



Progress Evaluation Report of the Northern Ireland European Social Fund Programme

2014-2020

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Northern Ireland European Social Fund 2014-2020

Executive Summary

The Department for the Economy (DfE) is the designated Managing Authority (MA) for the 2014-2020 NI European Social Fund (ESF) Programme. The MA is required under Articles 54 and 56 of the Common Provision Regulations (CPR) (EC Regulation 1303/2013) to assess the effectiveness, efficiency and impact of the Programme.

The MA agreed an evaluation plan for the 2014-2020 ESF Programme with the Programme Monitoring Committee (PMC) and further agreed to undertake this evaluation in two phases.

This Report, constituting phase one of the agreed progress report, aims to assess progress made toward achieving the quantified targets for expenditure, outputs and results set out in the 2014-2020 ESF Programme, Priorities 1-3. Priority 4 pertains to Technical Assistance and is not subject to this report.

For the purpose of this report, performance data for the period up to 31 March 2018 will be assessed. This will include data reported under the first Call of Priorities 1&2 as well as Priority 3 progress to this mid-term juncture of the programme period.

Analytical Services Division (ASD) is a functionally independent resource within the Department for the Economy that provides a wide range of data, research, analysis, information and advice to help illustrate the impact of actions.

Based on information provided by the MA, ASD has prepared a short paper under the following structure:

- Introduction and Background to the NI ESF Programme
- Programme Modifications
- Priorities 1&2 (Call 1) Progress Update (Commitment, Spend and physical targets)
- Priorities 1&2 (Call 2) Progress Update
- Priority 3 Progress Update
- Summary and Conclusion
- ESF Socio Economic Analysis - April 2019 Update

Introduction and Background

The 2014-2020 Northern Ireland European Social Fund (ESF) Programme (the Programme) is implemented and managed in accordance with EC, regional and national rules and practice and in partnership with the European Commission (EC). It is also subject to scrutiny by a range of other bodies including the PMC, EU Division (EUD) in the Department of Finance (DoF) as Member State designate, Certifying Authority, Audit Authority and the DfE Internal Audit Service.

DfE is the designated MA for the Programme which has been developed in partnership with Government Departments in Northern Ireland and a wide range of regional stakeholders from public, private, voluntary and community sectors.

The strategic aim of the Programme is to combat poverty and enhance social inclusion by reducing economic inactivity and increase the skills base of those currently in work and future potential participants in the workforce.

This aim will be realised through the implementation of four key objectives:

- Priority 1: Access to Employment - promoting sustainable and quality employment and supporting labour mobility;
- Priority 2: Social Inclusion - promoting social inclusion and combating poverty and any discrimination;
- Priority 3: Skills for Growth - investing in education, training and vocational training for skills and life-long learning; and
- Priority 4: Technical Assistance.

A socio-economic assessment of Northern Ireland was published in January 2013 to inform the development of its Operational Programmes for the NI ESF Programme, which highlighted the needs and challenges to be addressed as follows:

- Unemployment/Long term unemployment;
- Economic inactivity;
- NEETs;
- Combating poverty by increasing economic activity; and
- Upskilling the workforce.

ASD has provided a high-level update of this socio economic analysis focussing on these needs and challenges (Annex A).

The Programme focusses on addressing these identified areas of need through three Thematic Objectives, as set out below;

- i. Development needs in respect of unemployment, economic inactivity and young people who are Not in Employment, Education or Training (NEET) are addressed through ESF activity in Thematic Objective 8;
- ii. The needs in relation to people with a disability are addressed through Thematic Objective 9. The NEET issue is also addressed through activity in Thematic Objective 9, which targets families where at least one family member is NEET or in danger of falling into the NEET category; and
- iii. The needs identified around education and skills are addressed through activity in Thematic Objective 10.

The Thematic Objectives are broken down into more detailed Investment Priorities as outlined in table 1 below.

Priority Axis	Thematic Objective	Investment Priority
Priority 1 – Access to Employment	(8) Promoting sustainable and quality employment and supporting labour mobility	8i - Access to Employment for job seekers and inactive people, including the Long-Term U/E and people far from the labour market, also through local employment
		8ii - Sustainable integration into the labour market of young people in particular those not in employment, education or training, including young people at risk of social inclusion and young people from marginalised communities through the implementation of Youth Guarantee. - To reduce number 16-24 year olds who are not in employment education or training.
Priority 2 – Social Inclusion	(9) Promoting Social inclusion and combating poverty and any discrimination	9i - Active inclusion, including with a view to promoting equal opportunities and active participation. Strand B support people (with an emphasis on young people) into employment by providing skills and training and with country specific recommendations (2012) to continue to improve the employability of young people in particular those who are NEET and with CSR (2014) in respect of Reducing the number of young people with low basic skills.
Priority 3 – Skills for Growth	(10) Investing in education, training and vocational training for skills and life-long learning.	10 iv. Improving the labour market relevance of education and training systems facilitating the transition from education to work, and strengthening vocational education and training systems and their quality, including through mechanism for skills anticipation, adaption of curricula and the establishment and development of work based learning systems including dual learning systems and apprenticeship schemes.
Priority 4 – Technical Assistance (TA)	The TA budget will support the effective management and implementation of the NI ESF programme structures and achievement of the Programme's aims and objectives	To support effective management and implementation of the Northern Ireland ESF programme structures and achievement of the Programme's aim and objectives.

Table 1: Breakdown of Thematic Objectives and Investment Priorities in the 2014-2020 NI ESF Programme

Programme Modifications

Over the course of the Programme to date, there have been two main modifications that have essentially affected the financial allocations to, and performance targets of, the 2014-2020 NI ESF Programme Investment priorities. These are briefly summarised below.

