



**Evaluation of the ESF Objective 3
Pan London 2 Programme
EXECUTIVE SUMMARY**

January 2009

EXECUTIVE SUMMARY

This report presents the evaluation of the 2006-2008 European Social Fund (ESF) Pan London 2 programme commissioned by the Learning and Skills Council (LSC) from GHK Consulting Ltd.

The Pan London 2 Programme

Pan London 2 (PL2) was a £37.5 million ESF programme, co-financed by the LSC London, aimed at delivering learning and skills projects for 'hard to reach' disadvantaged people, as well as employers and their employees. Projects had to work across wide areas of London.

The programme was designed to complement mainstream provision closely, and fill gaps to meet the strategic priorities of the Framework for Regional Employment and Skills Action (FRESA). As a consequence the programme focused on Level 3 provision, tackling worklessness, and to a lesser extent, raising skills through the opportunity of the 2012 Games, with a focus on the priority sectors in the FRESA. The programme ran for two years (2006-08).

In common with the Pan London 1 programme that preceded PL2, a co-ordinating organisation (Ecotec) was appointed to disburse funds to projects and provide a contract management service to projects on behalf of the LSC. The programme originally contracted to deliver 24,405 beneficiaries, through 57 contracts of varying size, with a mean contract value of £663,000. 19 contracts were won by FE colleges, with the remainder of lead delivery organisations from the HE, VCS and private sectors. The majority of provision focused on ESF policy fields 2 and 3, those focusing on tackling labour market exclusion and promoting lifelong learning.

The programme's **successes** included the engagement of 16,452 beneficiaries; exceeding ambitious equalities targets, with a high proportion of women (55%), LLDD (13%) and ethnic minority (61%) beneficiaries; and getting almost 2,000 beneficiaries who were previously unemployed or economically inactive into employment. Most beneficiaries had a prior attainment level below Level 2. In total, 10,393 qualifications were achieved by beneficiaries – from job ready programmes to advanced Level 4 qualifications – with almost half of provision at Level 2 or below focusing on basic skills (Skills for Life). 3,094 Skills for Life accreditations at Level 2 or below were achieved, while 3,279 Level 3 qualifications were achieved. Across all qualifications, the achievement rate was 65%. 1,826 employers were also supported across the programme, with the vast majority of them being micro or small SMEs within the target sectors set by the FRESA, including health, education, retail and construction. The quality of the data collected was also of a high standard and there was precise recording of the outputs and outcomes purchased. Given the beneficiaries of the projects, the programme can demonstrate a reasonable level of economy in relation to costs per learner achievement (£2,267).

The most significant **issue** encountered was the underspend of approximately £10 million at the end of the programme, mainly arising as a result of seven terminated projects and a failure among a number of projects to meet recruitment and progression targets (19 projects did not meet at least 80% of their originally contracted recruitment target; while 30 projects did not meet their original progressions target). There were various reasons behind the underspend, among them contextual issues such as changes in mainstream targets; and issues of project and programme design, for example an inability to secure work placements to facilitate moving into employment at project level, or the requirements of some of the programme specifications. Nevertheless many projects successfully achieved their targets and demonstrated many useful lessons for future provision targeted at hard to reach groups.

Thematic Impact

The evaluation examined the performance of projects, categorised by their main theme of delivery. These were: hard to reach young people; workless adults; provision at Level 3; On Your Marks (projects with a London 2012 focus); and capacity building projects.

Hard to reach young people: Although only 63% of contracted starts were achieved, the projects focused effectively on those young people with the fewest formal qualifications. Success rates on Skills for Life aimed at this group were high (67%) and compare favourably to the success rates under mainstream provision. Projects that held recruitment events in community venues performed better at recruiting beneficiaries than those that used methods such as advertising in newspapers.

Workless adults: These projects were the most successful in terms of recruiting beneficiaries (83% of contracted starts) and had good success rates in achieving qualifications (from 63% for Skills for Life and provision below Level 2, to 67% for provision at Level 3 or above), with most of the focus being on IAG provision and Skills for Life. The most difficult target for these projects was progression to employment (69% of profile). There was evidence that a larger number of beneficiaries moved closer to the labour market, either going into voluntary work or further learning.

Provision at Level 3: These projects were very successful in recruiting employers, achieving 91% of the original targets. The most successful projects used innovative methods, working closely with Sector Skills Councils (SSCs), adapting their offer to meet employer demand, and using specialist partners throughout delivery. Success rates were higher than for other themes (79% for provision at Level 3 or higher), although progression into employment was low (59% of contracted target). However most projects in this theme were designed (because of the specifications) with a dual focus on Level 3 and worklessness, which was generally perceived as leading to a dissipation of efforts and making them more challenging projects to deliver.

On Your Marks: Projects under this theme had the least success among all the themes in recruiting beneficiaries and progression to employment, which many projects' evaluation reports attributed to delays in starting their work (for instance because of partnership issues). Overall, projects performed poorly, with projects achieving 59% of their originally contracted start volume, and 11% of the contracted progressions into employment.

