

# An Impact Evaluation of the Northern Ireland European Social Fund Programme, 2014-20

**Department for the Economy**

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## Contents

An Impact Evaluation of the Northern Ireland European Social Fund Programme, 2014-20 .....	1
1 Introduction and Background .....	3
1.1 Introduction .....	3
1.2 Purpose of this evaluation .....	7
1.3 Approach to the evaluation .....	8
1.4 Methodological constraints .....	9
1.5 Report structure.....	10
2. The need for NI ESF .....	11
2.1 Introduction .....	11
2.2 Testing Intervention Logic – Labour market context .....	11
2.3 Testing Intervention Logic – Strategic Context .....	17
2.4 Concluding on the need for intervention .....	21
3 Assessing the effectiveness, efficiency and economy of NI ESF .....	22
3.1 Introduction .....	22
3.2 Programme and Priorities – Quantifiable expenditure, outputs and results .....	22
3.3 Progress towards N+3 .....	48
3.4 Cost Efficiency and Wider Benefits .....	50
3.5 Assessing the NI ESF through experiences.....	62
3.6 Conclusion on Economy, Efficiency and Effectiveness .....	94
3.7 Assessment of Value for Money .....	96
4. Key findings and recommendations .....	98
4.1 Key findings .....	98
4.2 Recommendations .....	100
Annex 1 – Economic Context .....	103
Economic Output .....	103
Total Employment.....	104
Unemployment .....	106
Economic Inactivity .....	107
Skills and the Economy .....	109
The Current Economic Environment.....	112
Annex 2 – Guidance for Consultees .....	124
Project Background.....	124

# 1 Introduction and Background

## 1.1 Introduction

In December 2019, the Department for the Economy (DfE) appointed Grant Thornton to conduct an evaluation on the impact of the Northern Ireland European Social Fund (NI ESF) Programme 2014-2020. The NI ESF 2014-2020 Programme is part of the Investment in Jobs and Growth Programme for Northern Ireland and is intended to contribute to the Europe 2020 objectives to promote smart, sustainable and inclusive growth and achieve specified targets relating to employment, education and poverty reduction.

The overall strategic aims of the NI ESF Programme 2014-2020 are 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.

The Programme implements these aims by extending employment opportunities in particular for those groups at a disadvantage in the labour market across four investment priorities.

- **Priority 1: Access to employment** – Projects that support long-term unemployment and economically inactive participation and access to employment, education or training;
- **Priority 2: Social Inclusion** – Projects that support people with a disabilities participation and access to employment, education or training;
- **Priority 3: Skills for Growth** – ApprenticeshipsNI programmes which aim to provide participants with the knowledge and skill base to be able to engage in a higher level occupation within their chosen field; and
- **Priority 4: Technical Assistance** – Managing and implementation of the NI ESF programme.

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;
- People Not in Employment, Education or Training (NEET);
- Combating poverty by increasing economic activity; and
- Upskilling the workforce.

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

- Development needs in respect of unemployment, economic inactivity and young people who are Not in Employment, Education or Training (NEET) are addressed through NI ESF activity in Thematic Objective 8;
- 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 in receipt of Community Family Support where at least one family member is NEET or at risk of falling into the NEET category; and
- 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 follows:

### **Priority Axis – Priority 1 – Access to Employment**

**Thematic Objective - (8)** Promoting sustainable and quality employment and supporting labour mobility.

#### **Investment Priority (IP)**

8i - Access to Employment for job seekers and inactive people, including the Long-Term Unemployed 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 and to reduce number 16- 24 year olds who are not in employment education or training.

## **Priority Axis – Priority 2 – Social Inclusion**

**Thematic Objective** – (9) Promoting Social inclusion and combating poverty and any discrimination.

### **Investment Priority**

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 (CSR) (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 Axis – Priority 3 – Skills for Growth**

**Thematic Objective** – (10) Investing in education, training and vocational training for skills and life-long learning.

### **Investment Priority**

10iv - 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 Axis – Priority 4 – Technical Assistance**

**Thematic Objective** – 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.

### **Investment Priority**

To support effective management and implementation of the Northern Ireland ESF programme structures and achievement of the Programme's aim and objectives.

**Source:** ESF 2014-2020 Phase 1 Progress Evaluation Report

DfE act as the managing authority (MA) within Northern Ireland (NI) and is responsible for the running and implementation of NI ESF across NI. Department for Communities (DfC) is, alongside DfE, a significant public match funder of the programme. The NI ESF Programme is managed in accordance with the European

Commission Common Provision Regulations (CPR) and associated guidance and national rules and practises<sup>1</sup>.

EU funding allocated to the NI ESF amounts to approximately €210m, representing 46.7% of programme costs. The total expected expenditure for the NI ESF is €451 million<sup>2</sup> when DfE, DfC and other public and private match funders are considered. Table 1.1.1 below shows the distribution of the overall budget by Priority theme.

**Table 1.1.1: Overview of the NI ESF and expenditure profile (€)**

	<b>Total ESF Fund (ESF + DfE Match Funding) (€)</b>	<b>Percentage of Total</b>
Priority 1	€154.0	34.1%
Priority 2	€120.0	26.6%
Priority 3	€163.2	36.2%
Priority 4	€13.8	3.1%
	€451.0	100%

In priorities 1 and 2, funding has been allocated across two competitive grant application Calls. The first Call of the Programme was operational from 1 April 2015 until 31 March 2018 for Priorities 1 and 2. Sixty-six Letters of Offer of financial assistance were issued to successful project beneficiaries with 65 accepted.

Sixty-nine projects were successful in the Call 2 Funding Competition, 66 of which are still operational. The period of Call 2 funding offered runs from 1 April 2018 until 31 March 2022. [List of successful projects.](#)

Activities under Priority 3 are delivered via the Department's ApprenticeshipsNI Programme. The activities under this programme started in September 2015.

<sup>1</sup> [Progress Evaluation Report of the Northern Ireland European Social Fund Programme 2014-2020; Department for the Economy \(2019\)](#)

<sup>2</sup> Terms of Reference for an Impact Evaluation of the Northern Ireland European Social Fund Programme 2014-20; Department for the Economy (2019)

## 1.2 Purpose of this evaluation

Current European regulations state that Managing Authorities should undertake at least one evaluation during the lifetime of the Programme to assess the **effectiveness, efficiency** and **impact** of the NI ESF. Accordingly, the terms of reference for this evaluation outlined a series of key issues, questions and tasks as follows:

### Key Issues, Questions and Task

#### Key Question

- Have the needs of the area, as defined in the European Social Fund Programme for Northern Ireland changed since the assistance was approved and to what extent is the strategy still relevant?
- What progress has been made toward achieving the quantified targets for expenditure, outputs, and results?
- What progress has been made toward measuring 'qualitative' outcomes of the Programme?
- What progress is being made toward achieving the planned impacts of the European Social Fund Programme for Northern Ireland?
- Have the agreed Cross-Cutting themes and horizontal principles of Gender Equality and Equal Opportunities, and Sustainable Development in particular – been integrated successfully into the European Social Fund Programme for Northern Ireland?
- What has been the added value of the European Social Fund Programme in Northern Ireland?
- What value for money does the European Social Fund Programme in Northern Ireland offer?
- What changes, if any, are necessary to the European Social Fund Programme for Northern Ireland strategy and to the plans for delivery?

## 1.3 Approach to the evaluation

Grant Thornton's approach to the evaluation combines quantitative and qualitative analysis to answer the questions posed in the terms of reference for the evaluation. Specifically, the evaluation team undertook the following:

### Evidence Gathering

- **Managing Authority Engagement:** Meetings with evaluation steering group and Managing Authority representatives to discuss approach, gain context and delve into operational/delivery issues;
- **Testing Intervention Logic:** An assessment of the labour market in Northern Ireland over the past decade, including the most recent shift in the economic environment which has been brought about as a consequence of Covid-19 and 'Brexit'. This labour market profile outlines the context (historic and current) within which NI ESF is operating and how this programme may have or have not influenced the labour market over the past decade;
- In tandem with the labour market profile for the current context and the setting in which the NI ESF operates, Grant Thornton has also conducted an in-depth desk-based research on how the NI ESF sits within strategic policy landscape at a regional, national and at European level;
- **NI ESF Funded Beneficiary Engagement:** **around 40** one to one consultations with various key stakeholders, who either manage or are involved with each of the priorities, were undertaken. These were used to gain feedback and useful insight on how each of the programmes perform, are managed and whether there is any need for improvements. The consultations followed a semi-structured discussion format. The topics covered in consultations included operational, governance, effectiveness and impact themes; and
- **Participant Survey:** Grant Thornton engaged with programme participants through an online survey. The evaluation team are grateful to the project beneficiaries that supported the development of the survey, testing it against the principles of effective survey design (i.e. clear language, short questions) and maximising accessibility.

