

## Economy Committee – 14 July 2015

### Transcript of Item 5 – The Role of the Third Sector in Employment and Skills Programmes

**Fiona Twycross AM (Chair):** For the second part of the session, I am delighted to welcome Julie Sexton and Alex Conway. Do you want to say very briefly what roles you have at the Greater London Authority (GLA) and then we will kick off with the questions?

**Alex Conway (European Programmes Director, GLA):** Chair, I have a little reminder of how European Union (EU) funding works and what our respective roles are, if that would be useful to share?

**Fiona Twycross AM (Chair):** Yes, very briefly. That would be great, yes.

**Alex Conway (European Programmes Director, GLA):** Yes. We are here in two separate capacities in relation to EU funds. The ESF is one of the EU's so-called 'structural and investment funds', which supports skills and employment programmes across the 28 Member States. Those programmes are managed by the Member States in accordance with seven-year so-called 'operational programmes', which are agreed with the European Commission.

The United Kingdom's (UK) allocation for the seven years from 2014 to 2020 is €5 billion out of €86 billion across the EU. In England, that is managed through the advice of 39 local enterprise partnerships, one of which is the LEP here. We have a bit over 10% of that €5 billion UK allocation in London, a notional allocation of around €560 million. If you double it with the match funding that all EU funding must use, it makes the programme worth around £800 million over seven years at the current exchange rate.

My team manages those funds regionally as a so-called 'intermediate body'. We are the only one in England at present, although that is likely to change. Over the last two years, we have developed a comprehensive package of proposals in partnership with boroughs, the voluntary sector and others to deliver those programmes for London. Most of that money is routed through the Skills Funding Agency, the DWP, the National Offender Management Service (NOMS) and the Big Lottery, who provide match funding and then procure.

A few million under the last programme - and probably under the next programme - goes to the GLA and that is managed by Julie's [Sexton] team. Match funding for this is agreed by the Investment and Performance Board to target areas of particular interest to the Mayor that other programmes may not cover. I am responsible for the whole lot of EU funding and the European Regional Development Fund also. Julie's team is responsible for the delivery of the GLA programmes, which have been very voluntary and community sector targeted and successful.

**Julie Sexton (Senior Programme Manager, GLA):** Yes. As Alex said, my team is responsible for managing the GLA's ESF projects. We have not specifically targeted our programmes at voluntary and community sector organisations. We come from the perspective that what is important is the end beneficiary and we want to see projects that deliver sustained outcomes that have real life-changing impacts for those beneficiaries. Nonetheless, in our current ESF youth programme, there are eight projects and six lead delivery organisations. Two are private sector, three are third sector and one is public sector and so we have quite a mix of providers. All 20 subcontractors on those contracts are third sector and so the third sector is definitely engaging with our programmes. Those are all payment-by-results contracts and the average contract size is around £740,000.

They are not tiny but they are not enormous. Similarly, we have an ESF volunteering-into-work programme running at the moment, another payment-by-results model, with not very large contracts - about £100,000 each - over a couple of years. Both lead partners and two of the three subcontractors are third sector.

We have been quite successful because of the programmes we are designing, which tend to be quite niche because our remit is to fit around what the DWP and the Skills Funding Agency (SFA) are funding. We tend to say, "Where there is a gap and where something is not being done, let us try that out". Our programmes tend to be trying things around the edges and maybe that is why they appeal to the voluntary and community sector.

**Fiona Twycross AM (Chair):** Thank you. Can you give us a few specific examples of how the GLA has tried to influence and shape employment and skills programmes in the capital through your respective teams?

**Julie Sexton (Senior Programme Manager, GLA):** Yes. We do different things. Most of this is Alex's team; for example, the 2014-2020 programme. For us, it is quite important that we have a diverse base of providers, as other people have said. We have to follow open and competitive tendering rules anyway because it is the ESF. That helps to ensure a diverse provider base in some ways. However, most of this probably comes down to how the new programme has been developed, does it not?

**Alex Conway (European Programmes Director, GLA):** Yes. If I can give you a potted history of how EU funding has been done in the past, if we go back to when I was first involved and the 2000-2006 programmes that were managed by the then Government Office for London, central Government money was pretty much at the start of those programmes just handed out to any organisation that wanted it. It was during the lifetime of that programme that the co-financing idea started that it might be more sensible when you have hundreds of millions of pounds at stake to use public sector match-funding streams. That continued for the 2007-2013 programmes, which were the first ones to be managed by the Mayor.

