

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2150

Title: Evaluation of 2014-2020 ESF Programme

Executive Summary:

This Director Decision seeks approval to procure contracts for evaluation services worth up to £140,000 in order to evaluate the 2014-2020 European Social Fund (ESF) programme overseen by the London Enterprise Action Partnership's London European Structural & Investment Funds Committee and managed by the GLA's European Programmes Management Unit (EPMU).

This evaluation will:

- a) feed into discussions about successor funding that may be available from central Government after ESF funding ceases as a result of Brexit;
- b) help inform the GLA's thinking around the commissioning of the Adult Education Budget (AEB), which may be devolved to the GLA in 2019; and
- c) ensure that remaining ESF funding can be invested wisely ensuring good value for money.

Decision:

That the Executive Director of Resources approves:

The commitment of up to £140,000 (comprising £100,000 funded through the EPMU budget, £20,000 from the Economic and Business Policy Unit budget and £20,000 from the LEAP Strategies Fund) for the procurement of contracts for evaluation services in respect of the 2014-2020 ESF programme.

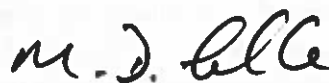
AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.
It has my approval.

Name: Martin Clarke

Position: Executive Director Resources

Signature:



Date:

1.8.17

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

The European Social Fund (ESF) is part of the European Structural and Investment Funds (ESIF) for 2014–2020, which as a whole will invest in job creation and a sustainable and healthy European economy and environment. The aim of ESF specifically is to increase labour market participation, promote social inclusion and develop the skills of the future and existing workforce. London has an allocation of £422 million ESF in the 2014–2020 funding round, and the London Economic Action Partnership's (LEAP) ESIF committee oversees this funding.

The Greater London Authority (GLA) was formally designated as an Intermediate Body (IB) in November 2016 by the ESF Managing Authority (MA), the Department for Work and Pensions (DWP), for the award, management and administration of the London component of the 2014–20 England ESF Programme. This was approved in Mayoral Decision 1583 (March 2016). Subsequent Mayoral Decision 1613 (also March 2016) then committed and awarded up to £285m of European Regional Development Fund and ESF to ESF projects and co-financing organisations (CFOs). Most recently, Mayoral Decision 2094 (April 2017) committed £68 million ESF to the 4 local CFOs to deliver the London Work and Health Programme, as well as amending delegation limits for the ESF programme.

Co-Financing Organisation Programme Design

Part of the role of the IB has been, on behalf of the LEAP, to oversee the development of London's ESF programme. The main development work was done by the GLA, London Councils and other local partners, in 2014 and 2015. This involved designing a raft of targeted employment and skills programmes to be procured and managed by CFOs, as well as running a call for directly funded projects. In developing these programmes, the LEAP looked to learn lessons from the 2007–2013 London ESF programme and applied these lessons to programme design. This included examining unit costs for delivering support to a range of groups to ensure the right amount of money is invested in supporting particular groups of customers.

As part of the development process for each CFO programme, the LEAP brought together a range of stakeholders, including CFOs, boroughs, voluntary and community sector organisations (VCS), providers, researchers and others to discuss how best to support each target group. Thereafter 'Programme Commissioning Templates,' outlining all elements of each programme, were completed. These documents formed the basis of the specifications that have been procured by the CFOs through open and competitive processes. The main CFOs in London are the DWP, the Education and Skills Funding Agency (ESFA), Her Majesty's Prison and Probation Service and the Big Lottery Fund.

In total, £294 million of ESF, and an equal amount of match funding, has been committed and will primarily be spent between 2016 and 2019.

For such a large commitment of funds, it is appropriate that evaluation be carried out to determine how effectively that commitment has been made. Moreover, the programme had a number of innovative projects, such as an in work progression programme and an integrated youth provision programme. Learning the lessons of these particular strands of work will be important if the GLA is minded to conduct further work in these fields, especially with London's remaining ESF allocation. Moreover, Brexit will mean that at some point ESF will end in the UK. The government has proposed a UK Shared Prosperity Fund to replace European funding and this research would provide lessons to allow the GLA to argue for successor funding to be delivered in the most appropriate way, as well as lessons relevant to the commissioning of the Adult Education Budget (AEB) which may be devolved to the GLA from 2019.

The next sections provide more background on the anticipated three strands of evaluation this Director's Decision would fund.

Main programme evaluation

This evaluation will provide lessons about programme design and implementation. It will be particularly important in light of the remaining ESF commitment London has to make, but also in light of Brexit and possible successor funding.

The 2014-20 ESF programme gave considerably more power to local areas than the 2007-13 programme to determine what support is commissioned, and there have been a range of models of joint working between central and local government. The main, national CFO programme has been locally designed with central government procuring and managing programmes, whilst the Work and Health Programme flips that with, broadly, central government design and local government procurement and management. The GLA's direct funded projects and local CFO showcases local design, procurement and management with limited central involvement.