### Assessing the Evidence

- **Assessing data and insights:** Following the completion of the evidence gathering phase, an assessment of NI ESF's outturn performance against the original objectives is made. This drives a consideration of any



economic benefits to date, levels of additionality, value for money (VfM) and recommendations for any successor scheme.

## 1.4 Methodological constraints

It is important to note two important methodological constraints that influenced the approach to this evaluation.

### **Counterfactual Impact Evaluation**

The original ambition for conducting the NI ESF evaluation was the application of a counterfactual impact evaluation (CIE) approach. The expectation was that a counterfactual, i.e. a cohort of 'untreated' groups (i.e. those who display the same labour market status as NI ESF participants but who did not take part in NI ESF projects) to allow for comparison could be assessed using data from the Labour Force Survey. Following a data assessment exercise that included input from DfE officials and consultation with the Ulster University Economic Policy Centre (UUEPC) the consensus was that the Labour Force Survey could not provide a sufficient sample size of 'untreated' people that would be statistically reliable.

Additionally, Grant Thornton met with staff from DfC to discuss the potential to access income and disability claims and the potential labour market flows of this cohort. However, it was concluded that this method would not facilitate tracking of potential individual out-flows from the claimant statistics to other labour market statuses (i.e. employed, other benefit, etc). In addition, without access to the HMRC data (which tracks PAYE by individual), and thus without the ability to join this data to the DfC data which would have enabled construction of a full 'labour market flow' model, this approach was abandoned.

### **Survey approach**

At the outset to the evaluation, Grant Thornton proposed to undertake an online survey that represented a 95% confidence interval to a margin of error of +/-5%. This approach was envisaged on the premise of having easy access to email addresses or telephone numbers for programme participants.

Participant contact details are retained by the projects under which they were supported and are not readily available. As such, to meet data protection requirements, agreement to take part in the survey had to be sought from participants via the Department for the Economy and project beneficiaries.

Grant Thornton selected sufficient random numbers from an anonymised spreadsheet to deliver a representative sample and allow for non-respondents. As such, 3,787 requests to release names, email and telephone numbers were issued.

Requests took the form of a letter from the beneficiary organisations to current and former participants outlining the purpose of the request and providing assurance on data protection. If content, participants then had to reply with formal agreement to have contact details shared with Grant Thornton.

Grant Thornton and the Department received around 140 responses in Priority 1 and 2 with significantly fewer responses in Priority 3. While assessing why responses were low can only be conjecture, the various steps required in the process to gain responses, Covid-19 impacts (which resulted in the physical closure of NI ESF beneficiary premises) and participants moving address, changing mobile and e-mail contact details following their departure from the Programme are all considerations.. While not representative, the results from the Survey are a useful illustrative indicator of the views of participants, and how participation has influenced their employment or education/training path.

## 1.5 Report structure

The evaluation is structured as follows:

- Chapter 2: The need for NI ESF;
- Chapter 3: Assessing the effectiveness, efficiency and economy of NI ESF; and
- Chapter 4: Key findings and recommendations.

## 2. The need for NI ESF

### 2.1 Introduction

The rationale for NI ESF hinged on Northern Ireland's labour market performance and challenges. In considering whether the needs of NI and the rationale for NI ESF are still valid, this section 'sets the scene' by assessing the current labour market context in which the NI ESF programme operates. Following this Labour Market assessment, Grant Thornton has reviewed documentation relating to the NI, European and UK policy strategies to outline the continued relevance of the programme.

### 2.2 Testing Intervention Logic – Labour market context

#### *2.2.1 Introduction*

A comprehensive economic and labour market assessment is included in Annex 1. The following sections focus on the most recent, Covid-19 influenced, context.

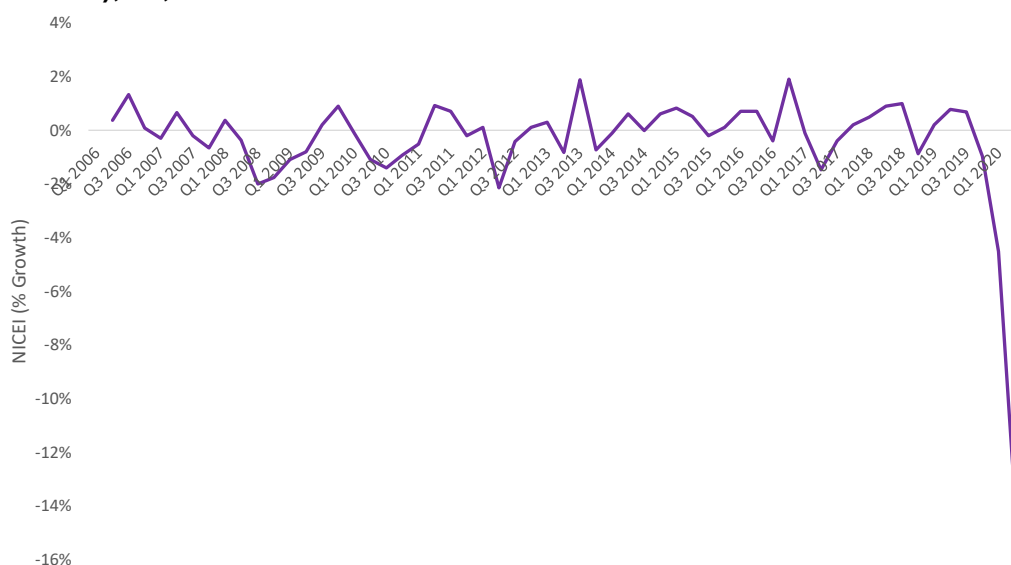
#### *2.2.2 The Relevance of the NI ESF Programme in the current economic environment*

Entering 2020, Northern Ireland had recorded continuous economic growth since the recovery from the Great Financial Crisis of 2008 took hold in late 2011. Average growth since then was 1.5% cent per annum, reaching a new peak in economic output in 2017 (£46.7bn). The economy of late 2019/early 2020 was not without challenge. 'Brexit' uncertainty, global trade wars between the US and China and Consumers that were 'running out of steam' were placing some downward pressure in growth, with GDP for 2018 contracting by 0.5%. Most recently, the economic output has been more devastatingly impacted due to the impact of Covid-19 and the lockdown measures implemented by both the UK Government and NI Executive. These measures included the closing of certain sectors in order to slow transmission rates. Consequently, severe economic disruption has followed. Northern Ireland's Statistics and Research Agency (NISRA) estimate the total economic disruption amounted to an 18.1% decline in output since the start of the year<sup>3</sup>.

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<sup>3</sup> [NICEI publication and tables Q2 2020; NISRA \(2020\)](#)

**Figure 2.2.1: Northern Ireland Composite Economic Index (NICEI Percentage Growth), NI, Quarter 1 1990 to Quarter 2 2020**



**Source:** NISRA and Grant Thornton Analysis

These type of ‘black swan events’<sup>4</sup> are extremely rare and ultimately very hard to predict. Research by the UUEPC estimates the likely impact on the economy from both the impact of Covid-19 and the impact of Furlough. They estimate an economic decline in 2020 of between 9.6%<sup>5</sup> (best case scenario) and 12.1%<sup>6</sup> (worst case scenario). Their estimates suggest that much of the impact will be driven through reduced consumption – set to fall by 8.6%<sup>7</sup> - via the closure of the hospitality sector and the restrictions in place in addition to the level of furlough, which has impacted people’s incomes and spending patterns. The Coronavirus Job Retention Scheme (also known as the Furlough Scheme) and later the Wage Subsidy scheme were implemented by the UK Government to protect against any potential job losses, ensuring all workers receive a wage of 80% of their income up to £2,500 per month. In total, the UK Government has supported 9.6 million people at a cost of £41.4bn to HM Treasury<sup>8</sup>.