Capacity building: There were only two projects in this theme and they demonstrated mixed performance. The main issues were the failure of the projects to work together and in one case, perceived duplication of work that providers would have been expected to carry out in any case.

Across the **cross-cutting themes** of **sustainable development, use of ICT and equal opportunities**, all projects provided evidence of activities they were carrying out. In a few cases there was innovative practice, for instance in the greater use of distance learning methods to target hard to reach groups. However more attention ought to have been paid, at both project and programme level, to exit strategies and sustaining learning from ESF delivery.

Lessons learned for future projects

There were large variations in performance between projects, in terms of recruitment, progression and spend, that are not directly correlated with policy field or theme.

- Strong partnerships were characterised by partners who had previously worked together, a firm approach to project management, open communication, a clear division of responsibilities and the use of specialist partners. In particular, working with specialist partners from the voluntary sector or enterprises serving target communities yielded dividends because of their existing contact with beneficiaries or an ability to deliver flexible provision. Projects must ensure that robust project

management arrangements are in place that can meet the specific requirements of ESF, including the ability to re-profile internally and manage risk, building the capacity of partners where necessary, and making sure partners understand the project objectives and evidence requirements of ESF.

- Many partnerships had difficulties such as partners leaving the project early on. This was due to partners' lack of commitment or lack of understanding of aims and objectives, unfamiliarity arising largely as a result of the geographical spread of partners, and in some cases, competition with mainstream provision. Occasionally, there were issues over the eligibility of beneficiary groups.
- Many projects faced difficulties with recruitment, which often took much longer than they expected. SMEs and sole traders were particularly 'hard to reach', as were younger beneficiaries, and successful projects had to be flexible enough to change their approach to recruitment if required by the situations they faced. Good practice includes the use of different recruitment channels to manage risk, phased marketing for SMEs (such as the use of events), the use of outreach, the use of partners who can give advice on labour market conditions (such as employer representatives and professional bodies), and effective referral partnerships with partners such as Job Centre Plus and Connexions.
- The timing, length and content of the course must be relevant to employers so that the offer of training is attractive (and not just 'free').
- Careful consideration needs to be given to e-learning approaches and their fit with different sectors – for instance many hard to reach construction workers or retail staff are quite transient and will not always respond to e-learning approaches.
- A key lesson in employer engagement is ensuring that they can see the benefits of training on their bottom line and that the offer of training to employees is flexible enough to accommodate one to one sessions, mentoring, delivery at evenings and weekends, and catch-up sessions.
- Work placements need to be appealing to SMEs and need to be based on skills gaps that are identified by the SMEs themselves.
- A large proportion of the underspend was due to projects missing their progression targets. This is partly because of the length of the programme and it is likely that stringent monitoring requirements also had an impact (making monitoring very resource-intensive), although successful projects did devote resources to following up beneficiaries and altering outputs where possible so that beneficiaries could achieve their learning aims within the given timescale.
- The coordinating organisation model led to some limits on projects' flexibility. This had both benefits (correct recording of data) as well as drawbacks (perhaps too firm a line was taken on evidencing progression and support costs).
- The development of the specifications was not a smooth process and although the original specifications were consulted upon with SSCs and strategic partners, important changes were made shortly before the tenders were issued. The lack of dialogue with potential providers at that point meant that there was no opportunity to refine specifications and ensure that objectives were realistic.
- The requirement placed on the LSC by ESFD not to recycle funds undoubtedly contributed to the underspend, given the particular characteristics of ESF projects and their historical tendency of projects to underspend and require the recycling of funds.
- Capacity building efforts need to be properly targeted, evaluated and based on identified need. For instance, projects could have been expected to provide evidence of how they had built their capacity.

Main recommendations for future programmes

1. ESF programmes need to be sufficiently distinctive from mainstream provision so that ESF remains clearly additional to it, and so that ESF can be used to target the groups and sectors that are most in need. As mainstream provision changed during the duration of PL2, the risk of competing for the same beneficiaries increased;
2. Tender specifications need to be developed carefully and be focused on target groups according to distance from the labour market. Allowing for a short period of open consultation with potential providers prior to final specifications being issued would allow some of the more salient problems encountered in PL2 to be identified prior to contract award;
3. Programmes should not seek to give projects incentives to create artificial partnerships across wide geographical areas at the cost of effectiveness. A possible way around this for funders wanting a regional approach might be to encourage consortium tenders across similar tender specifications;
4. Assessment of projects should give better consideration to track records and the strength of partnerships. Although there is a limited amount the funders can do, interviewing projects and their key partners would improve the process. Projects and partnerships could be given time to develop prior to longer term contracts being awarded;
5. Programmes should encourage a diversity of providers, including providers from the VCS. The project size and geographical coverage requirements of the specifications limited the ability of VCS providers, as well as social enterprises and smaller business networks, to lead projects;
6. The good practice of PL2 in drawing out accurate data (including data on soft outcomes) should be kept in place and built upon. The use of case studies in particular was useful for projects' self-assessment, and added much more value than the assessments of sustainability, ICT and equal opportunities.