One of the slightly frustrating things about the current set of programmes that are now closing has been that at times it has felt a bit too top-down. The DWP has said, "ESF is augmenting our work programmes and it is going to work like this". We have sought to influence that with some limited success in some areas but not as much as we would have liked.

For the new 2014-2020 programme starting now, it should be quite different. We are at an early stage, but the idea is that the LEP is in the driving seat and that these Government organisations will procure what we ask them to do. A lot of work has gone on in the last couple of years to develop a programme, which you can find on the LEP website but it is summarised here, with a whole lot of different areas focusing particularly on youth, adult employment and adult skills. The idea is that the SFA, the DWP and the Big Lottery will be procuring what we want them to do to achieve the outcomes that we want. When I say 'we', that is us in partnership with the boroughs and the voluntary sector having a go, informed by research and evaluation about what works best for London.

**Julie Sexton (Senior Programme Manager, GLA):** It might be worth mentioning that certainly on the youth side, which I have been more involved in, we have had a number of task-and-finish groups. As part of the process of developing the draft new specifications for the new programme, we have had workshops with voluntary sector organisations invited to participate during the design and development stages, as well as boroughs and the private sector. We think that is quite an important part of how we have gone about this programme.

**Fiona Twycross AM (Chair):** How do you ensure that funding supports services for a wide range of London's communities?

**Julie Sexton (Senior Programme Manager, GLA):** For us at the GLA, as I say, we have very much tried to identify groups that we feel are not having their needs met. We have a relatively small programme. It is probably worth saying that. Our current ESF youth programme is only £5 million. When Alex [Conway] is talking about £800 million across London as a whole, you can see that ours is really not very large.

We have tried to focus that money on areas where we think the mainstream programmes are not delivering or delivering as effectively. Three of our current ESF youth programmes are working with young people who have multiple exclusions from school. We have two projects working with young people with learning disabilities and/or physical disabilities and we have three projects working with young offenders who are in custody and working with them while they are in custody and then post-custody when they are released. Therefore, we have focused on quite niche groups.

As a team, given the match funding that we have and the size of our programmes, we cannot ensure that the GLA programme as a whole meets the needs of all Londoners. However, because the commissioning process for 2014 to 2020 has been quite inclusive in terms of involving the boroughs and involving voluntary sector organisations, those discussions have been quite wide. There has been quite a lot of research as well into --

**Alex Conway (European Programmes Director, GLA):** That is exactly right. You heard Adrian [Smith] and Dan [Gascoyne] say earlier that we seem to be reaching a point in the London economy where we are not far off full employment in terms of the day-to-day but we also have our very longstanding, intractable groups within the London population where people have been out of work. Using some of the research that we have done, the big programme for 2014-2020 has particular programmes targeted at those different groups where we are going to try to get into more of these. If you look at the website, you will see it is exactly what you might expect: people with disabilities, people with mental health problems, older people. All the different groups that you would expect to see we have programmes targeted at and the idea is that over seven years we will have a more comprehensive approach that will affect and, hopefully, help all of London's communities.

**Fiona Twycross AM (Chair):** How do you assess the success of the programmes?

**Alex Conway (European Programmes Director, GLA):** I mentioned the operational programme earlier. The European Commission has expectations that every euro you spend will achieve a certain level of outputs in terms of people into work and young people who are not in education, employment or training into education, employment or training, skills and qualifications. The programmes are all assessed against those and we report against them. We are closing the current programmes now and you can see from that that there are over 60,000 people whom we have put into work and over 68,000 young people not in education, employment or training into education, employment or training. Auditors will come and check five times that we have achieved those outcomes.

**Julie Sexton (Senior Programme Manager, GLA):** From the GLA's perspective, we commission independent evaluations for all of our programmes. We are currently in the process of going through the evaluation of our ESF youth programme because it finishes this September. By the time the programme is finished, we will have that ready. The evaluations are all published on the GLA's website.

**Fiona Twycross AM (Chair):** Great. Thank you.

**Dr Onkar Sahota AM:** Great. We are looking at the barriers to third sector engagement. In your view, what are the outstanding barriers to third sector involvement in employment and skills programmes?

**Alex Conway (European Programmes Director, GLA):** I would not say there are any particular barriers in relation to EU funds or indeed employment and skills programmes generally beyond what you have already heard from Adrian [Smith] and Dan [Gascoyne]. Issues have come up around how the cash flow works for payment-by-results and whether organisations can get a fair bite of the cherry and we are getting better at making that happen. However, generally, third sector engagement in employment and skills programmes is very high and I would expect it to remain so.