The labour market context for NI ESF prior to Covid-19 would have been one of exceptional labour market growth, delivering record employment levels (i.e. an employment rate of 72.5% in December to February 2020 for those aged 16 to 64). It was also one where economic inactivity rates were stubbornly ‘sticky’ at approximately 25% and above (as outlined in the figures that follow). Since then, largely as a result of the pandemic, the employment rate has fallen back to around

<sup>4</sup> [A Black Swan event is a term used to describe random events that have severe consequences which occur on extremely rare events \[Is Coronavirus A new Black Swan for the Global Economy; Aurum \(2020\)\]](#)

<sup>5</sup> [Economic Consequences of Covid-19 in Northern Ireland; Ulster University Economic Policy Centre \(2020\)](#)

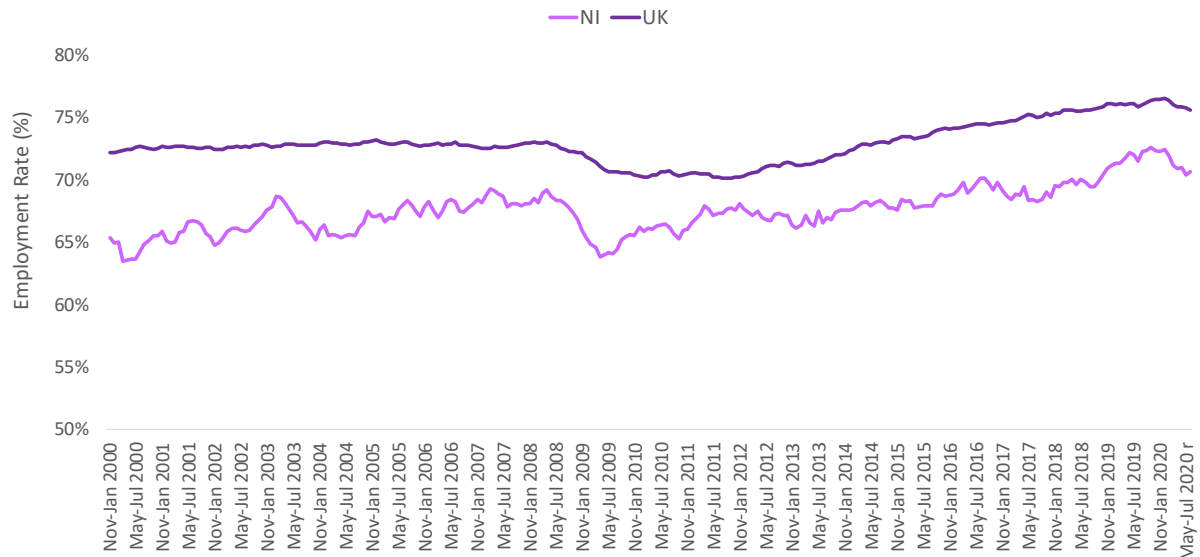
<sup>6</sup> [Potential Economic Consequences of Covid-19 in Northern Ireland: Revised estimates and a Council-level view; Ulster University Economic Policy Centre \(2020\)](#)

<sup>7</sup> [Economic Consequences of Covid-19 in Northern Ireland; Ulster University Economic Policy Centre \(2020\)](#)

<sup>8</sup> [HMRC Coronavirus \(Covid-19\) Statistics; UK Government \(2020\)](#)

70.6% in June to August 2020. This rapidly changing economic context is important to note, as is the labour market performance that preceded it.

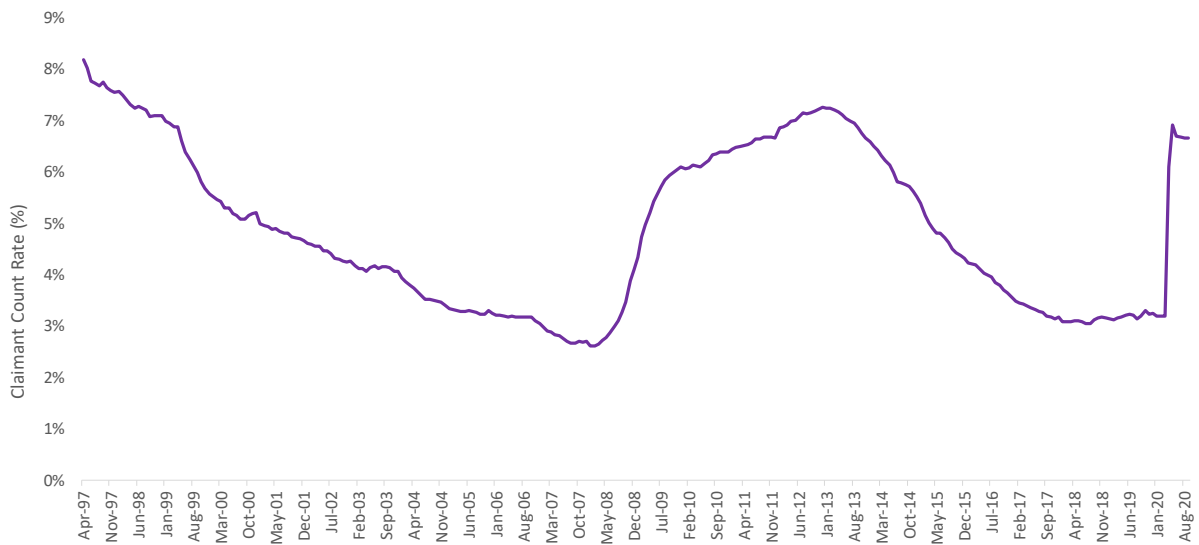
**Figure 2.2.2: Employment Rate (Percentage) for those aged 16 to 64, NI, January 2000 to September 2020**



**Source:** NISRA and Grant Thornton Analysis

While the various labour market/business supports that have been introduced have protected the labour market to an extent, the claimant count level has increased significantly over the last couple of months, as have proposed redundancies. In NI, between March and October 2020 an additional 30,500 new claimants were added, taking the current levels to 60,600. This equals the previous peak of January 2013. For context, prior to Covid-19, the claimant rate had fallen to around 3.1% in August 2019 following a six year cycle of improvement. Almost all this progress has been wiped out since March 2020. Since the outbreak of Covid-19 and the introduction of furlough scheme, the claimant rate has more than doubled to 6.7% in September 2020.

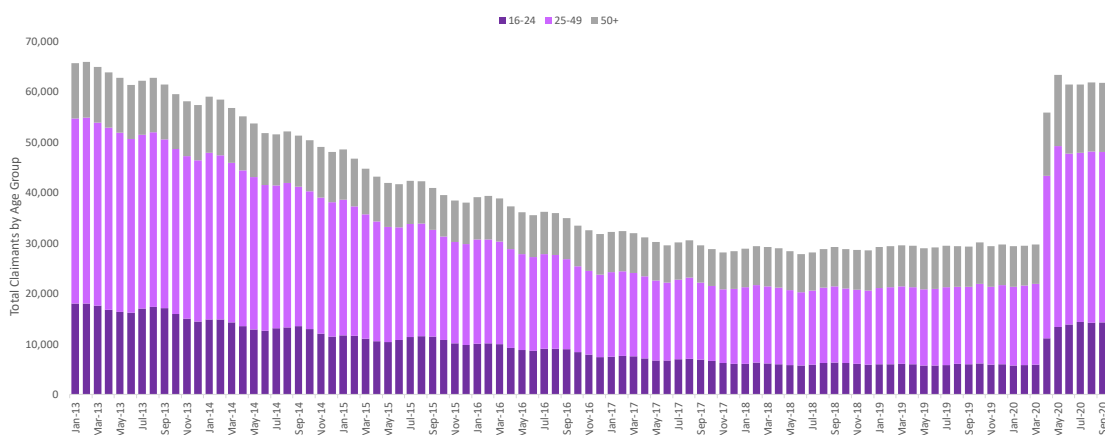
**Figure 2.2.3: Claimant Count Rate (Percentage), NI, April 1997 to September 2020**



**Source:** NISRA and Grant Thornton Analysis

Younger age groups are taking the brunt of these increases. Across the 16-24 and 25-49 age groups, there were a combined 26,100 new claimants between March and September. This is consistent with research by the Ulster University Economic Policy Centre (UUEPC), which found those most at risk of being furloughed or laid-off during Covid-19 were young people. Their analysis found that 45% of employed under 25s had been furloughed or laid-off during the pandemic<sup>9</sup>, compared with just 25% of those aged 45-54.