Modification 1

The rationale for the first modification was threefold:

1. Investment for Growth & Jobs programmes allocations were calculated using a formula based on GDP and other economic markers. EU regulations provided for a review of allocations to be conducted in 2016 and implemented within 2017-20 commitments. This was to reflect changes in Gross National Income (GNI) for Member States following the original allocation.

Following this review the ESF programme was awarded an additional €5,225,251 which was allocated to PA4 (Technical Assistance).

2. Introduction of a new Simplified Costs Funding Model for reimbursing beneficiaries for cost incurred in delivering projects, in order to

- Reduce the administrative burden on beneficiaries
- Makes claims process more efficient for beneficiaries
- Simplify the claims process to reduce work for beneficiaries

3. Changes to Programme Performance Indicator Targets

A thorough review of performance indicator targets in the OP against actual performance data available to March 2017 highlighted significant changes in the economic and labour conditions in NI since the original draft OP was submitted in July 2014. The analysis also indicated a number of incorrect assumptions and inconsistencies in the setting of programme targets OP design stage. The performance indicator targets were revised as a result.

Modification 2

A second modification, agreed in November 2018, amended Performance Reserve targets, priority level allocations and intervention rates for Priority Axes 1 & 2.

At the outset of the programme a formulaic and unrealistic approach was used to determine financial performance reserve targets, which were also significantly misaligned with the modified non-financial PR targets. Having taking account of a comprehensive analysis of eligible expenditure to date in relation to the current projects, it was deemed appropriate to realign revised activity levels with associated costs. This resulted in a reduction of ESF expenditure and a corresponding increase in national expenditure (outside of the ESF Programme) to ensure that there was appropriate separation of direct and indirect costs.

The Managing Authority further determined that further adjustments were required to Priority level allocations, to reflect actual activity levels as reported to PMC and those predicted following completion of the Call 2 application process.

To alleviate budget pressures, and taking cognisance of significant variations in FX rates since original programme approval, it was necessary to reset the intervention rate on Priorities 1 & 2 for Call 2

projects from 40% to 55%. Additional national funding was allocated to Priority 3 to offset the reduced ESF allocation.

Following these modifications, the proposed Programme budget is shown in table 2 below, split between ESF and from DfE and Match Funding (MF) from other key stakeholders.

Priority	ESF	DfE	MF	Final Total Spend projected
1	£68,676,362	£20,602,909	£48,073,452	£137,352,723
2	£53,507,411	£16,052,223	£37,455,1875	£107,014,821
3	£58,201,120	£87,301,679	£0	£145,502,799
4	£7,406,806	£4,937,870	£0	£12,344,676
Total	£187,791,699	£128,894,681	£85,528,639	£402,215,019

Table 2: Proposed 2014-2020 NI ESF Programme budget

N.B. Final allocations figures are reported in €, therefore to present in £ a conversion of the figures has been applied. The figures above are based on Oct '18 Fx rate of 1.12134.

Priority	ESF	DfE	MF	Final Total Spend projected
1	€77,009,551.00	€23,102,866.00	€53,906,684	€154,019,101
2	€60,000,000.00	€18,000,000.00	€42,000,000	€120,000,000
3	€65,263,243.00	€97,894,865.00	€0.00	€163,158,108
4	€8,305,547.00	€5,537,032.00	€0.00	€13,842,579
Total	€210,578,341.00	€144,534,763.00	€95,906,684	€451,019,788

Priorities 1&2 (Call 1) Progress Update (Commitment and Spend and physical targets)

The Programme is operationally split between two calls for applications that will grant funding concerning Priority 1 and Priority 2¹. However, both calls are intrinsically linked by common targets. Call 1 projects operated from 1 April 2015 to 31 March 2018 while Call 2 projects commenced operations on 1 April 2018 and will run until 31 March 2022. Combined targets for Priorities 1&2 for both call 1 & 2 are detailed in Table 3 below:

Priority Axis	Investment Priority	Actual Enrolment programme targets
1	8i - Unemployed/Inactive	44,000
	8ii - NEETs	15,000
2	9i (a) - Disability	13,000
	9i (b) - CFSP	5,040

Table 3: Common Output Targets for Priorities 1 &2 of the 2014-2020 NI ESF Programme

In Call 1, 66 projects were initially given Letters of Offer of ESF funding - 5 of these projects subsequently closed or withdrew with 61 projects completing.

The total number of verified participants reported by Project Delivery Branch to Programme Monitoring Committee are shown in Table 4 below. Data which is incomplete or unverified cannot be reported formally to the EC. As such, Table 4 shows the raw data submitted by the projects as well as the data reported to the EC (complete and verified).

Delays in the availability of the ESIF database to record ESF performance and financial data were caused by the originally appointed contractor failing to deliver a database to the necessary specifications. Call 1 participant and output data was therefore submitted by Call 1 operations using Excel and held offline. This created a number of deficiencies in record keeping and hindered oversight of performance management over Call 1 projects. As a result, additional verification of the reported enrolment performance was required. Using a random sampling approach, the percentage of reported participants passing verification to meet EC data completeness requirements was determined to be 72.2%. Therefore 27.9% of the total enrolled participants reported were discounted.

Following appointment of an alternative contractor, the ESIF database became operational in parallel with Call 2. This database is used by funded Call 2 operations to report participant information and immediate and longer term outcome data. A funded operation cannot report participants unless all required data fields are completed. In addition, the Project Delivery Branch has established a new performance monitoring team tasked with monitoring project performance on a quarterly basis. It is anticipated these changes will significantly reduce the number of unreportable participants in Call 2 for priorities 1&2.

¹ Priority 3, aimed at increasing the proportion of people in employment skilled at level 2 and above through apprenticeships and youth training, is delivered through Government Programmes and is not the subject of Call 1 or 2.

