated and strategic approach, with reference to European, National and Regional policy, to equalities work in all aspects of managing and delivering the ESF regionally;
- improving the impact that the ESF is having on women, black and ethnic minority communities and disabled people;
- recognising the need for a 'fine grained' approach, for example, addressing the different needs of various black, Asian and minority ethnic communities including the white communities (non British born), collecting information on different communities' perceptions of their own key skills and employment needs and drawing on the existing expertise and delivery capacity within London's diverse communities to maximise effectiveness;
- improving equalities performance in the management and delivery of the ESF programme regionally.

In the East of England, the REF makes connections with the REF which sets out particular actions to promote equality, diversity and inclusion in the regional economy. The ESF cross cutting themes are designed to support the RES goal to enhance the region's ability to create employment opportunities and enhance the quality of existing jobs, and provide well defined routes for all people to access the skills training they need to fulfil their potential.

The North West REF reports that it will promote equal opportunities in line with EC Regulation 1083/2006 and the National Strategic Reference Framework (NSRF). Under Priority 1, it suggests a dual approach to tackling gender equality and equal opportunities by funding specific projects that target women and specific disadvantaged groups and specific communities in the region's urban or rural areas that need targeted support. Under Priority 2 it suggests that the framework will tackle the under-representation of men, women and ethnic minorities in particular occupations and sectors, highlighting pay and skills gaps that ESF could help address in the region as well as highlighting the main equality groups or sub-groups affected, e.g. part-time female workers.

The South West REF and the Convergence Framework also reflects a dual approach to promoting gender equality and equality of opportunities by funding specific activities which target women and disadvantaged groups as well as integrating equal opportunities into the planning, implementation, monitoring and evaluation of the programme as a whole. Both Frameworks report that the theme will be under-pinned by the following requirements:

- All partners maintain their public duty to promote equal opportunities.
- The principle of accessibility for people with disabilities will be taken into account during the various stages of implementation.
- All projects will have to take account of the needs of people with disabilities.
- Technical assistance will be available to support gender and equal opportunities training.
- The Equal-WORKS digital repository will be promoted and maintained.
- A balanced participation of women and men in the management and delivery of the South West ESF Programme.

Both frameworks set a number of targets relevant to gender and equal opportunities in each of the two main priorities:

- women not economically active, particularly lone parents and those with care responsibilities and women from ethnic minority groups;
- people with disabilities particularly those economically inactive and those in work with less than level 2 qualifications;
- those living in disadvantaged communities, migrant groups;
- older workers, particularly those with basic skills needs and qualifications below level 2.

The South West ESF Framework and the Convergence Framework identifies sectoral and occupational gender segregation which affects both men and women and reports that priority will be given to:

- women: Under-representation in sectors notably manufacturing, transport and communication and skilled trades occupations, managers and senior officials;
- men: underrepresented in sectors notably health and social work, part-time work in education and personal and customer services.

Several aspects of this approach are carried through to the Co-financing Organisation (CFO) Plans. The two main CFOs articulate similar approaches in each of the case study areas.

#### **4.1.1 Department for Work and Pensions (DWP)/Jobcentre Plus**

The REFs report that the DWP/Jobcentre Plus approach seeks to embrace diversity and equality by targeting resources on those people considered most disadvantaged in the labour market. A key mechanism for this is through the terms and conditions of contracts with providers required to ensure that they and their subcontractors assist and cooperate with DWP/Jobcentre Plus to actively promote equality of opportunity for all persons irrespective of their race, gender, age, disability, sexual orientation or religion. DWP providers are required to comply with an agreed Equality Policy, Training Plan and Supplier Diversity Plan and ensure that any subcontractors adopt and implement similar policies and plans. For contracts over £50k, providers are asked to ensure that they have met the requirements of relevant legislation including the Sex Discrimination Act, Race Relations Act 1976 (and amended Act 2000), Disability Discrimination Act 1995, Employment Equality (Religion and Belief) Regulations 2003, Employment Equality (Sexual Orientation) Regulations 2003 and Age Discrimination 2006.

Programmes are expected to promote equality in a proactive way by integrating gender equality and equal opportunities into the planning, implementation, monitoring and evaluation of the programme. In addition to this, every 12 months from the beginning of the contract the provider will be required to produce information recording the proportion of employees that are female, disabled and the ethnic background of all employees. They will also be required to report the proportion of its sub-contractors that are Small and Medium Enterprises (SMEs), ethnic minority and black minority enterprises.

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

The LSC approach is to highlight the promotion of equality and diversity as an integral part of the LSC's business objectives. The LSC CFO Plans in the South West and the Convergence Area supports the cross cutting theme by proposing to integrate all aspects of programme planning, implementation, monitoring and evaluation. This commitment is reflected in the target groups for the programme which reflect those at risk of disadvantage on the basis of gender, age, ethnicity and/or disability. LSC contractors will be required to maintain their duty to promote equal opportunities and projects will be expected to ensure that activity is accessible to all groups. All project applications will be required to identify how they will address the requirement of the cross cutting theme and this will be built

into project scoring at the appraisal stage, form an element of the contract and will be reported on as part of the contract management process. Equal opportunity issues also form a key element of the provider's self assessment process.

### 4.1.3 Other CFOs

Equality is highlighted as a key theme for the RDA CFOs in both London and the East of England. In London, ethnicity, gender and disability are significant dimensions of economic inequality. The LDA Co-Financing Plan aims to promote equalities of particularly disadvantaged groups that are unrepresented in the labour market including ethnic minority groups, women, over 50s, disabled and refugees. Within EEDA's framework for equality, impact assessment covers the broad spectrum of the equality strands including race, disability, gender, religion and belief, age and sexual orientation. Through its Co-Financing Plan EEDA pledges to undertake equality impact assessment of all its proposed activities and to evaluate the impact on individual beneficiaries and groups the equality strands as the project/activity develops.

Equality of opportunity is a priority area for the local authorities as part of their objective to foster inclusive communities. All of the local authority CFOs recognise the importance of embedding the cross-cutting themes into the delivery of their CFO Plan. London Councils has an equalities action plan that is designed to ensure that all London Councils functions, policies and strategies are directed towards meeting the general duty to promote equality. London Councils also has an equal opportunities policy "*that ensures that equality and diversity issues are positively and fully incorporated in all aspects of its work*" and this is backed up by quantified targets in relation to specific groups to be met by providers. In the East of England prospective sub-contractors are expected to have in place their own equal opportunities policies which match those of the Councils. All local authority CFO Plans state that equality of opportunity should be an intrinsic part of day-to-day working and help ensure appropriate services are provided to all sections of the community.