**Figure 2.2.4: Number of Claimants by Age Group, NI, January 2013 to September 2020**

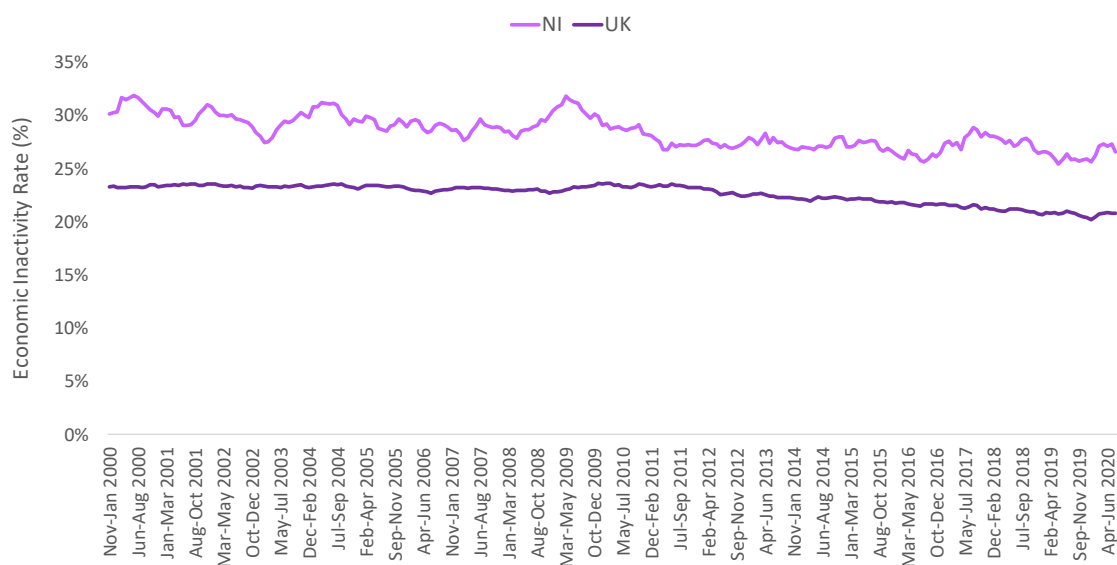


**Source:** NISRA and Grant Thornton Analysis

<sup>9</sup> [Labour Market Implications of Covid-19: Ulster University Economic Policy Centre \(2020\)](#)

NI has maintained a high level of economic inactivity, which has been a long and persistent issue for the NI economy. Figure 2.2.5 below shows the trend in economic inactivity rates across both NI and UK, since January 2000. The level of inactivity has varied very little throughout NI's history, with inactivity levels since the 1980's remaining between 25 to 32%.

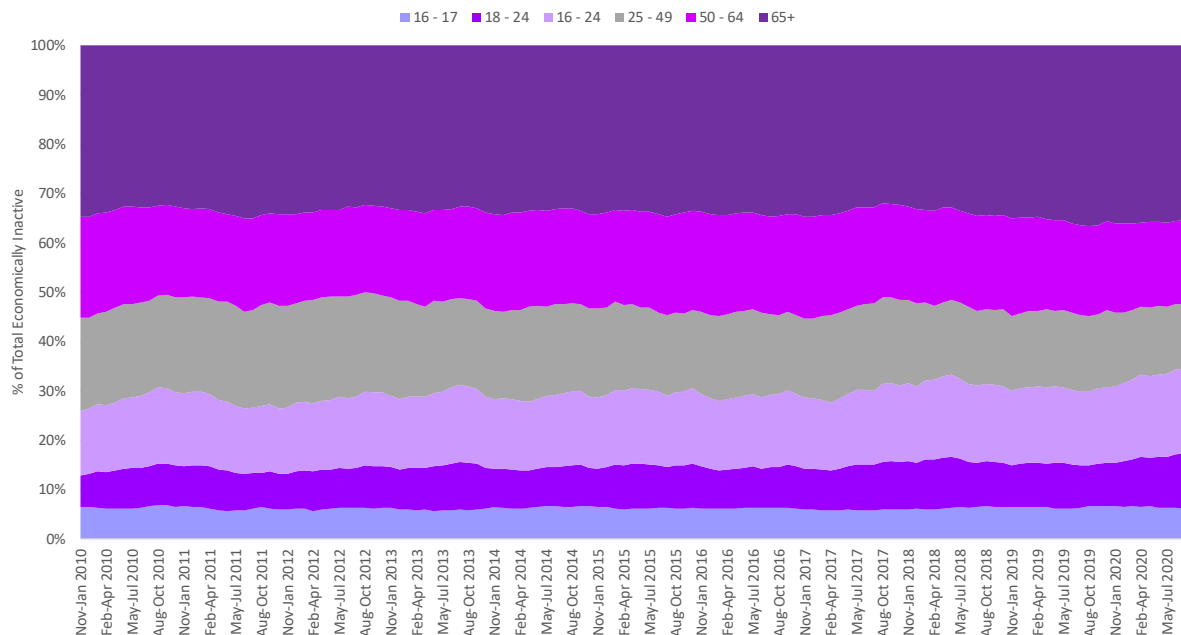
**Figure 2.2.5: Economic Inactivity Rate (Percentage), UK and NI, January 2000 to August 2020**



**Source:** Labour Force Survey and Grant Thornton Analysis

The profile of the economically inactive has remained relatively stable over time, with the majority being aged 65+ due to the high levels of retirement among those in this age category. Using the latest statistics (July to September 2020), those aged under 24 accounted for around 17.3% of all economically inactive. It should be considered that a significant proportion of those will be defined as 'students'. The data in the below figure has been presented by the Office for National Statistics (ONS), however these are not considered official statistics and so should be considered estimates.

**Figure 2.2.6: Economic Inactivity by Age Group, NI, November 2009 to September 2020**

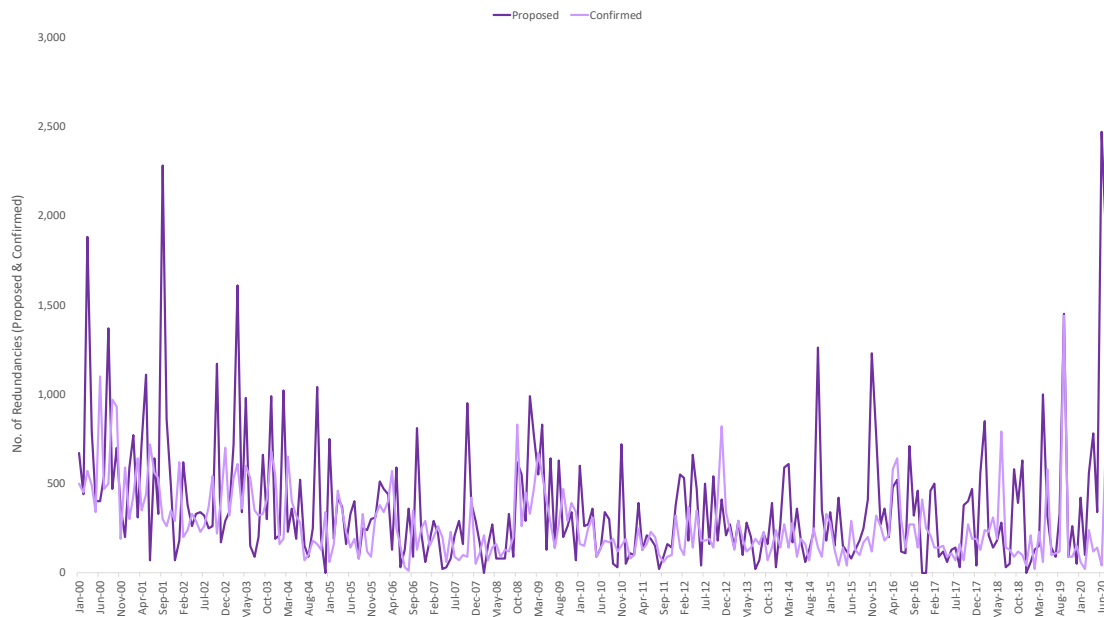


**Source:** Labour Force Survey and Grant Thornton Analysis

Further evidence of a significant labour market impact comes via monthly PAYE data published by the ONS. Between March and September, Northern Ireland saw the number of payrolled employees fall by 10,100. This change has been reflected in the number of confirmed and proposed redundancies seen over the recent months. Seven hundred proposed redundancies were recorded in August 2020, more than double the previous year (330).