Call 1 Participant Analysis		
Programme Indicator	Performance reported by Projects to Project Delivery Branch	Verified Performance reported for Call 1
Unemployed	13,487	9,731
Inactive	7,698	5,554
Disabilities	6,256	4,514
NEETs	8,189	5,908
CFSP	3,129	2,258
Total	38,759	27,965

Table 4: Actual and verified Call 1 participant outputs

Verified Call 1 enrolments on to projects supported by the programme are summarised in Table 5 below. In Table 5 the verified enrolment figures have been grouped into their respective Investment Priority. Each investment priority has an enrolment target to be achieved by completion of the programme in 2023. By comparing the numbers enrolled in Call 1 to the 2023 targets we are able to calculate a percentage achieved enrolment for each investment priority.

Call 1 Enrolled Participants				
Priority	Investment Priority	Programme Enrolment Targets to be Reached by 2023	Call 1 Verified Enrolment	Call 1 % enrolled compared to 2023 Target
1	8i Unemployed/Inactive	44,000	15,285	35%
	8ii - NEETs	15,000	5,908	39%
2	9i (a) - Disability	13,000	4,514	35%
	9i (b) - CFSP	5,040	2,258	45%

Table 5 Verified Call 1 Enrolled Participants

Table 5 above shows that the four Investment Priorities have, achieved between 35% and 45% of their respective overall Programme enrolment targets. These targets were established in the initial programme document submitted to the EU in July 2014.

Since that original document was submitted modifications have occurred establishing the current targets which the programme seeks to meet. Investment priority 8i had been originally set an enrolment target of 40,000; with modification it has increased to 44,000, while there was a reduction of 10,000 target enrolments in priority 8ii which went from 25,000 to the current 15,000. A reduction in enrolment numbers was also seen in priority 9i (b) which had an original target of 16,800 which when reviewed was reduced to 5,040, priority 9i (a) which sits at 13,000 enrolments was the only investment priority not to change from the original submission to the European Union.

Funding

Table 6 below summarises the total allocation of funding for Priorities 1&2 (Call 1).

Almost £84million in funding was allocated to Priorities 1&2 in Call 1 via ESF, DfE and subsequent Match Funding. Additionally it is noted that the EC withholds a performance reserve of 6% of the funding provided by the EC to ensure programme milestone and expenditure targets are met.

Priorities 1&2 Call 1 Spend						
Priority	Investment Priority	ESF	DfE	MF	Total Spend	Actual unit cost per Participant (Spend /Total Participants)
1	8i Unemployed/ Inactive	£10,668,547	£6,656,750	£9,382,029	£26,707,326	£1,747
	8ii - NEETs	£6,300,942	£3,937,954	£5,513,468	£15,752,364	£2,666
2	9i (a) - Disability	£13,816,185	£8,552,894	£12,170,400	£34,539,480	£7,652
	9i (b) - CFSP	£2,732,798	£1,708,002	£2,391,203	£6,832,003	£3,026
Total		£33,518,472	£20,855,600	£29,457,101	£83,831,172	

Table 6: Breakdown of spend in Call 1 for Priorities 1&2

Under each Investment Priority, a unit cost per participant is calculated based on the verified enrolment and the total spend.

Table 6 highlights that, for example, the Unit Cost per Participant for the Investment Priority aimed at those with a Disability (9i(a)) is significantly more than the Unit Cost per Participant of the other Investment priorities.

This difference is reflective of the complex needs of participants under this thematic objective. The actual cost per participant supported will be lower when unreported participants are included. This would be the case if submissions to PDB had been accepted however due to the discrepancies 27.85% have been rejected and therefore unaccounted for in this progress report.

Enrolment by Programme Indicator

Each Priority axis has been broken down under Investment Priority and subsequent Programme Indicators, with individual Enrolment Targets set.

Table 7 below shows the verified participant enrolment figures reported through PMC for Call 1 and Programme targets up to 2023.

The unit cost per participant is based on the reported enrolment figures within Table 7 divided into the total spend reported for each investment priority.

A sample of reported Call 1 participants were randomly selected and subjected to robust validation and verification processes against EC data completeness requirements. The percentage of verified participants from the sample was then extrapolated across the raw Call 1 dataset and are set out in Table 7.

Call 1 Enrolment Breakdown						
Priority	Investment Priority	Programme Indicator	Programme Target Enrolment	Reported Enrolment	Output Indicator	Call 1 Unit cost per participant (Spend/Total Participants)
1	8i Unemployed /Inactive	Unemployed	28,000	9,731	Unemployed in employment	£1,747
		Inactive	16,000	5,554	Inactive in education/training Inactive in employment	
	8ii - NEETs	NEET	15,000	5,908	NEET in education/training	£2,666
					NEET in employment	
2	9i (a) - Disability	Participants with disabilities	13,000	4,514	Disability into education/training	£7,652
					Disability into employment	
	9i (b) - CFSP	NEET CFSP	5,040	2,258	CFSP into education/training	£3,026
					CFSP into employment	

Table 7: Actual Call 1 participants enrolled broken down by Thematic Objective

Results Indicators

Result indicators correspond to the specific objectives set out for each investment priority selected. Result indicators go beyond output indicators in so far as they capture a change in situation. Results can be immediate or longer term.

Immediate result indicators capture the change in circumstances from the date a participant enter a funded operation and up to 4 weeks after they exit.²

Result indicators are set at a programme level- i.e. there are no milestone targets set for immediate results.

Table 8 below shows the percentage of enrolled and verified Call 1 participants achieving a positive immediate result indicator, broken down by Investment Priority. These immediate result indicators can be broken into three specific successful outcomes after participation on programme,

- employment,
- continuing with education, or
- continuing with further training.