## 4.2 Sustainable development

The REFs outline the approach to be adopted in each region to take forward sustainable development at the regional level. The London REF highlights a number of high level ways in which principles of sustainable development are integrated into programme delivery. These include the development of awareness and understanding of sustainable development and integrating activity related to it within both co-financing and delivery organisations. Sustainable development is also to be integrated into ESF course content to increase beneficiaries' general level of awareness and understanding of sustainable development and why it is relevant to them and their area of work. The framework also states support for the delivery of a range of projects that develop the capacity and knowledge base of the environment sector including the energy efficiency and renewable technologies sector and waste management sector.

The North West REF suggests that sustainable development will be supported in line with EC Regulation 1083/2006 and the NSRF by recognising that social, environmental and economic issues are inter-related. It sets objectives as follows:

- provide opportunities to allow everyone to fulfil their potential (Priority 1);
- environmental protection and enhancement through delivery of projects (Priority 1 and 2);
- providing skills that businesses both demand and require – now and in the future (Priority 2);
- when identifying priorities for ESF in terms of supporting sustainable development, including environmental sustainability, the framework will consider;
- identifying skills needs in key sectors driving economic growth in the region;
- entrepreneurial and skills support for SMEs in the environmental technologies sector.

The South West REF and the Convergence Framework highlight the aim to develop a low carbon economy both to help address environmental challenges and help businesses positively take advantage of increasing demands for new and developing products and services. The South West REF will complement ERDF investment in relation to moving towards a low carbon economy through for example:

- ensuring that all training activity is delivered in such a way that is consistent with the UK Sustainable Development Strategy ensuring good practice in delivery in keeping with the objectives of the UK Sustainable Procurement Action Plan;
- addressing the region's skills needs in relation to developing environmental technology and renewable energy sectors;
- ensure that the economy benefits from a workforce that has the skills to enable businesses to address their own environmental challenges and increase competitiveness.

The South West and Convergence Frameworks suggest that CFO plans will show how they contribute to these aims and that further work will be undertaken to develop the ESF sustainable Development Toolkit and link with specific project level targets.

In the East of England, the REF recognises that sustainability of all projects or programmes should be assessed on the three core aspects of sustainable development – social, economic and environmental sustainability. These elements are inter-related and are designed to promote sustainable development objectives to provide opportunities to allow everyone to fulfil their potential, environmental protection and enhancement through the delivery of projects and to provide skills that businesses demand and require. In addition, the Framework considers identifying skills needs in those sectors which are driving the East of England's economic growth and are likely to have a high impact on the environment. It aims

to support CFO Plans in identifying vocational courses that would benefit most from integrated sustainable development training. It is intended to apply particularly to sectors such as conservation, renewable energy and biotechnology.

The CFO Plans provide an insight into how this issue is being delivered. The two main CFOs articulate similar approaches in each of the case study areas.

#### **4.2.1 DWP/Jobcentre Plus**

The DWP CFO Plan for each region and the Convergence Area asserts support for the goal of sustainable development to be pursued in an integrated way through a sustainable, innovative and productive economy that delivers high levels of employment and a just economy that promotes social inclusion, sustainable communities and personal well-being. DWP has worked with ESF Division to ensure that sustainability will be an integral part of the procurement process. This will meet the challenge to deliver a comprehensive action plan to ensure that supply chains and public services will be increasingly low carbon, low waste, and water efficient, respect bio-diversity and deliver wider sustainable goals. Sustainability will be considered at the beginning of a potential project and will be reviewed as the project progresses. At the regional level the CFO Plan states that DWP/Jobcentre Plus will ensure that sustainability issues are considered and that targets and supporting action plans reflect sustainability aims.

#### **4.2.2 LSC**

The LSC CFO Plans in all case study areas report a renewed focus on the environmental aspects of sustainability and reflect this in terms of a focus on specific environmentally focussed projects which link clearly to regional skills priorities (e.g. renewable energy, energy efficiency, waste management) and at the same time begin mainstreaming the environmental aspects of sustainable development through working with providers. The LSC CFO Plans outline a developmental approach to sustainable development, working with providers to spread good practice and using the interactive toolkit developed to take the agenda forward with the Further Education (FE) sector.

For example, the South West CFO Plans suggests that it will promote recommendations of the South West REF and integrate sustainable development issues as far as possible across all aspects of programme planning, implementation, monitoring and evaluation. Specifically the plan will:

- minimise travel and maximise access to provision through innovative delivery methods and the use of ICT;
- support skills and Jobs in LANTRA's Sector Skills Agreement;
- identify skills needs in key sectors driving economic growth which are likely to have a positive impact on the environment.

The North West CFO Plan outlines an approach which encourages environmentally focussed projects where these clearly link to regional skills priorities whilst at the

same time mainstreaming the environmental aspects of sustainable development through working with providers. The LSC CFO Plans report that all project applications will be required to identify how they will address the requirement of the cross cutting theme and this will be built into project scoring at the appraisal stage, form an element of the contract and will be reported on as part of the contract management process. Each project will be required to provide an independent evaluation assessing the impact of the intervention, including sustainable development.

The LSC approach to sustainable development in the East of England is to encourage environmentally focused projects where these link to regional skills priorities (including renewable energy, energy efficiency and waste management) whilst mainstreaming the environmental aspects of sustainable development through working with providers. The LSC in the East of England has not built sustainable development into tendering and procurement processes in order to facilitate provider engagement. Instead, the LSC agreed to take a developmental approach with providers and to spread good practice from previous ESF programmes. This includes encouraging providers to develop environmental policies through workshops.

#### **4.2.3 Other CFOs**

The remaining London CFO plans support the goal of sustainable development in a high level way to enable all people to satisfy their basic needs and enjoy a better quality of life without compromising the quality of life of future generations. This goal is to be pursued in an integrated way through the development of a sustainable, innovative and productive economy that delivers high levels of employment and a just society that promotes social inclusion, sustainable communities and personal well being. The specific detail of how these high level objectives will be embedded in the context of CFO Plans is not clearly articulated.