**Julie Sexton (Senior Programme Manager, GLA):** I have said how many [third sector organisations] are delivering our programmes. Yes, there do not seem to be major barriers for participation.

I suppose anecdotally the thing that I hear when working with providers is that there is a difference in size. For smaller organisations, there are probably issues around capacity to bid and whether they have the resources in-house to bid. There are due diligence requirements if contract sizes get very large. There is usually due diligence. Most commissioners have due diligence requirements around the amount an organisation can bid for, which look at its turnover related to how much money it is bidding for. If you are a small organisation, your turnover is not very great. If it is a £1 million grant, obviously, it might be difficult for you.

We are seeing quite a lot of partnership. Most of our ESF programmes are delivered with partners, contractors and other sorts of partners. We have one consortium organisation, 3SC, which I think the Economy Committee may have spoken to in this process somewhere. 3SC is one of the organisations delivering for us at the moment. That is one of the ways that they [third sector organisations] try to get around that due diligence barrier.

There are definitely cash flow risks. It is a learning process. Payment-by-results is relatively new from the London Development Agency (LDA) days to the GLA days, but we do things like offer advances for our programmes. We also design our payment models so that there are interim payments and milestone payments along the way. It has changed over the years, but even if they are mostly now outcome-based programmes, there is cash-flow money on the way and providers are not waiting for a final payment at the end. I know that for some of the national programmes that is not the case. Obviously, there will be bigger barriers for organisations bidding for those.

**Dr Onkar Sahota AM:** Do you think there are any moral barriers to participation by the third sector, reputational barriers or undermining of the social mission of the organisations?

**Julie Sexton (Senior Programme Manager, GLA):** I do not think there are, for our programmes. Our programmes are all voluntary. To be honest, that is not a decision that we made consciously. It is something that has grown up over the years and we do not mandate people into our programmes.

Apart from that, I cannot think off the top of my head of any real issues or barriers that they would face from a moral perspective.

**Dr Onkar Sahota AM:** Just talking about the Day One Support for Young People trailblazer pilot that we had, the Mayor said that he was going to evaluate this and learn some lessons from it. What lessons have you learned from it?

**Julie Sexton (Senior Programme Manager, GLA):** I have not been involved in the Day One Support for Young People.

**Alex Conway (European Programmes Director, GLA):** Shall I do that? Again, to be clear, Day One is part of the DWP's provision and so it was operated by them. I think you have requested evidence from them or

they have offered to provide written evidence and so they may have more to say. It is match-funded with the ESF. I have seen a copy of the evaluation. I have it in front of me here. As with a lot of evaluations, it points out some things that worked and some things that did not work so well. This was a mandated programme. It is one pretty small pilot. I mentioned earlier that the total programme is worth over £800 million. This is a £12 million pilot.

Some of the lessons that I pick up from this are that overall there were some good results in terms of how the trailblazers feel. We have some personal experience of this in that there is a chap in my team who has a permanent job as a result of the Day One experience. However, also, there were problems including some of the things you have already mentioned around whether people had enough time to find work and whether placements were really available within 24 hours, which is a rather ambitious target. As with all employment and skills work, everything is evolution, not revolution, and you will learn the lessons from it.

**Dr Onkar Sahota AM:** Are you providing the Chair with those findings?

**Alex Conway (European Programmes Director, GLA):** Yes. I think they are in the public domain.

**Dr Onkar Sahota AM:** Has some evaluation of it taken place yet?

**Alex Conway (European Programmes Director, GLA):** Yes. All the ESF work is always evaluated.

**Dr Onkar Sahota AM:** Thank you.

**Fiona Twycross AM (Chair):** Thank you. Are advance payments something that the GLA offers automatically or would it come through discussions with organisations whether they needed money upstream? It was an issue that people raised with us last time.

**Julie Sexton (Senior Programme Manager, GLA):** Yes, we publish in our specification that organisations can have and we will offer advance payments. Most take it up. A couple say, "Actually, we would rather not have it". This is, working with our finance team, what we have agreed. We recover the advance later down the line against other payments. They get the money upfront and then we collect it back. However, because there are milestone payments along the way, by then they are delivering other outcomes and getting other payments anyway. That still means that they have had the money upfront and this helps their cash flow.