² For the purpose of this progress update, the Managing Authority have captured only the achieved results at this time period. Longer term result indicators will be calculated based on a representative sampling methodology and will be reported to the EC in the 2019 and 2023 Annual Implementation Reports.

Verified Call 1 Indicators							
PA	Investment Priority	Programme Indicator	Programme Target Enrolment	Call 1 Reported Enrolment (Verified)	Result Indicator	Immediate Results Indicator - Verified based on MA figures	Immediate Results Indicator Achieved against Reported Enrolment in Call 1
1	8i Unemployed / Inactive	Unemployed	28,000	9,731	Unemployed in employment	2,618	26.9%
		Inactive	16,000	5,554	Inactive in education/training	917	16.5%
					Inactive in employment	1,308	23.6%
	8ii - NEETs	NEET	15,000	5,908	NEET in education/training	2,120	35.9%
					NEET in employment	800	13.5%
	2	9i (a) - Disability	Participants with disabilities	13,000	4,514	Disability into education/training	1,456
Disability into employment						290	6.4%
9i (b) - CFSP		NEET CFSP	5,040	2,258	CFSP into education/training	566	25.1%
					CFSP into employment	252	11.2%

Table 8: Verified Call 1 Immediate Result Indicators

Under each Result Indicator, individual targets have been set (combined for Call 1 and 2) for those successful participants that enter employment, education or training at programme level.

Table 9 below shows the immediate results that need to be achieved in Call 2 per Investment Priority to ensure the overall target is achieved.

Targets for Call 1 and 2 for Successful Participants in Employment/Education/Training after programme						
Programme Target Enrolment Call 1 and Call 2 Combined	Output Indicator	% Target Set for Participants in EET across Call 1 and Call 2 (Employment/Education/Training) after programme	Immediate Result Target by 2023	Immediate Results Indicator - Verified based on MA figures	Verified Immediate Results 2018 Indicator achieved as a percentage of 2023 Target	Number of remaining participants to successfully achieve Immediate EET after programme
28,000	Unemployed in employment	13.75%	3,850	2,618	68%	1,232
16,000	Inactive in education/training	13.75%	2,200	917	42%	1,283
	Inactive in employment	13.75%	2,200	1,308	59%	892
15,000	NEET in education/training	35%	5,250	2,120	40%	3,130
	NEET in employment	12%	1,800	800	44%	1,001
13,000	Disability into education/training	15%	1,950	1,456	75%	494
	Disability into employment	10%	1,300	290	22%	1,010
5040	CFSP into education/training	20%	1,008	566	56%	442
	CFSP into employment	10%	504	252	50%	252

Table 9: Balance Immediate Result Indicators for priorities 1&2 to be achieved in Call 2

Following the verification³ of the Immediate Results, the number of remaining participants over the four years of Call 2 required to fulfil each Immediate Result indicators was calculated (See Table 9 above).

Across Call 1, eight out of the nine Output Indicators are proportionally progressing ahead of the overall programme targets (noting that Call 2 has not yet completed). Enrolment rates achieved in Call 1 have been positive however the Output Indicator 'Disability into Employment' has the potential to

³ Monitoring is completed throughout the Programme implementation period via a continuous and systematic process of generating quantitative and, if relevant, qualitative information. Indicators, both common and Programme specific alike, capture financial, output and result indicators, which are recorded and submitted as a structured data set to the European Commission as part of the Annual Implementation Report (AIR). Figures are verified by each Intermediate Body (ESF, PDB) as part of the first level verification checks. This involves testing of random sampling against CMS, Participant Training Plans, enrolment forms and supporting documentation uploaded to the ESIF database. Data is requested in the commissioning notice to the intermediary body for the AIR, and the MA conducts validation on completeness, consistency and aggregation prior to reporting to the EU.

miss the target enrolment figures under Call 2 and requires close monitoring to ensure targets are met.

Based on the Immediate Results across Call 1 and 2, the Output Indicator, 'NEET in education and training' must proportionally increase their success rate by a minimum of 3,130 (60%) participants to fulfil the Immediate Result Number Target for Call 1 and 2. In addition, under the Output Indicator 'disability into employment', Call 2 must achieve at a minimum 1,010 successful participants to achieve the proposed target of 10% of enrolments; at present the result indicator has only achieved 22% of the required 2023 target.

Significant progress has been made across all output Indicators on Call 1 with the five out of nine Indicators achieving over 50% of immediate result targets required to meet the percentage target set for Participants in Employment Education and Training (EET) across Call 1 and Call 2. Notably the output Indicators, 'Disability into education and training' and 'Unemployed in employment' have achieved 75% and 68% respectively of their 2023 target.

Call 1 Conclusion

From the analysis of Call 1, we can conclude that all investment priorities are on track to meet the 2023 programme targets which have been agreed with the EU. This is in spite of issues in verifying and reporting of enrolments and results from the funded projects to Project Delivery Branch. These deficiencies have been addressed and the ESIF database has been established as the programme moves into Call 2. In the case of immediate results indicators, while the majority of investment priorities are in line to meet their established targets, areas of concern have been identified. While there are legitimate reasons for the lower success rate, a focus on this area into Call 2 has been acknowledged.

Progress Against December 2018 Milestones

By 31 March 2018, the Call 1 Enrolment Performance against December 2018 output milestone targets are either on track or already achieved. Furthermore, as the period of the milestone target is December 2018 and Call 1 reached a close on the 31 March 2018; this gives a further 9 months of Call 2 data to meet this target. With the inclusion of Call 2 participant data it is expected that this should ensure that December 2018 performance reserve milestones will be exceeded for all Investment Priorities.