In the East of England, EEDA's CFO Plan indicates that projects will be encouraged that have a high impact on the environment, for example, in sectors such as conservation, renewable energy and biotechnology. Both the Luton Borough Council and Bedfordshire County Council CFO Plans endorse the principles of sustainable development and pledge commitment to fulfil the economic potential of their areas in ways which strengthen social inclusion and maintain and enhance environmental resources.

### **4.3 Health**

The London REF identifies an additional cross cutting theme, health, at the regional level. The evidence base highlights linkages between health problems and low skill levels and uses this as a rationale for its inclusion as a cross cutting issue. The four CFO Plans reflect this as a cross cutting issue to be taken forward in the delivery of ESF in London.

The stakeholder interviews in other case study areas also recognise health as an important issue impacting on employment and skills. It is being taken forward in a variety of ways including for example the use of a 'champion' in the North West and other case study areas to encourage connections and embed health related activity in ESF in the region.

#### 4.4 Cross cutting issues in practice

The stakeholders in each region all suggest that the cross cutting issues are being taken forward within the context of the current programme. Generally, stakeholders suggest that the frameworks and CFO Plans have dealt with them adequately. National Guidance on sustainability and equal opportunities is valued by regional stakeholders, particularly in the North West and is reported to have been influential in steering the CFOs approach to the cross cutting issues and in unpacking the issues with providers. The *ESF Sustainable Development and Gender Equality and Equal Opportunities Annual Progress Report (2009)*, provides examples of a range of specialist projects funded by ESF to promote the cross cutting issues.

Generally, stakeholders suggest that sustainable development as a cross cutting issue is less well developed although technical assistance is valued and has helped to develop capacity and capability amongst organisations involved in the programme. Several stakeholders, noticeably in the South West identified that the LSC has developed systems to monitor the implementation of sustainable development and contract managers require self-assessments to determine the approach being adopted by providers towards sustainable development. They also note the positive contribution of the advisory group established by GOSW and the development of specific projects to take the cross cutting themes forward. In the North West, some stakeholders report that better shape and direction has been given to the sustainability agenda citing work with providers and the application of some of the thinking associated with ERDF being transmitted to ESF, e.g. sustainability audits – workshops with providers – and plans to capture case studies re sustainability.

There are, however, generally mixed views within each case study area associated with the extent to which the cross cutting issues are being taken forward. In most case study areas there are some stakeholders suggesting that adequate attention is being paid to the issues whilst there are others who suggest that more needs to be done to take them forward. In the North West, the use of 'champions' to encourage commitment and further development of the cross cutting themes is generally seen as a positive development by stakeholders. The addition of health as a cross cutting issue is also seen to be a welcome addition to the regional programme.

The majority of stakeholders contributing to the research in the case study areas suggest that there is a lack of evidence to enable them to form a judgement of

the progress and effectiveness of the cross cutting issues at this time. Several stakeholders in the case study areas noted the absence of feedback associated with the progress and impact of cross cutting issues as a limiting factor in raising their profile and taking them forward in the region. This led one stakeholder to reflect that as a consequence of this they were seen as incidental as opposed to essential elements of the programme. Some stakeholders in the South West noted other targets associated with the programme (e.g. proportion of women beneficiaries) which were both challenging (when compared with previous programmes) and which served to help to take the equal opportunities agenda forward. Other stakeholders in several case study areas suggested that the regional targets associated with specific groups such as Young People Not in Education, Employment or Training (NEET), ethnic minority or people with a disability were unrealistic given the characteristics (numbers) of the populations in a given area. Some stakeholders expressed frustration in terms of the extent to which their concerns were listened to by national stakeholders.

Several stakeholders suggest that the current approaches to the cross cutting issues (e.g. relying upon existing equal opportunities policies of CFOs and providers) are not sufficient to overcome the ingrained inequalities in the labour market. A majority of stakeholders in the North West suggested a tendency towards compliance and various 'hoops and hurdles' which are seen to characterise the approach to taking forward the cross cutting issues.

## 4.5 Summary and key points

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



# 5 Towards programme delivery

## 5.1 From plans to delivery

The Regional ESF Frameworks (REF) provide an indication of the delivery of the programme in each case study area to varying degrees. For example, the South West REF suggests that activities may be delivered by any relevant public, private, voluntary or community sector provider. It highlights the role that Voluntary and Community Sector (VCS) organisations can play in terms of engaging people who are excluded from the labour market. The framework also prioritises projects which seek to take into account not only the supply but also the demand for labour. This is a crucial element in developing support which assists individuals back in to sustainable employment.

Each Co-financing Organisation (CFO) Plan provides an indication of the approach to be adopted in terms of project selection and tendering arrangements. The Learning and Skills Council (LSC) CFO Plans outline a competitive tendering process open to existing and new providers of learning and skills services. This process involves organisations seeking to deliver ESF (or match funded programmes) being required to complete an on line Pre Qualification Questionnaire (PQQ) and successfully complete an assessment of their capacity and capability to deliver ESF and LSC funded programmes. All successful organisations are invited to tender for the provision they originally expressed an interest in through the PQQ. The LSC CFO Plans in the case study areas report that the LSC will make a special effort to contact voluntary and community sector organisations and engage them in the process. The procurement strategy also makes reference to regional interests identified in the South West REF associated with delivery in rural areas and suggests that the potential higher costs in funding interventions for those living and working in areas of rural isolation or inaccessibility will be considered during the bid appraisal process.