**Fiona Twycross AM (Chair):** Has it ever presented any problems with the programmes?

**Julie Sexton (Senior Programme Manager, GLA):** No. From what perspective?

**Fiona Twycross AM (Chair):** Not getting results. We are likely to be making some recommendations about the payment models, but you are very comfortable with the way that has worked in practice?

**Julie Sexton (Senior Programme Manager, GLA):** We have good results on our programmes. I did get a few stats here but I will pick out a couple of them, perhaps. Now I cannot find them. They were LDA ones, but we had some black-box projects from the LDA.

**Fiona Twycross AM (Chair):** We will go on to that later on.

**Julie Sexton (Senior Programme Manager, GLA):** Fine. In that case, I will not go into that. No, we have not found that paying milestone payments and advance payments detracts from getting outcomes.

What the evidence does show is that you want a certain percentage on the outcome because that drives provider behaviours, whatever sector they are in, to make sure that they are providing the ongoing support that people need and that you actually get the outcomes at the end. Our programmes do not tend to put a lot of weighting [on the final outcome payment]. We pay in advance; the ESF requirements are 5% but we have paid 10%. Then we pay around 30% – no, it must be more than that – on the final outcome and the rest of the funding is paid along the way, basically.<sup>1</sup>

**Fiona Twycross AM (Chair):** That is very helpful. Thank you.

**Alex Conway (European Programmes Director, GLA):** We had a wider evaluation carried out by the Centre for Economic and Social Inclusion (CESI) into the 2007–2013 programme and what you can take from it is that there has not been a problem in terms of payment-by-results in respect of – I do not know – organisations failing to achieve, not getting money and then going bust. It is quite the reverse: payment-by-results has driven up performance overall. Part of the CESI’s recommendations for 2014–20 was to keep this going.

The reality is that we will have a mix because the Big Lottery does not do payment-by-results. The SFA and the DWP will. In the cosmic scheme of things, that is fine because we have an awful lot of money at stake here. Delivering it in lots of different ways and seeing what works and learning from it seems to me to be the right approach.

**Jenny Jones AM:** Can I stick with the Day One Support pilot for a moment? The Mayor actually said:

*“These lessons will be considered by the GLA in the development of future employment provision particularly the 2014-2020 round of European Social Fund programmes.”*

Can you tell me what you have learned and which lessons you are going to apply?

**Alex Conway (European Programmes Director, GLA):** It is a question for the Mayor, but for me it would be an example of a piloted approach, mandated. If the results had been either disastrous or fantastic, then there would be some clear lessons and you might say, “We are not going to do this again”, or, “We are going to introduce this to every aspect of our work”. I would say they were neither. At this stage, from memory, nobody is proposing further mandated work, although, as you know, it does form part of the Government’s wider exercise. Funded projects are not being proposed, from memory. However, it has resulted in some good outcomes, including people into work, which is what we were trying to do.

**Jenny Jones AM:** I am deeply suspicious of that, but I wanted to ask you whether or not you think that the GLA should support calls for London-focused standards like the Merlin Standard for London. Is that something you are considering doing?

**Julie Sexton (Senior Programme Manager, GLA):** It is probably worth saying that in our last ESF/GLA youth programme we asked all applicants to either have the Merlin Standard or commit to working towards the Merlin Standard if they did not have it. At the moment, off the top of my head, four have it and two are going through the final stages of getting it.

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<sup>1</sup> Since the meeting, the Senior Programme Manager, GLA has clarified that the current ESF Youth programme pays 5% advance which is recovered against ‘pathway outputs’, 50% on ‘pathway outputs’ and milestones, 25%–30% on sustained outcomes at 6 months and 20%–25% on sustained outcomes at 12 months. The Team London Volunteering into work programme pays 5% advance which is recovered against ‘pathway outputs’, 65% on ‘pathway outputs’ and milestones, and 35% on sustained outcomes at 6 months. This information is all available on the GLA website.

**Jenny Jones AM:** Is it actually a requirement or just a suggestion?

**Julie Sexton (Senior Programme Manager, GLA):** We required them to either have it or work towards it in our last specification because we did not want to exclude organisations that had not yet started the process but might have a very good project that they wanted to take forward.

**Jenny Jones AM:** Have you given them a deadline?

**Julie Sexton (Senior Programme Manager, GLA):** No, I do not think we did, off the top of my head. I cannot remember but I do not think we did.<sup>2</sup> That would be quite hard for some organisations. We have organisations of different sizes. Some of them will be able to get through it. Some of them will already have those processes in place, others not. I do not think we were that strict.