**Figure 2.2.7: Proposed and Confirmed Redundancies, NI, January 2000 - September 2020**



**Source:** NISRA and Grant Thornton Analysis

The impact of Covid-19 has been widely felt and has had a sharp and significant impact upon the Northern Ireland economy, resulting in a sharp decline in economic output of 18.1% since the beginning of 2020. It is increasingly likely that the Covid-19 impact will have a lasting effect, not just in terms of the economy, but also on society as a whole. In addition, the deep uncertainty around ‘Brexit’ means that the current economic environment is significantly different to the environment in which the European Social Fund (2014-20) was implemented. The NI ESF was developed in the context of an economy recovering from the Global Financial Crash. The success of Northern Ireland’s economic recovery saw employment rise to record levels, with challenges remaining in economic inactivity. The current economic context is one where the labour market is beginning to display signs of lasting scarring from the deep and immediate impacts of the Covid-19 pandemic.

As such, the context for NI ESF remains as valid now as when it was developed, despite significant economic success in the intervening period.

## 2.3 Testing Intervention Logic – Strategic Context

### 2.3.1 Introduction

This section will assess European, UK and NI policy context in which the NI ESF programme operates.

### 2.3.2 Europe

**Strategy:** Europe 2020

**Aims and Objectives:** The Europe 2020 document set out the aims and the ambitions the European Commission hoped to achieve to enhance social inclusion and social prosperity

- “ to promote a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion<sup>10</sup>”

**NI ESF Fit?** Yes

### 2.3.3 United Kingdom

**Strategy:** UK Industrial Strategy

**Aims and Objectives:** This document highlights the key challenges and targets set out in order to build a Britain fit for the future. One of these targets being;

- Take greater account of disparities in productivity and economic opportunity between different places, ensuring our investments drive growth across all regions.

**NI ESF Fit?** Yes

**Strategy:** Post-16 Skills Plan

**Aims and Objectives:** This document highlights the strategy, the UK Government implemented to help those aged 16+ improve their skill levels by reforming the skills system. The recommendation, included;

- Investing heavily in apprenticeships;
- Reducing proportion of 16-18 year olds not in education, employment or training.

**NI ESF Fit?** Yes

### 2.3.4 Northern Ireland

**Strategy:** Draft Programme for Government 2016-21

**Aims and Objectives:** This document sets out the ambitions of the executive for NI. The ambitions are generational in nature and intend to address the big issues facing society. It takes an outcome-based approach with key outcomes including;

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<sup>10</sup> [Europe 2020: A European strategy for smart, sustainable and inclusive growth; European Commission \(2020\)](#)

- We prosper through a strong, competitive, regionally balanced economy;
- We have more people working in better jobs;
- We have a more equal society;
- We are a shared society that respects diversity;
- We are confident, welcoming, outward-looking society; and
- We have created a place where people want to live and work, to visit and invest.

**NI ESF Fit? Yes**

**Strategy:** Industrial Strategy: Economy 2030

**Aims and Objectives:** This document articulates an ambition and long-term vision to transform NI into a globally competitive economy that works for everyone. Key ambitions include;

- Globally competitive economy that works for everyone;
- By 2021, we will have helped 18,000 economically inactive people get back into the workplace; and
- By 2025, we will have 380,000 qualifications at level three and above.

**NI ESF Fit? Yes**

**Strategy:** New Decade New Approach

**Aims and Objectives:** This document represents the deal in which both the UK and Irish Governments have put forward in order to restore the NI Executive, addressing issues such as;

- Invest strategically in ensuring NI has the right skills for a thriving economy;
- Develop an enhanced approach to career advice, such as apprenticeships;
- Tackling deprivation and improving opportunity.

**NI ESF Fit? Yes**

**Strategy:** Pathways to Success (NEET)

**Aims and Objectives:** This document set out the aim of helping those aged 16-24 who are considered Not in Employment, Education and Training (NEET) re-engage and improve their overall prospects;

- Raise standards and improving outcomes in literacy and numeracy

- Overcome barriers to learning; and
- Tackle barriers associated with health and social well-being.

**NI ESF Fit? Yes**

**Strategy:** Success through Skills – Transforming Futures

**Aims and Objectives:** This document aimed to help re-engage people within the economy, in order to facilitate a dynamic and innovative economy, with skills forming a key element;

- Raising the skills level of the whole workforce;
- Raising productivity; and increasing level of social inclusion by enhancing employability of those currently excluded from the labour market.

**NI ESF Fit? Yes**

**Strategy:** Organisation for Economic Co-operation and Development (OECD) Skills Strategy Northern Ireland

**Aims and Objectives:** This document provided tailored findings and recommendations on Northern Ireland skills performance. This process will help shape future skills strategies within Northern Ireland, with recommendations including;

- Reducing Skills imbalances;
- Creating a culture of lifelong learning;
- Transforming workplaces to make better use of skills; and
- Strengthening the governance of skills policies.

**NI ESF Fit? Yes**

Skills and employability are also central to the City and growth deals that are being developed across Northern Ireland. Employability and skills form one of four investment pillars of the Belfast City Region Deal, envisaging a City Deal Apprenticeship Programme and a Digital Skills Programme. Under the enabling infrastructure and Regeneration pillar of the Derry/Londonderry City Deal, a number of skills related initiatives are planned, including an Apprenticeship and Skills hub, Skills Academies and an Intermediate Labour Market Programme.

## 2.4 Concluding on the need for intervention

The preceding assessment demonstrates a well-established and continuing need for the NI ESF. This need anchors on a policy context that recognises the benefits of improving skills and employability on economic competitiveness, and a labour market context that demonstrated employability and labour market engagement challenges across a range of cohorts.

NI ESF demonstrates a strong strategic fit with the key policy framework for skills and employability. While the labour market and policy context has evolved, the broad themes remain largely the same. The demand for projects and feedback from beneficiaries bears this out, indicating that the need very much remains, and is likely to become greater given Covid-19.

As the most recent update to the skills and employability policy discourse, it is appropriate to highlight the Organisation for Economic Co-operation and Development (OECD) Skills Strategy, and how NI ESF aligns to it. Launched in October 2020, a key facet of the OECD's work centred around how Skills imbalances can negatively affect economic growth through their consequences on increased labour costs; lower labour productivity growth; and slower adoption of new technologies. Additionally, OECD notes that skills mismatches can increase unemployment and reduce a government's tax revenues. Businesses that suffer from longer-term skills shortages may be constrained in their productivity, innovation, competitiveness, and growth, and may result in increased hiring costs and higher staff turnover. At the individual level, skills mismatches can cause people to experience higher risk of unemployment relative to well-matched workers, lower wages, lower levels of job satisfaction and the attrition of their skills over time. Reducing skills imbalances could help Northern Ireland to enjoy significant economic and social benefits. Within this context, the OECD identify the reduction of economic inactivity as a key opportunity to minimise skills shortages. In light of Northern Ireland's comparatively high levels of economic inactivity, consideration will need to be given to the most effective means of (re)activating those who are inactive in the labour market, as well as preventing them from becoming inactive in the first place.

The OECD report confirm that the "economically inactive" are a heterogeneous group with a range of differing barriers to skills activation and employment, which require separate consideration. The recognition of different barriers and complex needs is a key feature of the NI ESF programme and the OECD report confirms a clear strategic fit between NI ESF's aims and objectives and the NI economy's needs.

## 3 Assessing the effectiveness, efficiency and economy of NI ESF

### 3.1 Introduction

This section assesses progress toward achieving the quantified targets for expenditure, outputs and results, value for money and personal impact. Consultations, survey results, and documentation such as the Annual Implementation Report (AIR) provide the evidence for the analysis in this section.

The original intention for this evaluation was to assess performance of the NI ESF up to the 31st March 2019, with this information being published in early 2020. However, given the delays in undertaking the evaluation due to Covid-19, an AIR, which provides performance data and finances, etc. up to the 31st December 2019 – hereafter referred to as the 31/12/19 – is available. As such, the evaluation covers the period up to 31/12/19.