The Department for Work and Pensions (DWP) CFO Plans identify the use of 'Prime Contractors' to deliver and manage provision. The plans outline a process whereby

DWP will seek a Prime Contractor through a two stage tendering approach. Stage 1 is designed to select a shortlist of providers who have been assessed as capable of delivering the types of provision being tendered. Assessment is made against pre-determined criteria such as previous experience of working with the targeted customer group and employers along with track record of delivery. At the end of stage 1, between five and ten providers are invited to bid for specific provision (stage 2). These are assessed on a variety of criteria including delivery proposals, sub-contracting arrangements, HR requirements, management and quality. The DWP CFO Plan recognises the importance of the third sector as a service provider, delivery provider and representative of customers. The plan suggests that optimum use is made of the specialist services offered by VCS (and smaller suppliers) and the development of partnerships between these organisations and Prime Contractors will be encouraged at both stages of the tendering process. The CFO Plan suggests that GONW will work closely with DWP/Jobcentre Plus to develop and review local specifications. The South West DWP CFO Plan makes specific reference to one of the assessment criteria to be used in the selection of providers which will cover partnership arrangements and the extent to which they address local circumstances and needs. The Convergence Area DWP CFO Plan suggests that they will work with prime contractors to ensure that the contractors understand the need to achieve diversity in the delivery of ESF provision and that optimum use is made of the specialist services offered by smaller providers. The CFO Plan articulates the importance of sound knowledge of Cornwall and Scilly and the partnership structures and the ways of working that have been developed in recent years. It also suggests that DWP/Jobcentre Plus staff in Cornwall will be involved in giving preliminary feedback on bids and the extent to which they address local needs. The CFO plan outlines further regional input through close working between GOSW and DWP/Jobcentre Plus in Cornwall to develop local specifications and consultation on the selection criteria to be used when assessing bids.

In London, the London Development Agency (LDA) CFO Plan states that organisations are invited to submit tenders against specifications within the prospectus which are evaluated against published objective criteria. The LDA is tendering the ESF and LDA match through the one Open and Competitive Process. All applicants are required to complete a PQQ following which selected applicants are invited to tender against project specifications. The London Council's CFO Plan requires project proposals to be invited through open and competitive tendering and assessed against objective criteria. The conditions placed on London Councils' match funding limits eligibility to formally constituted voluntary and not for profit organisations that are able to work across two or more London boroughs. Published scoring criteria have been developed to appraise tender documents and tendering rounds are publicised through the media and the London Councils' website.

In the East of England, the EEDA CFO Plan states that organisations are invited to submit tenders against specifications within the prospectus which are evaluated against published objective criteria. To ensure that as many organisations as

possible are made aware of the ESF opportunities through EEDA's CFO Plan, a publicity and marketing process has been implemented. EEDA is tendering the ESF and EEDA match through the one open and competitive process. All applicants are required to complete a PQQ following which selected applicants are invited to tender against project specifications. The Procurement team within EEDA ensures compliance to EEDA procurement policy. The two local authority CFOs state that information about the opportunities for providers to tender under co-financing will be widely disseminated as part of an on-going consultation and information process. A prospectus is proposed with project proposals to be invited through open and competitive tendering and assessed against objective criteria.

Several stakeholders in each case study area commented on the different approaches adopted to procurement by the CFOs. They suggested that the standardised DWP approach, took the process away from the region and potentially diluted the regional dimension of the programme through the use of prime contractors to deliver the programme. A minority of stakeholders in each case study area expressed some concern associated with the general nature of the specification of some Invitation To Tenders (ITTs) which may not reflect the regional perspective as strongly as desired by regional stakeholders. There was, however, little evidence for stakeholders to draw upon and the extent to which these views reflect theoretical or practical concerns is unclear.

## 5.2 Evaluation

All of the REFs suggest that there is scope for review annually in the light of performance and the RSP has a strategic role in reviewing and updating the framework as necessary in the light of the changing regional circumstances and ESF implementation.

The CFO Plans also suggest regular monitoring and reporting to wider stakeholders. For example, the LSC CFO Plans report that the LSC will produce six monthly progress reports which will be disseminated to stakeholders in the region. A performance report detailing under/over performance, highlighting key areas of concern will be provided to the partnership advisor at the local office. They report that management information will be sourced from the LSC's Individual Learning Record database and from the ESF Contract Management Applications for financial reporting and some learner summary reporting. Regional LSCs will have access to both a standard set of management information reports as well as the regional planning and performance team who can produce a range of ad hoc reports. Summary level reporting based on performance will be made available to the Regional ESF Committee and the RSP in line with mutually agreed requirements.

The DWP CFO Plans report that ESF projects will be managed and monitored through the Department's Contract Management Framework (CMF) which sets out the processes for monitoring contracts via a risk based approach taking into account key elements such as contract compliance (including ESF requirements)

performance and quality. The CMF process incorporates monthly analysis of management information, performance management, quality assessment and customer satisfaction feedback. Management information is to be collected on a monthly basis to inform monitoring and risk assessment. Existing DWP/Jobcentre Plus IT systems will provide management information for both ESF and match funded participants as agreed with the Managing Authority with the exception of information on Young People Not in Education, Employment or Training (NEET) participants (which are not targeted by DWP provision) and numbers of participants in work after six months after leaving (which will be measured separately through the ESF cohort survey). Financial and management performance will be provided to the Regional ESF monitoring committee on a regular basis to show how DWP provision is performing in relation to the targets that have been set and agreed.

In the other CFOs, the LDA CFO Plan sets out ESF monitoring requirements in relation to quarterly returns detailing service and financial performance. These quarterly reports form the basis of project progress monitoring. In the East of England, the EEDA CFO Plan sets out ESF monitoring requirements in relation to quarterly returns detailing service and financial performance. These quarterly reports form the basis of project progress monitoring. The local authority CFO Plans in both the East of England and London indicate that service provision and performance levels are specified in the initial agreement with providers who, in turn, are required to make quarterly returns detailing progress against profile and financial performance.

### **5.2.1 Regional monitoring and evaluation**

Stakeholders across the case study areas generally report a need to review the framework both in terms of progress and in terms of updating it to take into account the very different economic circumstances that exist now when compared with the time the framework was authored. Several stakeholders suggest that the Regional Monitoring Committee (RMC) should structure the agenda and reporting of progress around the framework. The majority of regional stakeholders express a desire for timely information available to monitor progress in terms of activities, outputs and impact associated with the programme. A couple of stakeholders in different case study areas express a wish for more sophisticated reporting in terms of outcomes to identify the difference ESF activity is making to individuals and communities within the region.

### 5.3 Summary and key points

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



## 6 Summary and some implications for further development

This section draws on the primary and secondary research outlined in the main body of the report to explore the extent to which the frameworks have addressed the Operational Programme (OP) and regional priorities and effectively informed Co-financing Organisation (CFO) Plans. It concludes with a discussion of any changes or improvements for the future development of the frameworks.