Enrolment Results Summary			
Investment priority	2018 December Milestone programme Participant Targets	Call 1 Reported Enrolment (Verified)	% Progress against 2018 milestones
8i Unemployed/Inactive	16,500	15,825	95%
8ii - NEETs	5,610	5,908	105%
9i (a) - Disability	4,850	4,514	93%
9i (b) - CFSP	1,880	2,258	120%

Table 10: Call 1 verified participant's enrolments against December 2018 milestones

Priorities 1&2 (Call 2) Progress Update

Call 2 of the 2014-2020 ESF Programme became operational on 1 April 2018 with no break in service provision between Call 1 and Call 2. The period of funding runs from 1 April 2018 - 31 March 2022.

The Managing Authority confirmed that 69 projects, delivered by 54 organisations, were successful during the Call 2 application process. Subsequently, one successful project ceased operations due to difficulties in recruiting participants, one project merged with another and another project withdrew from the programme due to performance related issues. There are therefore 66 Call 2 projects still operating as the second year of Call 2 commences. The total costs of Call 2 ESF projects is estimated to be £167.8m.

Table 12 below provides a breakdown of the balance number of participants enrolled required to fulfil the overall enrolment targets across Call 1 and Call 2.

Call 2 – Based on Letters of Offer						
PA	Investment Priority	Call 2 Required number of Enrolled Participants	Total Spend	Call 2 Projected Average Participant Cost	Call 2 projected Enrolled Participants based on Call 2 LoO	Difference between Call 2 Projected Participants forecasted vs. remaining participants required to meet 2023 target – (Headroom)
1	8i Unemployed / Inactive	28,715	£58,493,006	£1,655	35,341	6,626
	8ii - NEETs	9,092	£35,724,894	£2,384	14,988	5,896
2	9i (a) - Disability	8,486	£60,390,704	£5,471	11,039	2,553
	9i (b) - CFSP	2,782	£13,289,431	£3,076	4,320	1,538

Table 11: Cost and average participant cost based on Call 2 based on LoO.

The total spend figures have been provided by the Managing Authority, in terms of funding break down between ESF, DfE and Match Funders. The estimated average participant cost figures used during the Call 2 application process have also been supplied by the MA.

Using the letters of offer, each Call 2 project has a target number of enrolments to achieve from which the total number of forecasted participants for each Investment Priority for Call 2 have been calculated.

Based on the difference between the number of participants that had been enrolled in Call 1 compared to the total number of required enrolments in the commissioning document we are able to determine the minimum required enrollees on the programme.

Using the difference between the numbers of expected participants based on the letters of offer and the minimum required participants we are able to calculate a headroom figure for participant enrolments.

Across both Call 1 and 2, under each Investment Priority Programme Indicators Targets have been agreed with the European Commission. Following the verification of enrolled figures in Call 1 and successful programme participants, the remaining targets for Call 2 were estimated.

Call 2 – Based on Letters of Offer						
PA	Investment Priority	Programme Indicator	Programme Target Enrolment	Remaining Enrolment target to meet 2023 Target	Enrolment Targets set for the delivery agents	Headroom
1	8i- Unemployed/Inactive	Unemployed	28,000	18,269	20,881	2,612
		Inactive	16,000	10,446	14,460	4,014
	8ii - NEETs	NEET	15,000	9,092	14,988	5,896
2	9i (a) - Disability	Participants with disabilities	13,000	8,486	11,039	2,553
	9i (b) CFSP	CFSP	5,040	2,782	4,320	1,538

Table12: Balance Participant output requirements and projected Call 2 enrolment

Individual project targets have been agreed in each Letter of Offer. Cumulatively, these exceed the targets noted in Table 13 above. This headroom is necessary to mitigate the risk of unreportable data due to problems with verification or completeness.

As stated above under each Programme Indicator, Output Indicators are further broken down. Call 2 output indicator targets are based on the figures verified from Call 1

Call 1 + 2 totals and Difference to Targets							
Programme Indicator	Output Indicator	Immediate Result Target by 2023	Verified Figures for Call 1	Number of remaining participants needed to successfully achieve Immediate EET after programme	Call 2 LoO (In Employment Numbers)	Total Results Indicator - Estimated Total Participants that will achieve EET after enrolment on Programme (D+F)	Headroom built in Call 2 LoO (In Employment Numbers) & Number of remaining participants needed to successfully achieve Immediate EET after programme (F-E)
A	B	C	D	E	F	G	F
Unemployed	Unemployed in employment	3,850	2,618	1,232	4,686	7,304	3,454
Inactive	Inactive in education/training	2,200	917	1,283	2,973	3,890	1,690
	Inactive in employment	2,200	1,308	892	2,305	3,613	1,413
NEET	NEET in education/training	5,250	2,120	3,130	5,499	7,619	2,369
	NEET in employment	1,800	800	1,000	3,094	3,894	2,094
Participants with disabilities	Disability into education/training	1,950	1,456	494	1,859	3,315	1,365
	Disability into employment	1,300	290	1,010	1,657	1,947	647
CFSP	CFSP into education/training	1,008	566	442	928	1,494	486
	CFSP into employment	504	252	252	556	808	304

Table 13: Total project participants in Employment/Education/Training after programme

Following on from Call 1 the remaining enrolment targets for Call 2 have been calculated. Based on the Letters of Offer the MA has established a projected number of participants in Call 2 that will be in employment, education or training after completion of the programme. If the estimated success rate in Call 2 is added to the verified figures from Call 1 it projected that all Output Indicators will not only meet their targets but over achieve.

Priority 3 Progress Update

This IP contributes to the development of a highly skilled and innovative workforce contributing to the twin goals of social inclusion and economic success for NI. The quality and effectiveness of training for young people and adults are crucial elements of this process.

There are now two letters of financial assistance for government programmes, ApprenticeshipsNI worth £124.1 million, and Higher Level Apprenticeships (HLA) worth £27.3million. This consists of ESF co-financing (40%) of £49.7 million for ApprenticeshipsNI and £10.9 million for HLAs.