When Brexit happens, ESF will cease in the UK, but successor funding will be available to local areas. It will be important to provide evidence of the pros and cons of the different ways that central and local government can interact to determine how that funding should look. It will be important to learn the lessons of designing and managing the proposed UK Shared Prosperity Fund from the current programme.

Moreover, the GLA may manage the AEB in London from 2019. Whilst the devolution of this funding is not yet confirmed, it is likely that the GLA will be looking to build a commissioning strategy for the AEB over the coming months. The experience of designing and overseeing the commissioning of the £422 million ESF programme, which includes a significant amount of investment in skills programmes, is likely to furnish relevant and important lessons for the design of the AEB commissioning approach. It is possible that AEB will be used as ESF match funding in London and thereby become part of London's ESF programme.

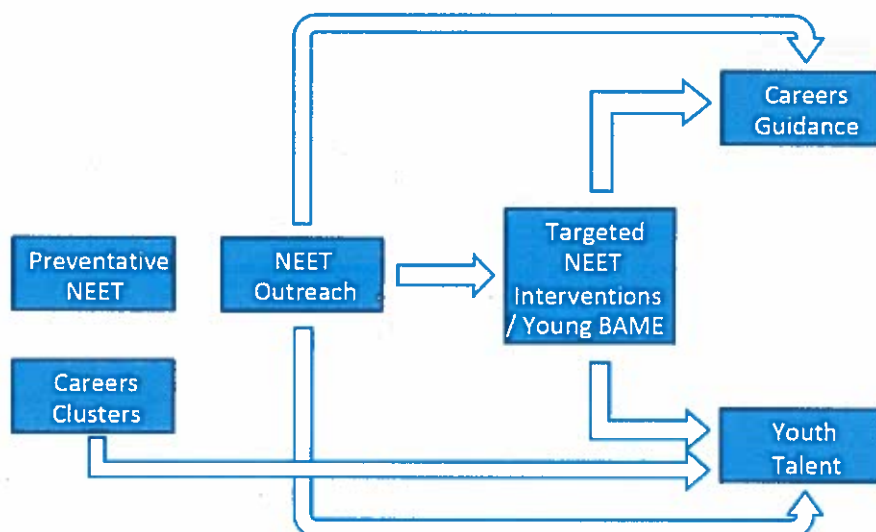
The ESF CFO Youth Programme

The London ESF Youth Programme has been designed as an integrated programme with mutually dependent strands of activity referring to each other. Many of the strands, which have been procured through separate specifications, are closely linked as shown in Figure 1, below. Programmes include:

- An outreach programme finding young people not in education, employment or training (NEET) who have disengaged from services;
- Targeted NEET programmes providing support to enter education, employment or training;
- The Youth Talent programme, providing work experience opportunities; and
- The careers guidance programme for those young people who do not have other access to face to face careers guidance, for example, through the National Careers Service.

The diagram below illustrates the primary referrals routes required between different elements of the youth programme. It was felt that this type of integrated programme had the potential to provide proper pathways to support disadvantaged young people into education, employment or training, but clearly the model brings with it challenges. Learning lessons from the current programmes will be crucial in considering how successor programmes, if funding is available either through ESF or alternative sources, should look.

Figure 1: Primary Linkages between ESF Youth strands



In Work Progression and Poverty

In-work poverty is an increasing issue for London and the UK caused by structural changes in the labour market, technological development and globalisation. Tackling these problems has been a GLA priority, and more recently a LEAP priority, for a number of years, and the GLA actively promotes the London Living Wage. However, nationally, there are very few projects with a particular focus on increasing participants' wages and a dearth of evidence of what works.

A range of in work progression and anti-poverty programmes were planned as part of the ESF programme but, for reasons relating to match funding, not all the planned projects were procured.

Nevertheless, a £10 million in work progression programme has been procured by the Education and Skills Funding Agency (ESFA), one of London's CFOs, working with low paid workers, particularly parents, to move out of poverty. Similarly, we have looked at how more 'traditional' back to work programmes can better lift people out of poverty and have built wage levels into the payment model of one of our programmes. Learning the lessons from this provision will be important in designing any similar future programmes.

2. Objectives and expected outcomes

It is expected that the evaluation will involve three contracts which will be procured individually in accordance with GLA processes and ESF requirements. The evaluations will be undertaken through the GLA Economics, Research and Evaluation Framework (GLA 80405) (Framework) unless GLA Economics and/or TfL Commercial suggest that the Framework is in some way unsuitable for this research.