### 6.1 Connections between the Operational Programme and Regional Priorities

#### 6.1.1 **Priorities, target groups and activities**

The connections between the OP and regional priorities are explicitly outlined in the Regional ESF Framework (REF) in each case study area. All of the documents have adopted a structure which makes reference to the OP and key elements of the programme such as the priorities, target groups, activities and cross cutting themes as illustrated in each relevant section of this report. The OP itself is seen by regional stakeholders to provide a flexible framework able to accommodate the vast majority of regional interests within the context of ESF. The stakeholders in several case study areas drew attention to some issues associated with, for example, the division of resources between priorities or the specific nature of target groups (or the targets associated with the priority groups). These issues had been largely resolved through a process of negotiation between the regional stakeholders and the managing authority to the satisfaction of both national and regional stakeholders. The exception to this lies in the area of higher level skills which is identified by stakeholders (noticeably in the East of England, North West and South West) as critical to the achievement of the Lisbon Agenda but is not however reflected in the Operational Programme nor the REFs to the degree

desired by the many of stakeholders in these regions. The majority of regional stakeholders do however recognise the policy context in England post-Leitch which is reflected in the OP. This policy suggests that given the high return on investment for both individuals and employers associated with higher level skills, public funding should be focussed on other areas, notably the low skilled where the market failure and equity issues are most pronounced.

The regional priorities are outlined in each of the case study area REF by way of reference to the evidence base and the aims and objectives of the relevant strategies in the region including for example the Regional Economic Strategy and the Regional Statement of Skills Priorities. In each of the case study areas some reference is made to the local context (through for example reference to the Local Economic Development Strategies or City Employment Strategies) with this being more detailed in the case of both the Convergence Area and phasing-in areas. The connection between the evidence base, analysis and proposed use of ESF activity is both similar and variable within the REFs and CFO Plans and between case study areas. A minority of stakeholders working at the regional or national level suggested that this could be strengthened in terms of for example target groups and cross cutting issues.

In the views of the stakeholders contributing to the research, the development process at the regional level and the scrutiny applied by the Regional Monitoring Committee (RMC) and the Managing Authority has ensured that the REFs are both consistent with the ESF OP and reflect regional priorities within the context of ESF. All of the stakeholders in each case study region recognise the collective responsibility associated with the REF agreed with the RMC. The stakeholders in each of the case study areas suggest that the REFs have generally achieved their aims by helping to set out more clearly how ESF resources can add value and 'make a difference' to skills in the region. Several stakeholders in the majority of the case study areas suggested that the process and the role of the Regional Skills Partnership (RSP) had helped to embed ESF in the wider regional policy context and this had resulted in improved regional policy connections. The process of framework development is identified by the majority of stakeholders as important as the output (the framework) itself.

The case study research revealed some further issues associated with both complementarity (with European Regional Development Fund (ERDF)) and the ESF cross cutting issues with both similarity and variability between regions apparent.

### **6.1.2 Complementarity**

Each of the REFs reports the value of making connections between ESF and ERDF and various other European and domestic funding programmes at the regional level. Stakeholders however identify several challenges associated with this and identify the need to continue to work towards the development of appropriate systems and intelligence sharing to support closer working of the programmes. Stakeholders in different case study areas outline different approaches to this.

For example in the South West and Convergence Area highlight a single RMC for both ERDF and ESF and other support work which is helping to make connections between the programmes. At the time of the research, regional stakeholders in some case study areas were pursuing 'derogation' between the funds as a means of funding higher level skills. However, establishing complementarity between the programmes is reported as difficult or challenging in practice and a minority of stakeholders at the national and regional level appear to suggest that because of a variety of programme, institutional, cultural and procedural issues, careful consideration should be given to the approach (and resources) applied to complementarity and the benefits that may be expected to accrue.

### **6.1.3 Cross cutting themes**

The REFs recognise the important role that the cross cutting themes of Equal Opportunities and Sustainable Development play in the ESF programme. The approach to taking cross cutting issues forward in each case study varies and embraces to varying degrees some form of regulatory compliance, targeting of beneficiaries, championing and funding of specific projects. There is evidence of regional influence through for example the identification of Health as a cross cutting theme in London. Stakeholders contributing to the research suggest that the REFs have provided a basis upon which to take forward the cross cutting themes at the regional level which is further developed through programme implementation (see ahead) although there is some concern expressed by a minority of stakeholders that the REFs do not use enough supporting evidence or provide sufficient direction and focus for the cross cutting themes.

## **6.2 The connection between REFs and CFO Plans**

### **6.2.1 Priorities, target groups and activities**

The CFO Plans vary in the degree, and the extent to which they reflect and add further regional context to the REF. The plans all reflect the national and regional priority groups whilst some add a particular regional dimension to these groups. The extent to which the CFO Plans reflect the sectors outlined in the REF is mixed and generally consistent with the approach outlined in the REFs. Generally, sectoral targeting is not explicit although some Learning and Skills Council (LSC) plans make reference to the development of sub-regional services to support sectors with, for example specific skills shortages or gaps. The CFO Plans also reflect and develop (to varying degrees), the spatial targeting outlined in the frameworks, often drawing on further evidence to identify those areas experiencing the highest levels of disadvantage in the area.

The stakeholders recognise the value of the framework as an important legitimising process for the development of the CFO Plans and the connections between the REFs and the CFO Plans are often explicitly outlined in the Plans in each case study area. The majority of stakeholders in each case study area report that whilst

they did not have detailed first hand knowledge of the CFO Plans they expressed confidence in the extent to which they reflected the REFs. This confidence was largely based on the scrutiny process applied by the RMC in the area and informal intelligence from CFOs associated with implementation, e.g. the type of projects being funded. The stakeholders directly involved in the development of the CFO Plans in each of the case study areas report a rigorous, iterative process with the RMC playing a key role in ensuring that the plans reflect the requirements of the national ESF programme and the interests of the region.

In all case study areas the stakeholders report on the considerable partnership working undertaken by the two principal CFOs (LSC and Jobcentre Plus) in the development of the individual CFO plans. This was particularly evident in South West where there was an aspiration to develop a single CFO Plan which the CFO national offices could not accommodate. Nevertheless, the two Plans are a good example of the connections to be made between the CFOs at the regional level. The concept of the 'customer journey', reflecting various positions in the labour market and a mapping of mainstream support and potential ESF interventions has helped to identify where each CFO can use ESF to add value to mainstream provision. Stakeholders in several case study areas report further mapping activity to varying degrees in terms of, for example a spatial dimension to the regional programme and customer target groups to inform implementation.