**Alex Conway (European Programmes Director, GLA):** My thought would be that, clearly, the ideas behind the Merlin Standard are important but, equally, you could be a Merlin Standard-compliant organisation and advertise that on your website but not actually necessarily live up to the ideals. I am sure we can think of examples of organisations where that is the case. What the LEP has been concerned about is that we encourage partnership working at every level of the commissioning.

One of the things that we have used in the 2007–2013 programme that we would like to see used more in 2014–2020 is the Employability Performance Rating (EPR), which is an opportunity for employment and skills organisations to be rated Trip Advisor-style as to their user-friendliness for both the beneficiaries and the partner organisations they have worked with. That has worked very well and we are strongly encouraging the SFA and the DWP to use it.

**Jenny Jones AM:** The people who could feed back on that would be the people who are directly involved and would not be the general public?

**Alex Conway (European Programmes Director, GLA):** Yes. Do you want to say a bit more about how it works?

**Julie Sexton (Senior Programme Manager, GLA):** The way the EPR works is there is a score, basically, which gives people a star rating of somewhere between four and zero. The score is divided up between things like performance against a prime outcome. What is the primary thing you are trying to achieve with this project? That is part of it.

Then there are also quality aspects. There is a participant survey; you have to get a certain level of satisfied customers, basically. There is a self-assessment in terms of the quality of the provision. That is things like, if you are a youth project, whether you have the right safeguarding processes in place, whether you have quality standards in place, whether you are doing regular internal checks, whether you have the safety, whether you have equalities and diversity and all of those sorts of things. It is a bit similar to the Office for Standards in Education, Children's Services and Skills (Ofsted) self-assessment. Those are the main factors. The other thing is that if it is a subcontractor, the lead provider – or if it is a lead provider, the project manager or the commissioner – also gives a rating based on how the organisation has performed in terms of the way it has managed the project.

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<sup>2</sup> The Senior Programme Manager, GLA has since clarified that Lead Delivery Partners were required to have commenced the accreditation process for The Merlin Standard by the time delivery started on their project.

Those four different aspects come together to create an overall rating. That, again, is published every year so that subcontractors can see how they are comparing to other subcontractors and lead providers can see how they are comparing and also how their subcontractors compare.

**Alex Conway (European Programmes Director, GLA):** It is our attempt to make what can be a slightly opaque world a bit more transparent so that people can see whether people are actually living up to the standards that are expected of them.

**Julie Sexton (Senior Programme Manager, GLA):** Yes.

**Jenny Jones AM:** That is very good. However, you describe some organisations being too small, perhaps, or not well-resourced so that it is difficult for them to achieve the Merlin Standard or perhaps succeed on the rating system you describe. How much help are you able to give them to come up to a satisfactory level? If they keep falling below, presumably you cannot continue working with them.

**Julie Sexton (Senior Programme Manager, GLA):** On the EPR, if their delivery value is below £50,000, we do not rate them because it is not fair. It is too small. Above that, we do rate them and we would, for those organisations that are contracted with us, give them quite a lot of support if they needed it in terms of going out and talking to them about where they are falling down and how they might improve. The other organisation that does the EPR at the moment is London Councils. It would do the same thing because it is very hands-on in its project management, like us. NOMS I am less sure of. Actually, it is quite hands-on.

**Alex Conway (European Programmes Director, GLA):** It loves it, does it not?

**Julie Sexton (Senior Programme Manager, GLA):** Yes, it does love it and it is quite hands-on. For us, we are hoping very much – and they have given us all the right indications – that the DWP and the SFA will also do this in the 2014–2020 programme. The challenge will be whether they are willing or able to invest the level of time that we can in terms of managing or working with our projects.

**Jenny Jones AM:** Do you think there is more that the Mayor could do to support this raising of competence and quality?

**Julie Sexton (Senior Programme Manager, GLA):** Alex's team, through the ESF programme, does fund some capacity-building.

**Alex Conway (European Programmes Director, GLA):** There is some. For example, the London Voluntary Service Council (LVSC), which came to speak to you, receives funding from us to capacity-build in the voluntary sector. It has been recently running, for example, workshops or seminars for people who might want to get involved in these commissioning supply chains and how that works. We do invest in that kind of work. We recognise its importance. We are on to it.