The evaluation will have the following objectives and outcomes:

Objective	Outcome
To determine whether or not the £294 million commitment and management of ESF has been effective and efficient.	To ensure that any lessons can be applied when committing London's remaining ESF allocation to further improve performance.
To provide wider learning about how the ESF programme has worked, in terms of the interface	To feed into the GLA's thinking about how the central Government and London can work best

between central Government (the ESF Managing Authority and Co Financing Organisations) and local Government.	together when delivering employment related services, both in terms of ESF but also for successor funding that will replace ESF after Brexit.
To examine the effectiveness of the commissioning approach used for the ESF programmes, in particular of ESF skills programmes.	To provide lessons that can be applied in developing the commissioning approach of the AEB, which may be devolved to the GLA from 2019 and may become part of the ESF programme if it is used as ESF match funding.
<p>To examine particular strands of work in more detail, where the ESF programme has funded innovative or new approaches to delivering employment and skills support. In particular, evaluation of:</p> <ul style="list-style-type: none"> a) the complex and interdependent youth programme; and b) the in work progression programmes. 	To allow the GLA to learn lessons when commissioning similar programmes in future and improve their performance, which in turn will further the Mayor's and the GLA's commitment to supporting disadvantaged young people and to building economic fairness.

3. Equality comments

The ESF programme targets its support to disadvantaged individuals and seeks to make positive contributions to supporting long-term unemployed people, inactive people, lone parents, people with disabilities, people from ethnic minorities, ex-offenders, young people and older people. DWP has set output targets to ensure the programme supports appropriate numbers of these people and the GLA will be required to contribute to these targets.

This evaluation will look to determine how London's ESF allocation can best be committed to support disadvantaged Londoners, particularly those with protected characteristics in the 2010 Equality Act, in the most effective way possible.

4. Other considerations

These evaluations would support the aims of the LEAP's Jobs and Growth Plan, the 2014-2020 European Structural and Investment Funds & Sustainable Urban Development Strategy for London and London 2016: An agenda for jobs and growth, by providing lessons of how to improve of the 2014-2020 ESF programme so far.

The focus on in work progression and poverty support the GLA's long-time support of the London Living Wage and the Mayor's commitment to economic fairness.

5. Financial comments

The estimated cost and confirmed funding for the programme evaluation is shown below:

£	
Programme Evaluation cost	140,000
European Programme Management Unit (EPMU) ESF Technical Assistance (TA) project budget	100,000
Economic Business Policy Unit (EBPU) 2017-18 Skills Devolution budget	20,000
LEAP Strategies Fund	20,000
Total Funding	140,000

In addition, London Councils have in principle agreed to contribute £10,000 to fund the Youth strand. These would be utilised to reduce contribution from the GLA or meet additional costs up to a total cost of £150,000.

All appropriate budget adjustments will be completed.

The funding will be governed by way of a contract, with all payments made on successful completion of agreed milestones.

6. Legal comments

Sections 1 to 3 of this report indicates that the decisions requested of the Executive Director fall within the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation, social development or the promotion of the improvement of the environment in Greater London and in formulating the proposals in respect of which a decision is sought officers have complied with the GLA's related statutory duties:

- pay due regard to the principle that there should be equality of opportunity for all people;
- consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
- consult with appropriate bodies.

In taking the decisions requested, the Executive Director must have due regard to the Public Sector Equality Duty, namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010).

Officers have indicated in section 2 of this report that the:

- Framework under which it is proposed the services required are to be “called off” was procured in accordance with the GLA’s Contracts and Funding Code in accordance with relevant procurement law; and
- the services required will be procured fully in accordance with the requirements of that Framework.

Officers must ensure that appropriate documentation (including any call-off contracts entered into under and in accordance with the terms of the Framework or such other contracts as are determined to be required by GLA Economics instead) is put in place before the commencement of the evaluation services.

7. Planned delivery approach and next steps

It is expected that the evaluation will involve three contracts which will be procured individually in accordance with GLA processes and ESF requirements. The evaluations of the in work progression and youth strands will be undertaken through the Framework unless GLA Economics suggest that the Framework is in some way unsuitable for this research.

Activity	Timeline
Procurement of contract	August 2017
Delivery Start Date	September 2017
Delivery End Date	August 2018
Project Closure	September 2018

Appendices and supporting papers:

Appendix: Summary of ESF provision. <https://lep.london/file/summary-esf-provisionxlsx>

Background Papers:

MD 1583

MD 1613

MD 2094

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Note: This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

Until what date: N/A

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Timothy Riley has drafted this report in accordance with GLA procedures and confirms that:

✓

Assistant Director/Head of Service:

Alex Conway has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

Corporate Investment Board:

The Corporate Investment Board reviewed this proposal on 31 July 2017

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

M. J. Blac

Date

18.17