### **6.2.2 Complementarity**

Each of the CFO Plans reflects the value of making connections between ESF and ERDF and various other funding programmes at the regional level. Several make reference to the need to develop partnership working at various levels in order to harness these connections in practice. The CFO Plans generally report that the synergy between ESF and ERDF will be reflected in the specifications for intervention; however, as illustrated by the stakeholders views, stakeholders report that further work, e.g. governance, mapping, is required if synergies associated with combination of the two programmes are to be realised to any great degree in delivery. Stakeholders in London commented on the relatively small scale of the region's ERDF programme which, in itself, was felt to make linkages more difficult. In the East of England, linkages between the two programmes were recognised though in practice these were noted to be difficult to implement.

### **6.2.3 Cross cutting themes**

The CFO Plans each reflect a general approach to the cross cutting themes adopted by the CFO in each area. For example, the Department for Work and Pensions (DWP) approach to the cross cutting issues is based on contract specification and monitoring as well as a procurement process which requires providers to comply with a range of requirements related to, for example equality and diversity. In terms of Equal Opportunities, all providers are asked for evidence to ensure that they have met the requirements of relevant legislation. In a similar way LSC contractors are required to maintain their duty to promote equality and ensure that activity is

accessible to all. The LSC commits to support the cross cutting themes through integration in all aspects of programme planning, implementation, monitoring and evaluation. Both organisations draw attention to their own organisations commitment to Equal Opportunities and Sustainable Development. In terms of sustainable development, the CFO Plans assert support for sustainable development and commit to delivery through the procurement process.

The stakeholders in each region all suggest that the cross cutting issues are being taken forward as the programme is delivered. There are varying opinions amongst regional stakeholders associated with the extent to which the issues are being taken forward sufficiently. Some stakeholders report a lack of evidence to guide specific activity and a lack of evidence associated with the progress being made. Others suggest that whilst there are targets associated with the cross cutting themes outlined in the OP and various REFs, a lack of impact measures and monitoring information hampers assessments of progress and judgements associated with the extent to which ESF is 'making a difference' at the regional level. Where case study areas have developed approaches to support the cross cutting issues, e.g. specific projects or champions, these are generally welcomed by stakeholders in the area as an indication of a level of commitment to taking these agendas forward at the regional level.

### 6.3 To identify improvements to the process for future funding rounds

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

#### 6.3.1 Changing economic circumstances

Generally, the REFs are seen by stakeholders to provide a flexible framework which has been able to cope with the material change in economic circumstances which have occurred since its development whilst providing a strategic context for development and implementation of ESF in each region. The Frameworks were written at a time when the economy was relatively buoyant and stakeholders report that they have been reviewed and refreshed to varying degrees in the light of the changing economic circumstances. The extra ESF resources made available through revaluation was influenced by the need to respond to the European Economic Recovery Plan, national government priorities and joint Regional Responses to the economic downturn. The extra resources were welcomed by most regional committees; however the approach to the funding allocation was seen by the majority of stakeholders in the regions as a sign of limiting regional input into the design of the programme. The revaluation resources are however a 'special case' and do not set a precedent for future funding rounds.

Several stakeholders suggest that fundamental problems facing each region such as for example demographic ageing and the need to develop a sustainable

knowledge based economy are perceived to be as important and relevant in times of recession as they are in times of prosperity and the need to retain a longer term perspective is a key element of the ESF programme. The need to guard against ESF becoming a resource to plug mainstream funding gaps in response to adverse economic conditions in the short-term is recognised by a variety of stakeholders at the local, regional and national level.

### **6.3.2 Reconciling national-regional interests**

The programme development process is characterised by discussion and negotiation to further the various interests of stakeholders at the European, national regional and local level. A further element of this process is found within each region where stakeholders have their own interests to pursue. The stakeholder interviews illustrate that this process of discussion and negotiation is apparent both during the development of the REF and the CFO plans as well as during programme implementation.

In terms of the implications of this for future funding rounds, the majority of regional stakeholders suggest a preference for more regional flexibility in terms of the approach to resource allocation between priorities and specific target groups. The majority of regional stakeholders express concern over what is perceived to be increased centralisation of the programme through the DWP and LSC CFOs. On the one hand the regionalisation of the programme has provided greater accountability in terms of regional targets for the programme however on the other hand key regional stakeholders such as the RSP, Government Office and the Regional Monitoring Committee are dependent upon other organisations (mainly DWP and LSC CFOs with regional representation) for delivery of the programme.

The DWP and LSC CFOs have developed standardised processes which reflect the policy direction to drive up the quality and efficiency of commissioning as well as rules relating to EU programmes such as ESF. The result is a mixed approach to commissioning and contract management. The ESF project specifications to take the programme forward in the regions are outlined in invitations to tender which are developed at the regional level to reflect regional interests. However, regional stakeholders both within and outside CFO organisations express concerns associated with the extent to which the standard process adopted by the DWP and LSC CFOs is able to take account of the value adding activity associated with ESF and the detail of regional interests. The extent to which these concerns are reflected in practice is unclear but worthy of further investigation. The situation was compounded for many stakeholders by the lack of monitoring data fed back at the regional level during the early stages of the programme, although monitoring data is now available at regional level and is being reported to regional ESF committees. Regional stakeholders working in CFOs and in other organisations report that the contracting and monitoring arrangements for delivery of ESF adopted by both DWP and the LSC have the potential to dilute regional influence as the programme moves from development to implementation and the lack of monitoring information to date fed back to regional stakeholders is the source

of some doubt and uncertainty associated with the progress and impact of the programme at the regional level.

Several stakeholders at the national and regional level also expressed concerns associated with the lead in time associated with the procurement process adopted by CFOs. This was particularly apparent in procurement by DWP (which was reported to take 18 months) and this was identified as an issue by many stakeholders at the regional and national level. The tradition of innovative and customised support provided through ESF is valued by many stakeholders and there is a wish to maintain this through ESF funded activity.