**Julie Sexton (Senior Programme Manager, GLA):** For my part, I have been working with the LVSC in terms of offering up me or my team to talk when it has workshops with its voluntary sector organisations. Back in May LVSC had an event that was partly about the new ESF programme and partly about what to look out for and what to think about when you are going into partnership as a subcontractor. We went along, as a commissioner, to share some of our views about what we had seen of the way that lead partners work with subcontractors. I have to say that they are not always private sector lead partners. There is a real mix of approaches in the way that lead partners treat their subcontractors and, whichever section they come from, it can be a good approach or a not-so-good approach.



A lot of things could be done. One of the things that has been suggested to me is that maybe in our contracts we could have clauses that restrict lead partners from doing some things that are unpalatable, if you like. We know that some lead partners fine subcontractors if they submit their claims late, for example, and there are other things like that. Some lead partners we have heard of have 'pay to play' clauses where a subcontractor has to pay to be included in a partnership.

We know that there is a lot of practice out there that we do not necessarily think is a good idea. We may well look at that if we are successful with our bid and we have an ESF 2014-2020 programme at the GLA. We may well look at whether there are ways we can amend our grant agreements with lead partners to try to restrict those sorts of things. All I would say is that it would be hard for us to capture everything.

**Jenny Jones AM:** Yes, of course.

**Alex Conway (European Programmes Director, GLA):** That is the point: you have to enter into it with the right spirit. We can stamp out those things but someone who wants to --

**Julie Sexton (Senior Programme Manager, GLA):** Yes, and then someone will think of something else. Yes, exactly.

**Jenny Jones AM:** It is like getting around tax, is it not?

**Alex Conway (European Programmes Director, GLA):** Exactly.

**Jenny Jones AM:** OK. That is very interesting. It might be a recommendation for us, Chair.

**Stephen Knight AM (Deputy Chair):** My question is really about how the GLA monitors the effectiveness of programmes, particularly in a world where payment-by-results and outcomes-based commissioning is driving a black-box approach and ethos. Also, how do you balance that against the alternate view from the NAO and others who very much support an open-book approach to procurement and want total transparency so that commissioners and clients really understand deeply what is going on? How do these competing tensions play out and how do you know that these programmes are effective?

**Alex Conway (European Programmes Director, GLA):** I have no great answer on that but you are right to say that these are competing tensions. I am thinking about what Adrian [Smith] and Daniel [Gascoyne] were saying earlier about commissioning being a developing and early thing. I suspect that we are going to learn more as we go along.

It is a tricky one, it seems to me, because the black-box idea of, "Do not assume we know best. Just let the provider or the voluntary sector organisation get on with whatever works and, if the results are good, who cares?" has sense to it. However, there is also a sense to saying, "But then how are we ever going to learn, evolve and get better if it has all happened by magic?" Short of saying that we do evaluate everything and try to pick up on these, it is a hard one. It is a real tension. It is quite a new tension and I am not sure we have solved it yet.

**Julie Sexton (Senior Programme Manager, GLA):** Our black-box projects were very successful. They were LDA/ESF programme ones, although all of our approaches are pretty much black box; we are not very prescriptive in our specifications. The ones that we labelled as 'black box' achieved 41% working with long-term unemployed people. The programme helped 41% of people into work and 67% of those people sustained their outcome for six months.

**Stephen Knight AM (Deputy Chair):** The question is really whether you understand why and how they achieved that and whether you have the resources to monitor it and to understand what they are doing.

**Julie Sexton (Senior Programme Manager, GLA):** Yes. What I would say is that we did an evaluation that did pick up some of the things that those projects were doing. I will be honest; I cannot remember all of it off the top of my head, although it is published on the website. There was some quite innovative work with employers, for example, to find placements that then turned into jobs because there were vacancies there. It gave people a lead-in to a job. That was a fairly crucial part.

With all our programmes, we do independent evaluations. We do monitoring, which is about evidence checking and going out and supporting delivery partners if they are hitting problems. We have a steering group for our learning disabilities and difficulties projects that helps with the relationships with the boroughs, and that is quite important in making sure that they are identifying the people who need help and engaging with them.

We have a young offenders steering group that brings together the young offender teams, the Youth Justice Board and the young offender institutions around the table with the providers to, again, oil the wheels and make sure that they overcome any problems. There is quite a lot we do to help manage relationships or help build relationships between providers and other necessary stakeholders. Then, on top of that, we also do formal monitoring visits every six months and we have monthly returns that are all about progress and evidence and that type of thing.