HLAs are a new offering by the Department from 2017, providing apprenticeships at levels 4 and 5. The redesigned apprenticeships provision (including HLAs) committed to in “Securing Our Success” is central to transforming the skills landscape of NI and securing the MS’s economic success. No immediate or longer term result indicator data can be provided as HLAs last a minimum of 2 years.

Through the Apprenticeships NI programme the following aims will be realised:

- Increasing the skills level of the NI workforce;
- Increasing the level of qualifications in the workforce;
- Increasing social inclusion
- Providing training to the highest quality standard.

Participants are in paid employment from day one and work towards achieving an industry-approved apprenticeship framework at Level 2/Level 3.

Under Priority 3 there are currently 23,183 apprenticeship participants recorded against a December 2018 milestone target of 15,750 and a Programme target of 42,000 participants. To date, a total of £57.3 million eligible expenditure has been declared by operations which comprises £22.9 million (40%) ESF support. Based on the figures cited previously, priority 3 has exceeded the December 2018 milestone target by 47%. When reviewed against the overall programme target of 42,000 to be achieved by 2023, at the current number of apprenticeships, priority 3 has achieved 55% of the overall 2023 target.

Summary and Conclusion

The above analysis has indicated that across Call 1 all targets and objectives have been met, and there is significant progress being made in relation to achieving Call 2 targets. The detail of each are set out below:

Call 1

The above analysis shows that Call 1 which ran from 2014 to 2018 has met all targets and objectives laid out in the commissioning document. Call 1 supported a total of 27,965 verified and reported participants taking part in projects funded by the European Social Fund for Northern Ireland, with a total of £83,831,172 spent across Call 1. This reflects an average of £2,998 spent per participant that engaged with the programme. Of the participant group of 27,965 participants, 10,327 participants successfully achieved an output indicator in which the participant entered employment, education and training.

Priority 1

Under Priority 1, achieved enrolment figures for both investment priorities; 8i – Unemployed/Inactive – (15,285 – Enrolments) and 8ii – NEET's – (5,908 Enrolments) have achieved 35% and 39% of the 2023 target respectively. The average cost per successful enrolment is £2,003.

The number of successful participants achieving an immediate result indicator (Employment/Education/Training) totalled 7,762 over the Call 1 Programme, which represented a success rate of 36.6% of enrolments achieving an immediate result indicator. Total spend under Priority Axis 1 accounted for £42.5m of the overall spend for Call 1.

Priority 2

Under Priority 2, achieved enrolment figures for both investment priorities; priority 9i (a) – Disability – (4,514 – Enrolments) and 9i (b) – CFSP – (2,258 Enrolments) have achieved 35% and 45% of the 2023 targets respectively.

The number of successful participants achieving an immediate result (Employment/Education/Training) totalled 2,564 over the Call 2 Programme, which represented a success rate of 37.9% of enrolments achieving an immediate result indicator. Total spend under Priority Axis 2 accounted for £41.4m of the overall spend for Call 1.

Call 1 overall spend totalled £83.8m (Priority Axis 1 £42.5m and Priority Axis 2 £41.4m). The anticipated cost per participant based on the projected successful participants who achieve an immediate indicator result is £8,118.

Call 2

Call 2 targets were underpinned by the enrolment figures achieved and the subsequent immediate result indicators. Letter of Offers issued for Call 2 have included headroom to help mitigate the risk of under achievement.

Priority 1

Under Priority 1, the projected achieved enrolment figures for both investment priorities; 8i – Unemployed/Inactive – (28,715 – Enrolments) and 8ii – NEET's – (9,902 Enrolments) are based on the Projected Target Enrolment Figures (set following Modifications 2) minus the reported enrolments from Call 1 excluding the headroom built in the Letters of Offer

Priority 2

Under Priority 2, the projected achieved enrolment figures for both investment priorities; priority 9i (a) – Disability – (8,489 – Enrolments) and 9i (b) – CFSP – (2,782Enrolments) are based on the Projected Target Enrolment Figures (set following Modifications 2) minus the reported enrolments from Call 1 excluding the headroom built in the Letters of Offer.

Call 2 projected overall spend is estimated to total £167.9m (Priority Axis 1 £94.2m and Priority Axis 2 £73.6m). The anticipated cost per participant based on the projected successful participants who achieve an immediate indicator result is £7,127

From the evidence supplied by the Programme team and subsequent analysis and projections made in reference to Call 2, it is noted that the ESF programme in Call 1 reached and exceeded the target number of participants within the priority areas and that the interventions were generally effective in reaching the target groups set out in each priority. Furthermore, it can be seen that a significant numbers of participants achieved positive outcomes from the projects either in employment, education or training.

The programme team highlighted the issues encountered through Call 1, primarily the data collection and verification as well as the assessment of underperforming programme providers. Moving forward the programme team has recognised these inefficiencies and addressed them through a number of mitigations. The introduction of the ESIF database has simplified and improved the administration process for Call 2 and in terms of programme providers those who have not met the standards required have been removed from the programme and not carried on into Call 2.

Based on the results of Call 1, we suggest that if that current rate of enrolment and achievement of the immediate result indicators continues into Call 2 and coupled with that, the levels of enrolment set out in the letters of offer which have been issued to projects are achieved, it is suggested that Call 2 will also meet the targets set out in the OP and that the ESF programme across Call 1 and Call 2 will achieve the 2023 targets.