A majority of stakeholders working in the CFOs and a range of other organisations suggested that the ESF programme was becoming increasingly driven by national interests citing the use of the revaluation funds and the targeting of activity and commissioning and monitoring practices of the DWP and LSC CFOs as illustrations of this. The ESF Managing Authority will need to give careful consideration to these views if the regional emphasis of the programme is to be retained in the next phase of the ESF programme in England.

### **6.3.3 Machinery of Government changes and new local structures**

There is some uncertainty apparent at the regional level in terms of the role of organisations involved in the delivery of the programme. For example, largely due to restructuring in 2007-08, one of the CFOs (the National Offender Management Service) has only recently (2009) become involved in delivery within the context of this ESF programme. The regional stakeholders were unclear as to how this national CFO would fit with the regional infrastructure and there were some reservations associated with a potential for duplication of existing activity at the local level. Since the interviews took place NOMS has now joined the regional committees and has developed working relationships with regional stakeholders and other CFOs to ensure complementarity.

The LSC transition to the Skills Funding Agency (and other bodies) provides further uncertainty for the programme. The Skills Funding Agency will take over the LSC role within the ESF Programme; however, at the time of the research it was still unclear how this would affect ESF development and delivery at the regional level. A key issue for clarification is the extent to which a dedicated ESF resource will be available to work with the wider partnership in the region. Other non-CFO organisations such as local authorities are also involved in delivery of the programme in, for example, Merseyside and further research may be required to understand more fully the connections being made between these organisations and the regional programme. The emergence of Employment and Skills Boards and the City Regions and the general trajectory of government policy towards local implementation of employment and skills policy suggest this as a further dimension of the next funding round. The Employment and Skills Boards and City Regions have an important role to play in influencing the development or refreshment of the REFs and CFO Plans in the future.

## 6.4 To identify changes or improvements for the development of future REFs for 2010-2013

The REFs are documents which seek to be both enabling and inclusive and to provide direction for the further development and implementation of the ESF programme in the region. This independent review of the outputs of the Regional ESF Development process suggests that they have done this to varying degrees in each case study area. The vast majority of stakeholders report that they have succeeded in connecting the national and regional agendas to a substantial degree both in terms of setting the agenda for ESF in each case study area and in guiding the development of the CFO Plans.

A minority of both national and regional stakeholders (five in total) suggest that the Frameworks could provide a greater view of what is distinctive about a region and a more prescriptive approach in terms of targeting (particularly spatial) and activities. These stakeholders suggested that this could lead to improved (more targeted) CFO planning. In addition to spatial targeting a minority of stakeholders reported a wish to see a greater connection with for example industrial sectors and Small and Medium Enterprises (SMEs) in the frameworks. The majority of stakeholders however did not identify any major changes or improvements to the frameworks (the exception being an ability to fund more activity related to higher level skills).

The stakeholders expressed general support for the process underpinning the development of the Framework in each case study area. Many identified the process itself as being a key element in developing regional views and consensus and embedding ESF within the wider regional context. The vast majority of stakeholders reported satisfaction with the process adopted in their region and with the outcome that had been achieved and struggled to recommend any changes to the process. A couple of CFO stakeholders (in two case study areas) reported that increasing the time available for the development of the framework may improve the quality of the process and the output. Several stakeholders identified the importance of the availability of clear and consistent guidance to underpin the development process.

## 6.5 Areas of good practice

The case study material suggests a number of areas of good practice associated with the REFs and development process. These arise from stakeholder comments associated with the improvements that could be made in relation to the development and implementation of the REFs and CFO Plans. These include:

- Establishing a clear link between the evidence, analysis, targeting and ESF funded activities (including cross cutting issues and complementarity).
- Clear vertical connections between the England and Gibraltar Operational Programme and Local policy instruments (e.g. City Employment Strategies, Local Area Agreements (LAAs)).
- Supplementing the activity underpinning the development of the Framework and Plans with a review of current provision to identify gaps in provision.
- Engaging employers (or representative bodies) in the development of the Frameworks.
- Striking an appropriate balance between implicit and explicit targeting of labour market groups, spatial areas and sectors within the Frameworks and CFO Plans.
- Open and intense CFO partnership working to identify value adding activity to underpin development of the CFO Plans and REF.
- Ongoing CFO partnership activity to minimise duplication, identify gaps and ensure that ESF continues to add value when mainstream provision is flexed.
- Using the framework and CFO plans to review progress in the region at forums such as the RMC.
- Relevant, reliable and timely management information to support monitoring and assessment of regional impact (largely absent currently).
- The identification of specific technical assistance activity to support cross cutting issues where required.
- Effective promotion and public relations to demonstrate the impact of ESF activity in the region related to the emphasis provided by the REF.



# Appendix A

## Identification of case study regions

### Introduction

This paper outlines the criteria underpinning the selection of four case study regions underpinning the research to evaluate the extent to which Regional ESF Frameworks (REF) address regional employment and skills needs and inform the plans of the Co-financing Organisations (CFOs) who will procure and manage ESF operations. The paper outlines the framework that has been developed and used to guide the selection of the case study regions.

### Development of the framework

To support the selection of regions to contribute to the research, a framework has been developed which takes into account a variety of institutional and socio-economic factors, Table A.1. The framework takes account of key characteristics in each region in terms of:

- the objectives of ESF;
- the number and type of CFOs;
- the spatial characteristics of the region;
- labour market characteristics; and
- productivity.

The number of CFOs in each region is identified in the framework (ranging from two to five in each region). The two CFOs with the largest share of funds (Learning and Skills Council and Jobcentre Plus) are involved in all regions. The framework also identifies CFOs containing specific Regional Development Agency (RDA) and Local

Government representation. A spatial aspect of the characteristics of regions is included in terms of those regions exhibiting urban-rural dimensions most strongly. The characteristics of the labour market are also taken into account through proxy measures of employment rates and job density. A measure of productivity is also included in the framework to provide an indication of competitiveness.

## Selection criteria

The framework helps us to identify a cross-section of regions to underpin the research. Our selection is influenced by the following decision guidance criteria:

- Include the Convergence Area and at least one phasing in area.
- At least one area with two CFOs.
- At least one area with RDA CFO.
- At least one area with local authority CFO.
- Rural/urban.
- Mix of regional employment characteristics.
- Mix of productivity performance.