However, we also try to undertake what I would call 'observations'. They are informal: the project managers go out to visit the projects and see what is being delivered. It gives them an opportunity to talk to the people on the projects, the participants, and get a feel from them of what works. That is very anecdotal and so we rely on the evaluations, then, to try to do the same thing. One of the things we are very clear with our evaluators about is that we want them to talk to beneficiaries. We also want them if they can - and this is hard - to identify beneficiaries who perhaps have dropped out early as well as those who have carried on and benefited so that we find out what is not working as well as what is working.

However, I do not think there is a lot more than that we can do. We are trying to get that feedback on what works. I do very much think that black box is good because it allows that flexibility. Providers can do what works best for the individuals.

**Stephen Knight AM (Deputy Chair):** Do you find any of the providers are resistant to revealing what is working? In a sense, the true black-box approach is, "It is none of your business. This is our proprietary method".

**Julie Sexton (Senior Programme Manager, GLA):** I have not, no. Genuinely, I have not. Our contracts say to them that they have to let us go and visit whenever we want, but we have never had to say that. We have never had to say, "Our contract says we can and so we are coming". They are quite open to us visiting and talking to people. Again, their contracts say they have to contribute, participate and be involved in the evaluation, but we do not have to force them. We do not have to refer to the contract.

**Stephen Knight AM (Deputy Chair):** Is it a learning experience for you that will shape how you therefore commission the next set of services to, if you like, learn from the experiences that have worked?

**Julie Sexton (Senior Programme Manager, GLA):** Yes. We try to do that anyway. There is always a timing issue: our evaluation will come out in late September or October and the 2014–2020 programme is already through its first development stage. We did have an interim evaluation and that was published and

that did focus on what at that stage seemed to be working effectively. We definitely fed that into the groups that were working on it. Yes, we try to make sure that we do feed them in.

**Stephen Knight AM (Deputy Chair):** You are familiar with the NAO's concerns around these areas and that there is not a national evidence base around things like payment-by-results across government. If you are gaining evidence on this, perhaps you could feed it back to them.

**Julie Sexton (Senior Programme Manager, GLA):** Yes.

**Alex Conway (European Programmes Director, GLA):** Certainly the CESI report is about how payment-by-results has improved performance across 2007-2013 and so maybe we should forward a copy.

**Fiona Twycross AM (Chair):** It is a slightly modified model because you are paying people upfront as well. That is an important element.

**Julie Sexton (Senior Programme Manager, GLA):** Yes, the CESI report does talk about advances and how helpful they are to providers.

**Alex Conway (European Programmes Director, GLA):** Yes.

**Julie Sexton (Senior Programme Manager, GLA):** There is quite a lot of information in there about what providers found helpful and not-so-helpful in terms of the different payment-by-results models used by different organisations.

**Stephen Knight AM (Deputy Chair):** That is helpful.

**Dr Onkar Sahota AM:** I want to talk about devolution and the idea of getting a single pot of flexible funding for various streams of work. How do you think the devolution of the employment programmes would facilitate greater integration of services including health and housing?

**Alex Conway (European Programmes Director, GLA):** The devolution of employment and skills budgets is something that the Mayor - no secret - has been pushing for. In a way, the biggest success of this has been to gain control of the ESF. What City Hall has been angling for is greater control of the SFA's budgets and the DWP's match funding to the ESF. As I understand it, those discussions continue. The new Government is talking big about devolution and pointing to what is going on in Manchester and so on.

It would be relatively simple for us; I have to say, partially because of our role in managing EU funds and others, to take on a greater role in respect of employment and skills. I do not think we would find that hard at all. It would make our lives simpler in some ways. Whether it is going to happen tomorrow, I do not have much of a feel. It does not seem like the Government has any radical plans to devolve the SFA or DWP budgets, but you never know. I am sure that we in City Hall will keep arguing for it. It would be useful.

In part that is because, again, one of the outcomes of the investigation - and we often remind central Government of this - is that generally the programmes that are managed regionally or locally, whether by the GLA or by London Councils, tend to get better results than programmes managed by the DWP or the SFA. That suggests to us that the closer to the area you are, the better. There is room and there are programmes that make sense working on a pan-London level, programmes working on a sub-regional level like the stuff you heard the West London Alliance talking about and programmes working at a borough level. The more of that we have and the less top-down stuff we have, the better.