Annex A

Updated ESF Socio Economic Analysis –April 2019 Update

Introduction

Northern Ireland was severely impacted by the global economic downturn with the majority of the private sector in NI experiencing significant reductions in output, with the construction sector particularly affected. However, since the downturn the NI economy has gone through a process of rebuilding and rebalancing. From 2013 the NI economy has, for the most part, been on an upward path. The latest statistics show economic output has returned to 2008 levels, albeit remaining some 4.6% below the 2007 peak in output.

Employee Jobs and Unemployment

The slowdown in the private sector had a significant impact on the NI labour market, with the number of people in employment falling by over 41,000 since the employment peak in June 2008 until March 2012. However, since 2012 employment within the economy has steadily rebuilt and there are now over 82,000 additional jobs in the economy.

Overall between December 2016 and December 2018 the number of employee jobs increased by 4.3% as the local and global economy continued its recovery from the downturn. This jobs growth has been driven by the private sector as efforts to rebalance the economy from the public towards the private sector continued over the period.

Looking at the growth in terms of numbers then it is the human health and social work activities sector which had the largest growth in job numbers (4270), with the next highest growth being in manufacturing (2090).

At the broad sectoral level the former Executive's aim of rebuilding but also rebalancing the economy from the public to the private sector can be seen to have been effective in not only increasing the number of jobs in the economy but also that the growth in jobs came predominantly (71% of the additional 33,520 jobs over the period) from the services sector.

Between 2016 and 2018 the growth in jobs (4.3%) has mostly been driven by Males (4.9%), whilst female employment has also grown (4.2%). Female full time employment grew by 5.1% over the period with female part time work growing by 3.3%.

Employment has increased by just over 2.7% and around 22,000 individuals over the same time period.

When examining the impact of the downturn and the subsequent recovery on unemployment there are two measures which we can review, the first being the claimant count – those in receipt of unemployment benefits and the Labour Force Survey which gives us an internationally comparable unemployment rate.

An examination of the claimant count shows that NI witnessed the largest increase in claimants of all UK countries between February 2008 and the claimant count peak for Northern Ireland in February 2013. Over that period the claimant count increased by almost 175% in NI whilst the UK experienced an increase of just under 100%. Since that peak, Northern Ireland has generally has seen a reduction in the claimant count. The UK has also seen a general fall since early 2013, however its claimant count has begun to rise over the past year. Looking specifically at the period March 2015 to March 2019, the claimant count in Northern Ireland has fallen by around 16,000 individuals or by 35% whilst the claimant count across the UK as a whole has risen by 31%.

Looking at the Labour Force Survey (LFS), it shows that there are currently 26,000 (16+) individuals unemployed and this number has fallen by over one half since 2016 with the corresponding (Dec- Feb)

unemployment rate falling from 6.3% in 2016 to 3.0% in 2019. This rate was below the EU (6.5%) and the Republic of Ireland (5.3%) and also below the overall UK average rate (3.9%).

Previous data from the LFS has shown that the general fall in the number of unemployed has been experienced across all age ranges. However, the latest LFS (Dec – Feb) doesn't provide age group breakdowns for unemployment due to the sample sizes being too small for reliable estimates.

Economic Inactivity

Economic inactivity is an employment status that refers to individuals who are neither in work, nor are actively seeking work and available to start immediately. This feature of the Northern Ireland labour market has persisted irrespective of fluctuations in the economic cycle over the past number of decades with inactivity rates remaining within a stable range of 26% and 32% of the working adult population in Northern Ireland since the mid-1980s.

With the above in mind, the Draft Northern Ireland Programme for Government 2016-21 contains a commitment to reduce economic inactivity. In the latest statistics for Dec – Feb 2019, the NI economic inactivity rate for those aged 16-64 stood at 26.6%. This was significantly higher than the UK average rate (20.7%) and the highest of the twelve UK regions.

There has been a 1.5 percentage points fall in the number of economically inactive persons over the past year to Dec– Feb 2019. There has been no change in inactivity in the 25-34 age group, while those aged 16-24, 35-49 and 50-64 age groups have seen decreases in economic inactivity since Dec– Feb 2018. The 65+ age group was the only group to see an increase in inactivity over the year. In the latest statistics for the 16-24 age group there are approximately 93,000 individuals registered as inactive.

When we look at the reasons for economic inactivity, latest figures show that just under one third of individuals (29.5%) are inactive due to being sick/disabled, while over a quarter (26.3%) are students and over a fifth (21.5%) look after family/home. Latest figures show that over a fifth (20.8%) of those economically inactive want a job, an increase from 17.5% who wanted a job in Jan – Feb 2018.

The long term unemployment rate (percentage of unemployed who have been unemployed for 1 year or more) for Dec – Feb 2019, has increased over the period between 2016 and 2019 by 8.3 percentage points and is currently 55.8%. It should also be noted that this rate is over double that of the UK, where the long term unemployment rate is currently 26.2%.

Lone Parents

A baseline analysis of economic inactivity in Northern Ireland⁴ which was undertaken as part of the development of the Northern Ireland Inactivity strategy (2013), highlighted two inactive groups as the key targets of the strategy: those with a work-limiting long-term illness or disability, and those with family commitments, specifically lone parents.

The latest statistics from the Department of Communities show that, at November 2018, around three quarters (74.2%) of a total of 31,080 income support claimants were female. Most female income support claimants were likely to be lone parents with two thirds (64.3%) of female claimants in the lone parent group compared with 4.7% of male income support claimants.

People with No Qualifications

The NI LFS for the period October- December 2018 shows that 29.1% of economically inactive people in Northern Ireland had no formal qualifications, compared to 8.5% of the economically active

⁴ <http://www.delni.gov.uk/economic-inactivity-strategy-baseline-study.pdf>

population. Only 8.1% of the economically inactive had a degree level qualification compared to 30.5% of the economically active.