Adopting the criteria outlined above leads to the selection of the following regions which reflect the range of relevant institutional and socio-economic factors apparent in the framework (see overleaf):

- South West.
- London.
- North West.
- East.

**Table A.1 Range of relevant institutional and socio-economic factors apparent in the framework**

Criteria	East	East Midlands	London	North East	North West	South East	South West	West Midlands	Yorkshire +Humber
Phasing in area					✓				✓
Convergence Area							✓		
Number of CFOs	5	3	4	2	2	2	2	2	2
RDA (CFO)	✓								
Local authority (CFO)			✓*						
Overwhelmingly Rural/Urban				U				R	
High/low employment rate	H	H	L	L	L	H	H	L	L
High/low job density	L	L	H	L	L	H	H	L	L
Regional GVA per hour worked	H	L	H	L	L	H	L	L	L

\* RDA equivalent.



# Appendix B

## Template to underpin data collection and analysis

Section 1	Reference
Document title	
Authored/Published by	
Date published	Weblink
Date for review	
Section 2	Issues to be explored
Context and use of evidence base	<ul style="list-style-type: none"> <li>• Regional Priorities (aims and objectives).</li> <li>• Sector skills priorities.</li> <li>• Target groups.</li> </ul>
Connections	<ul style="list-style-type: none"> <li>• Linkages with National/Regional Programme priorities and target groups.</li> <li>• Linkages with existing regional strategies and funding streams.</li> </ul>
Governance arrangements	<ul style="list-style-type: none"> <li>• RSP (Role and membership).</li> <li>• Regional ESF Committee (Membership).</li> <li>• CFOs (Organisations).</li> <li>• Other key partners.</li> </ul>
Planned Activities	<ul style="list-style-type: none"> <li>• Delivery of ESF cross-cutting themes of equal opportunities and sustainable development.</li> <li>• Delivery of other cross-cutting themes.</li> <li>• Innovation and value adding activity.</li> <li>• Spatial targeting.</li> <li>• Key elements of CFO delivery (connection with regional priorities).</li> <li>• Mix of CFOs to deliver ESF (role of key actors).</li> </ul>
Evaluation	<ul style="list-style-type: none"> <li>• Approach.</li> <li>• Timing.</li> </ul>



# Appendix C

## List of research participants

Date	Name of interviewee	Organisation	Region
20/03/09	Ken Lambert	DWP	National
20/03/09	David Oatley	DWP	National
31/03/09	Paul Crosswell	LSC	London
31/03/09	Maria Diaz-Palomares	GLA	London
01/04/09	Alex Conway	LDA	London
01/04/09	Rita Chircop	LDA	London
01/04/09	Drew Gallon and Jon Greig	LDA	London
01/04/09	Liz Cierebiej	DWP	London
02/04/09	Ray Phillips	LVSTC	London
02/04/09	Alex Bax	GLA	London
02/04/09	Penny Phillips	London Councils	London
07/04/09	Paul Gallagher	Step Ahead Research	London
08/04/09	Andy Churchill	Merseyside Network for Europe	North West
09/04/09	Geoff Johnson	GONW, Manchester	North West
08/04/09	Shay O' Rourke	GONW, Manchester	North West
23/04/09	Peter Jamieson	DWP, Manchester	North West
27/04/09	Julie Hobbins	LSC, Coventry	National
28/04/09	Viv Gee	NWDA, Warrington	North West
28/04/09	Andy Fawcett	LSC, Manchester	North West
28/04/09	Dave Brennan	LSC, Manchester	North West
28/04/09	David Steed	GOSE, Guildford	South East
28/04/09	Michael Schneider	EEDA, Cambridge	East of England
28/04/09	Anna Bosworth	EEDA, Cambridge	East of England
29/04/09	Andrew Hitter	GOEE, Cambridge	South East
30/04/09	Dave Evra	TUC, Liverpool	North West
30/04/09	Tony Whatmough	AOC, Liverpool	North West
30/04/09	Julia Nix	Jobcentre Plus, Cambridge	East of England
			Continued

<b>Date</b>	<b>Name of interviewee</b>	<b>Organisation</b>	<b>Region</b>
30/04/09	Anne Clube	Luton Borough Council, Luton	East of England
30/04/09	Nichola Cowell	LSC, Bedford	East of England
30/04/09	Mike Colsell	Bedfordshire County Council, Bedford	East of England
05/05/09	John Merrick	NWDA	North West
05/05/09	Sue Jarvis	Knowsley Borough Council, Merseyside	North West
07/05/09	Jenny Milligan	GOSW	Cornwall
07/05/09	Sarah Beeson	GOSW	South West
07/05/09	Simon Charters	South West Forum	South West
07/05/09	Steve Woolett	South West Forum, Exeter	South West
07/05/09	Ben Nield	Marchmont/SLIM	South West
08/05/09	Vivien Raynor	FSB, Bristol	South West
08/05/09	Christine Vine	Jobcentre Plus, Bristol	South West
11/05/09	Jocelyn Dann	DWP, Delivery	National
11/05/09	Nick Gilhooley	DWP, Delivery	National
13/05/09	Nigel Howells	RDA, Exeter	South West
13/05/09	Steve Smith	Exeter	South West
13/05/09	Peter Long	GO-WM	WM
13/05/09	Dan Pollard	GO-NE	North East
14/05/09	Eileen Gay	GO-EM	EM
14/05/09	Carolyn Webster	Jobcentre Plus, Truro	Cornwall
14/05/09	Lucy Harris	Cornwall and IoS Economic Forum, Redruth	Cornwall
14/05/09	Clare Harper	Adult Education Service, Liskeard	Cornwall
14/05/09	Andrew Sutton	Adult Education Service, Liskeard	Cornwall
15/05/09	Blair Thomson	Cornwall Partnership (TBC)	Cornwall
15/05/09	Andrew Green	Cornwall Learning Partnership	Cornwall
15/05/09	Mark Williams	LSC, Truro	Cornwall and South West
19/05/09	Flo Clucas	LA, Liverpool	North West
19/05/09	Sharon Pickering	RSP, YH	National
21/05/09	Ed Griffin	GO-YH	YH
29/05/09	Lesley Calder	One North East	North East