**Dr Onkar Sahota AM:** Brilliant. How do you think devolution might address the spaghetti junction of multiple employment-and-skills funding streams?

**Julie Sexton (Senior Programme Manager, GLA):** It would be great if it could. I am not sure it is on the agenda at the moment, but I might be wrong.

**Alex Conway (European Programmes Director, GLA):** The fact is that there is a case for things that should be delivered nationally, regionally and locally, and a big part of my job is trying to make sure that we do not unnecessarily duplicate that work and we get the balance right. That is something we are learning all the time.

EU funding comes with a whole load of funny rules attached and so it is not very easy to integrate everything to do with EU funding into other funds, but there is an awful lot that could be done at the European level to simplify EU funds and we are lobbying for that as well. I do not think there is ever going to be a perfect project where all employment and skills is boiled down into a single programme, but the more we can simplify it and the more it can be managed regionally by us in partnership with boroughs and the voluntary sector, rather than nationally, the better.

**Dr Onkar Sahota AM:** Do you think there are any potential downsides or risks to devolution of employment programmes and, if so, can they be mitigated in some way?

**Julie Sexton (Senior Programme Manager, GLA):** The biggest risk is obviously the need to scale up because, whether it is the boroughs or the GLA, we have the good practice in place to deliver the programmes but we do not at this point in time have the scale that the DWP and the SFA do. That is a big risk and in terms of mitigation I am not sure. You would probably need the resources. You would have to assume that if there was devolution, the money would not be cut when it was devolved.

**Alex Conway (European Programmes Director, GLA):** I was thinking of a different sort of risk and there has been some discussion of this in respect to Manchester. Does the Government say, "You can do whatever you like and you find the money"? Again, in London, there is no magic pot of skills and employment money and so that would be a potential risk but, as you were saying, there are no signs that anything immediate is going to happen on this front at present.

**Dr Onkar Sahota AM:** If we were to get this devolution, is London ready to receive it or do we have to adapt in some way to be able to take advantage of that devolution if it did come our way?

**Alex Conway (European Programmes Director, GLA):** I would say we are ready and if the Government came out tomorrow with a deal that said, "Take control of the budgets", we would do it. It would probably involve both our teams scaling up our activities, but the fact is that we do this kind of work already and we have been pretty successful at it. I do not think it would give me any cause for worry. It would not be like taking over a completely new area of policy and so it would not have those kinds of risks.

**Julie Sexton (Senior Programme Manager, GLA):** The fact that we have taken this co-commissioning approach to 2014–2020 means that we have a lot of learning under our belt from that process, which would be very helpful if the funds were devolved.

**Fiona Twycross AM (Chair):** Following the points raised in our discussion today and the points raised in the first session, what is your overall prognosis for future third-sector involvement in employment and skills programmes?

**Julie Sexton (Senior Programme Manager, GLA):** I suppose I can only look back at our experience so far. With regard to the GLA's programmes, when I think about what we have submitted in our bid for funding to the European Programmes Management Unit (EPMU), there is quite a range of different projects. They are quite a mix of different sizes from £500,000 to more than £1,000,000, and they are doing a lot of different things for quite niche areas. Our programmes will probably continue to offer opportunities for the voluntary and community sector.

There is the Big Lottery Fund and so obviously there are opportunities there. Certainly for a lot of the SFA programmes that have been developed through co-commissioning there are, again, some really clear areas where the voluntary and community sector will bring a lot of expertise, skills and knowledge. There will be third-sector leads but, even if not, there will be lots of subcontractors involved in their programmes. I am less knowledgeable about the DWP programmes.

**Alex Conway (European Programmes Director, GLA):** The Big Lottery is the really interesting case. When I first started working with EU funds 12 years ago now, I remember one of my first comments was that it is funny that the Big Lottery does not get involved in this because you would think its remit was rather similar". It has taken 12 years but we have got there in the end.

It is a new idea and it is doing things very much, as Laura [Furness] said, in partnership through the voluntary sector. I hope the results of that are exciting with successful projects from which we get a lot of new learning and that it will be very focused on the voluntary and community sector. Up until now, its involvement has been particularly notable with the things we have run through London Councils and through the GLA, but those are relatively small. I hope there will be lessons that some of the larger organisations like the DWP and the SFA might learn from.

**Fiona Twycross AM (Chair):** Great. Thank you very much for your contribution. We really appreciate it. Thank you.