Each investment priority is required to achieve targets at two distinct staging points to ensure that the programme is achieving its objectives. These targets comprise the 2018 milestone (known as Performance Reserve Target) and the 2023 target. The 2018 targets acts as a ‘touchpoint’ to help identify any challenges or issues. Additionally, the 2023 target sets out the level of achievement each of the priorities are expected to reach by the end of the programme and should be fully achieved to ensure EU funds are maximised. This evaluation provides an assessment of performance against each of these milestones using information gathered from both the 2018 and 2019 AIR reports.

### 3.2 Programme and Priorities – Quantifiable expenditure, outputs and results

#### *3.2.1 NI ESF programme priorities*

As outlined in Chapter 1, the strategic aims of the NI ESF Programme 2014-2020 are 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.

The Programme implements these aims by extending employment opportunities in particular for those groups at a disadvantage in the labour market across four investment priorities.

- **Priority 1: Access to employment** – Projects that support long-term unemployment and economically inactive participation and access to employment, education or training;
- **Priority 2: Social Inclusion** – Projects that support people with a disabilities participation and access to employment, education or training;
- **Priority 3: Skills for Growth** – ApprenticeshipsNI programmes which aim to provide participants with the knowledge and skill base to be able to engage in a higher level occupation within their chosen field; and
- **Priority 4: Technical Assistance** – Managing and implementation of the NI ESF programme.

### 3.2.1.1 Aggregate targets – 2018 Milestones

Progress against both the 2018 and 2023 targets has been substantial. The following assessment will breakdown the progress of the NI ESF programme against its respective 2018 and 2023 targets. To ensure consistency and data comparability, data collected from the 2018 AIR will be compared with their 2018 targets, whereas data collected from the 2019 AIR will be compared against the overall 2023 target.

The 2018 milestone stated that 44,590 participants will engage across each of the priorities. A breakdown by Priority of the level of engagement set by the 2018 milestones is below:

- **Priority 1** – 22,110 participants should be engaged by 31/12/18;
- **Priority 2** – 6,730 participants should be engaged by 31/12/18; and
- **Priority 3** – 15,750 apprenticeships by 31/12/18

Table 3.2.1 below shows the breakdown of this engagement across each of the investment priorities.

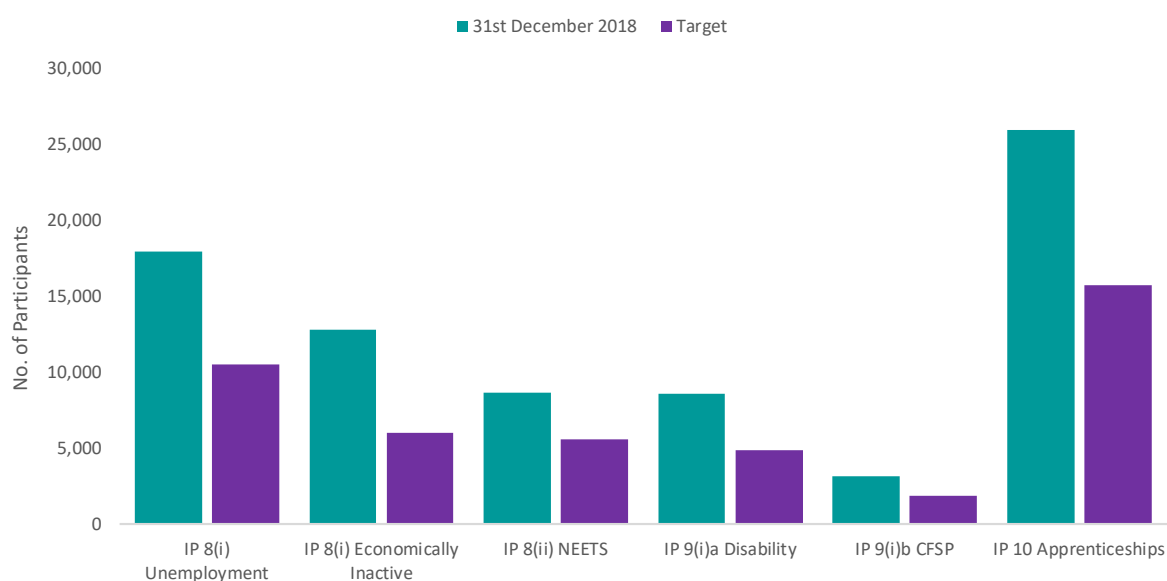
**Table 3.2.1: Priority and Investment Priority 2018 Milestone Targets**

Investment Priority	Priority 1	Priority 2	Priority 3	Overall
IP 8i - Unemployed	10,500	0	0	10,500
IP 8i – Economic Inactive	6,000	0	0	6,000
IP 8ii - NEETS	5,610	0	0	5,610
IP 9i(a) - Disability	0	4,850	0	4,850
IP 9i (b) – Community Family Support Programme	0	1,880	0	1,880
IP 10 - Apprenticeship	0	0	15,750	15,750
Total	22,110	6,730	15,750	44,590

**Source:** DfE – NI ESF AIR Report 2018

Figure 3.2.1 below provides the breakdown of participation progress across each of the investment priorities from the 2018 AIR in comparison to their 2018 milestones. In total, against the 2018 milestone of 44,590 the participation as of the 31/12/18 stood at 77,199, representing 173.1% of the 2018 milestone. Across all priorities participation exceeds 2018 milestones, highlighting the significant success the NI ESF has had in participant attraction.

**Figure 3.2.1: Priority Progress against 2018 Output Targets**



**Source:** DfE – NI ESF AIR Report 2018



### 3.2.1.2 Aggregate targets – 2023 Achievement Targets

Across the NI ESF programme, the 2023 target is to support 119,040 participants by the end of 2023.

**Table 3.2.2: Programme and Priority Output 2023 Targets**

	<b>Priority 1</b>	<b>Priority 2</b>	<b>Priority 3</b>	<b>Total</b>
Target	59,000	18,040	42,000	119,040

**Source:** DfE – NI ESF Air Report 2019

Table 3.2.3 below outlines output targets across each of the Priorities by their investment Priorities. In total across Priority 1 and 2 aims to support around 77,040 participants (59,000 in Priority 1 and 18,040 in Priority 2); whereas Priority 3 aims to support around 42,000 participants.

**Table 3.2.3: Priority and Investment Priority Output 2023 Targets**

		<b>Priority 1</b>	<b>Priority 2</b>	<b>Priority 3</b>	<b>Total</b>
IP 8(i)	Unemployed	28,000			
IP 8(i)	Economically Inactive	16,000			
IP 8(ii)	NEETS	15,000			
IP 9(i)a	Disability		13,000		
IP 9(i)b	Community Family Support Programme		5,040		
IP 10	Apprenticeships			42,000	
<b>Total</b>		<b>59,000</b>	<b>18,040</b>	<b>42,000</b>	<b>119,040</b>

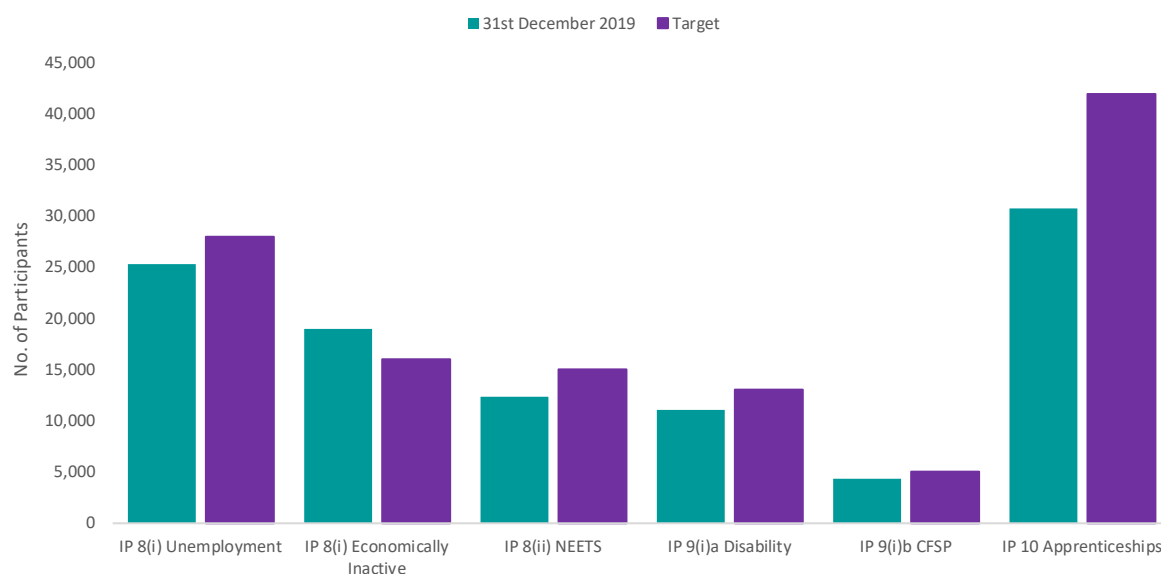
**Source:** DfE – NI ESF AIR Report 2019