The DfE will support activity to help those furthest from the labour market overcome their barriers to employment through a range of measures, including enabling them to access and make progress on the skills ladder. The socio economic analysis of Northern Ireland highlights the need to develop skills at all levels in NI. Raising the skills levels of the least skilled will not only improve employability and progress within the workplace but will also help to reduce systemic poverty and contribute to securing social inclusion.

Young People Not in Education, Employment or Training (NEET)

If Northern Ireland is to be successful economically and socially, there is a need to ensure that all young people have ready access to positive learning opportunities that allow them to develop the necessary vocational and life skills to make successful transitions into further and higher education training or employment.

According to the latest Labour Force Survey statistics, in the period October - December 2018 there were 21,000 people registered as Not in Education, Employment or Training, which was 10.2% of all young people aged 16-24. These latest statistics represent a 1.5 percentage point fall in the rate compared to October- December 2017.

NI had the highest 16-24 NEET rate (10.2%) of the 4 UK countries. Wales had the lowest rate (10.8%) with the NEET rate of 11.1% and 9.7% in England and Scotland respectively. The UK average NEET rate was 11.0%. The increase in the rate in Northern Ireland over the period under consideration reinforces the fact that the findings of the Inactivity Strategy remain pertinent. Furthermore, if we are to achieve the aim of our Industrial Strategy, of building a globally competitive economy then we need to ensure that our current and future labour force are given the opportunity to learn, develop and access opportunities that allow them to participate in education and training so that they can play an active part in the labour market and therefore help to grow the economy.

People with a Disability

As stated earlier, the baseline economic analysis of inactivity in Northern Ireland identified people with a disability as one of the groups to be targeted through the economic inactivity strategy. The October - December 2018 Labour Force Survey estimates that almost one in five people (20.8%) aged 16 - 64 in Northern Ireland had a current long term disability. The proportion of people with a disability who were economically inactive in this period was 61.5% compared with 17.2% for those without disabilities and just over a third (34.9%) were in employment compared to 80.1% of people without a disability.

Furthermore, the number of ESA recipients⁵ over the period February 2015 to the latest available statistics for February 2019 increased by 8.9%, equivalent to an increase of 10,300 recipients.

The latest Quarterly LFS survey also found that only 11.6% of those with a disability held a degree or equivalent qualification, compared with 28.0% of non-disabled persons. Furthermore, 30.3% of those with a disability had no qualifications - nearly three times the proportion of those without a disability (9.7%).

Education and Skills

⁵ The statistics are produced by the Department for Communities, they are provisional statistics and therefore not designated as national statistics and should therefore be treated with caution <https://www.communities-ni.gov.uk/publications/benefit-claimants-by-extract-date-provisional>

The table below, which is taken from the latest statistics in the LFS, shows the disparity in qualification attainment level between NI and the UK as a whole. It is clear from this table that Northern Ireland has a much higher percentage of the population with no qualifications, with the rate in NI (13.9%) being just less than double the rate across the whole of the UK (7.5%). Although a growing number of individuals are obtaining the highest qualifications, we also retain proportionally fewer individuals with the highest qualifications across our population (35.0% in NI compared to 40.2% in the UK).

Highest Qualification, all persons aged 16-64, October – December 2018

	Level 4+	Level 3	Level 2	Level 1	No Qual	Total
Northern Ireland	35.0%	21.9%	17.6%	11.7%	13.9%	983,000
UK	40.2%	21.1%	16.1%	15.2%	7.5%	37,401,000

This illustrates a stark difference between NI and other parts of the UK in the proportion of workers with no qualifications and therefore a need to raise the level of qualifications across the workforce as a whole. The Draft Industrial Strategy for Northern Ireland recognises this as it commits to *'building a globally competitive economy on the pillars of innovation, enhanced skills and employability, an international outlook and the best economic infrastructure we can build.'* In addition the shortage of the right skills was also identified by the European Council in June 2012 as one of the issues constraining UK growth and employment in the medium-term.

A high quality skills base provides the platform for successful innovation, an increased export focus and productivity growth. It also acts as a powerful driver for attracting high value investment opportunities, particularly Foreign Direct Investment (FDI). It is therefore important to invest in a high quality education and training system that has a very strong economic focus and which is flexible and responsive to changes in skills demand. The impact of our lower skills base when compared with the UK can be seen in the fact that our productivity is consistently just over four fifths of the UK average. On an individual level this can also be evidenced in the level of wages received in Northern Ireland. The latest Annual Survey of Hours and Earnings shows that in April 2018 median gross weekly earnings for full-time employees in Northern Ireland were £521, this was an increase of 4.2% on the 2017 figure of £500.

However, this rate of pay remains around 10% below the UK average which in 2018 was just under £569. NI had the fifth lowest full-time gross median weekly earnings in 2018 with London retaining the highest earnings.

The Department's Skills Strategy Success through Skills, transforming Futures - considers the current skills base in Northern Ireland, examines the skills we are likely to need in the future to grow the Northern Ireland economy and highlights a number of areas for action.

The Skills Strategy highlights that the Northern Ireland skills profile has been improving steadily over the past number of years, however more needs to be done if we are to have the skills necessary for the economy to grow as desired. 'Success through Skills – Transforming Futures' outlines four strategic goals which are designed to provide a strategic, long term, direction of travel for the Department and its key stakeholders up to the period 2020.

The Strategy highlights that there will be a need for:

- an increase in higher level skills;
- an increase in STEM skills; and

- an increase in management and leadership skills;

In addition, the former Department for Employment and Learning, which merged with the Department for Enterprise Trade and Investment to become the Department for the Economy commissioned the Centre for Economic Policy at Ulster University to develop a model to investigate the skills supply and demand issues and needs for the NI economy. This model, the Skills Barometer, broadly evidenced the increasing need for STEM skills with demand for these skills extending beyond the traditional STEM sectors.