As of the 31/12/19<sup>11</sup> the NI ESF programme has helped around 102,828 participants (which is 86% of the 2023 target), highlighting significant progress in uptake to date. The 31/12/19 levels of engagement across each of the Priorities are:

- **Priority 1** – To date the engagement across each of the Priority 1 investment pillars account for 56,704 participants, just over 55.1% of the total participants engaged;
- **Priority 2** – To date accounted for 15,405 participants or 14.9% of total participants; and
- **Priority 3** – 30,719 participants engaged across ApprenticeshipsNI funded programmes or just under 29.8% of total participants.

Figure 3.2.2 below shows the progress across each of the Priorities against their 2023 target. The economically inactive group in Priority 1 is performing particularly well, achieving 118.7% of its 2023 target. For those aged 16 to 24 who are not in employed, education or training (NEETs), current participants account for 82.5% of its 2023 target.

**Figure 3.2.2: Priority Progress against 2023 Output Targets**



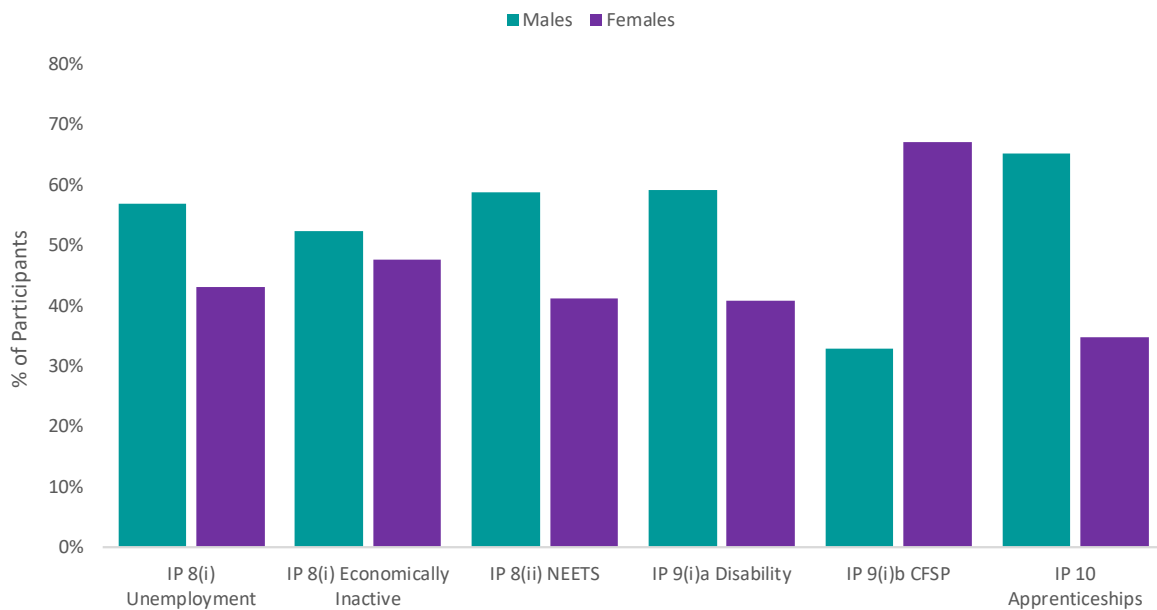
**Source:** DfE – NI ESF AIR Report 2019

Positive sentiment on achieving or even exceeding targets was evident through the beneficiary consultation process. All consultees were confident of achieving their targets, even in the context of the difficulties faced due to Covid-19.

<sup>11</sup> Subsequent information has been produced around the level of engagement, finances, etc. however this data has yet to be verified and so the use of the 2019 AIR has been recommended and used for the above analysis

Of the 102,828 participants that have been engaged as part of the NI ESF as of the 31/12/19, 58.0% were Male (59,614). Figure 3.2.3 below provides a breakdown as to the gender of participants across each of the investment priority. More males than females have attended all investment priorities, with one exception being Community Family Support Programme (CFSP), where Female Participation makes up 67.2% of the cohort as of the 31/12/19.

**Figure 3.2.3: Investment Priority Participants by Gender**



**Source:** DfE – NI ESF AIR Report 2019

Similarly, using the 2019 AIR, the participant levels are presented across three age bands; those aged under 25, aged over 54 and those between 25 and 54. Figure 3.2.4 below shows the breakdown of engagement for those participants by each age group across each of the age bands. It should be noted that not all of the investment priorities are broken down by age, such as NEETS as these focus on those aged 16 to 24 (NEETS).

**Figure 3.2.4: Investment Priority Participants by Age Group**



**Source:** DfE – NI ESF AIR Report 2019

The age distribution across each of the investment priorities vary by investment priority. As can be seen from the above figure, those in Apprenticeships is mainly focussed on those under 25, with 88% (Apprenticeships) of participants being aged under 25. For context, there are restrictions on which apprenticeships are eligible for support for the over 25 age cohort, based on priority sectors. The unemployment and economically inactive investment priority participants are predominantly aged between 25 and 54 (72.5%), with this being more linked to individuals losing their jobs and needing guidance back into the labour market.

### 3.2.1.3 Funding and Expenditure

The total allocated expenditure for the whole of the NI ESF programme stands at €451.019m<sup>12</sup> over the 2014 to 2020 programme period. Expected spend for the lifetime of the project is forecast to be €493.834m. It should be noted that this figure relates to the overall eligible cost of operations selected incorporating any match funding, etc. In addition, the total cost proposed for the programme of €493.834m (will vary depending on monthly exchange rates applied) has been overcommitted in order to reflect historic underspend patterns within NI. This overcommitment ensures that there is maximum drawdown of ESF Funds from the European Commission. Further, as the letter of offer (LoO) provided to each of beneficiaries provides their NI ESF allocation in Sterling (£) and the Operational Programme and subsequent AIRs

<sup>12</sup> Using the exchange rate of Sterling (£) to Euros (€) for December 2019 of £1:€1.17398 as outlined as part of the Annual Implementation Report 2019 [[Annual Implementation Report for Growth and Jobs Goal Part A; Department for the Economy \(2020\)](#)]

provide costs in Euros (€), all subsequent commitments are subject to exchange rate fluctuations.

Table 3.2.4 outlines the funding allocation across each of the Priorities based upon the total funding allocation of €451.019m, with a total of €493.835m having been committed for support. Additionally, Table 3.2.4 includes the current expenditure profile for each of the Priorities to the 31/12/19. Current expenditure is defined as the level of declared eligible expenditure declared by beneficiaries to the MA. Much of the funding allocation will be used to support and implement Priority 1 programmes (Unemployed, Economically Inactive and NEET), with Priority 1 funding accounting for 34.1% of the total allocated funding. This level of expenditure has been based upon the need and the current socio-economic profile of Northern Ireland, which has chronically high economic inactivity levels (26.8%)<sup>13</sup>. A significant proportion of the NI ESF budget (36.2%) has been allocated to the implementation of Priority 3 (ApprenticeshipsNI). As of the 31/12/19, there has been a total eligible expenditure declared and included in a Drawdown to the EC by Priority 1-4 beneficiaries of around €229.464m, approximately 50.9% of the total NI ESF allocated budget (€451.019m). Expenditure can continue to be drawn down up to December 2023 (N+3). Priority 4 – Technical Assistance provides support and effective management for the implementation of the NI ESF structures and its aims and objectives.

**Table 3.2.4: NI ESF and Priority Funding and Current Expenditure**

	<b>Total Fund</b>	<b>Current Expenditure</b>	<b>Percentage of Total Fund</b>
Priority 1	€154m	€76.7m	49.8%
Priority 2	€120m	€72.8m	60.7%
Priority 3	€163m	€74.0m	46.4%
Technical Assistance	€14m	€4.2m	30.3%
<b>Total</b>	<b>€451m</b>	<b>€229.4m</b>	<b>50.9%</b>

**Source:** DfE – NI ESF Air Report 2019

**Note:** The current expenditure presented refers to the level of eligible expenditure declared by beneficiaries to the MA and included in a Drawdown to the EC as of the 31/12/19

<sup>13</sup> [Northern Ireland Labour Market Report; NISRA \(2020\)](#)

## 3.2.2 NI ESF programme: Priority 1

### 3.2.2.1 Outputs

Priority 1 aims to engage 59,000 participants by 2023, targeting support to those who are unemployed<sup>14</sup>, economically inactive and those aged 16-24 who are not employment, in education or training (NEET) to engage in education/training and employment<sup>15</sup>. There are two main investment priorities under which Priority 1 operates, focussed on specific areas of unemployment, inactivity and NEETs;

- **Priority 1 (8i)** – Access to employment for job seekers and inactive people, including long-term unemployed; and
- **Priority 1 (8ii)** – Sustainable integration of young people into the labour market, in particular those not in employment, education and/or training.

The following analysis will look at the performance of Priority 1 against both the 2023 overall targets as well as the 2018 milestones. Table 3.2.5 below shows the profile of participants by investment priority against their 2023 targets and 2018 milestones.

**Table 3.2.5: Priority 1 Investment Priorities 2023 Output Targets & 2018 Output Milestones**

	IP 8(i)	IP 8(ii)a	IP 8(ii)b	Total
2023 Target	28,000	16,000	15,000	59,000
2018 Milestone	10,500	6,000	5,610	22,110

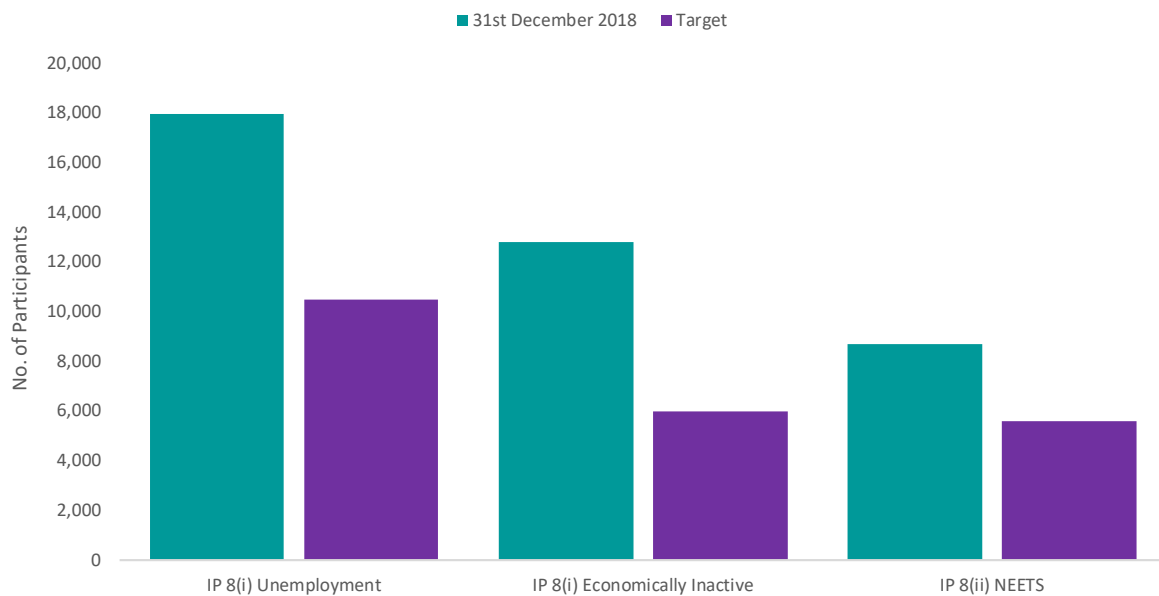
**Source:** DfE – NI ESF Operational Programme

Using information gathered from both the 2018 and 2019 AIRs, the level of progress appears impressive. Figure 3.2.5 shows the progress of the 2018 AIR relative to the overall 2018 milestones. As of the 31/12/18, 39,445 participants had progressed through Priority 1 Programmes. All the investment priorities have surpassed their 2018 Milestone as of the 31/12/18, with IP8(i) Economically Inactive having the highest level of achievement of 213.1%.

<sup>14</sup> Including the Long-Term Unemployed

<sup>15</sup> [Northern Ireland European Social Fund Programme 2014-20: Department for the Economy \(2020\)](#)

**Figure 3.2.5: Priority 1 Progress Against 2018 Milestones**



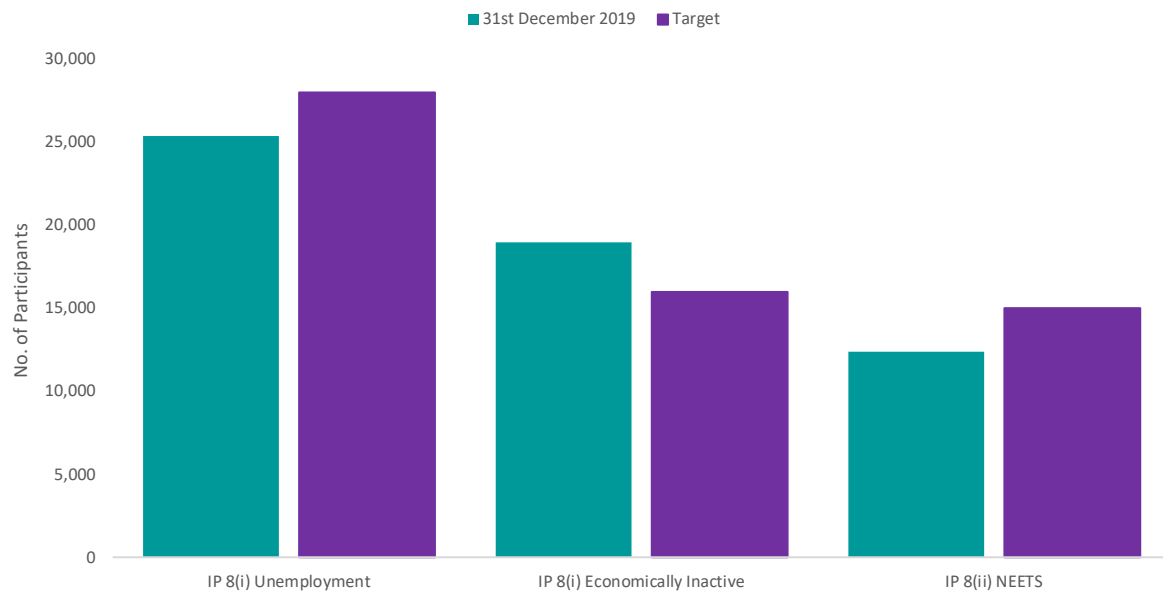
**Source:** DfE – NI ESF AIR Report 2018

Using the current AIR for 2019 we can see that this level of progression/achievement has continued. In total the number of participants engaged as of the 31/12/19 stood at 56,704 participants. This reflects an achievement of 96% of the 59,000 target as of the 31/12/19, highlighting significant progress and suggesting that the target will be far exceeded by the close of the programme in 2023.

Figure 3.2.6 below provides a breakdown of the overall progression for each of the investment priorities for Priority 1. Similar to the progression made of the 2018 AIR relative to the 2018 milestones, current progress from the 2019 AIR relative 2023 targets has been significant. In fact, the majority of investment priorities having almost achieved their 2023 target.

The unemployment investment priority (IP 8(i)) shows the highest level of participation, with 25,341 participants. Participation by Economically Inactive stands at 18,991 representing 118.7% of the 2023 target. NEET participation is furthest from achieving its 2023 target but at 82.5% of target achieved, there are no concerns with respect to likelihood of the target being achieved.

**Figure 3.2.6: Investment Priority 1 Progress Against 2023 Targets**

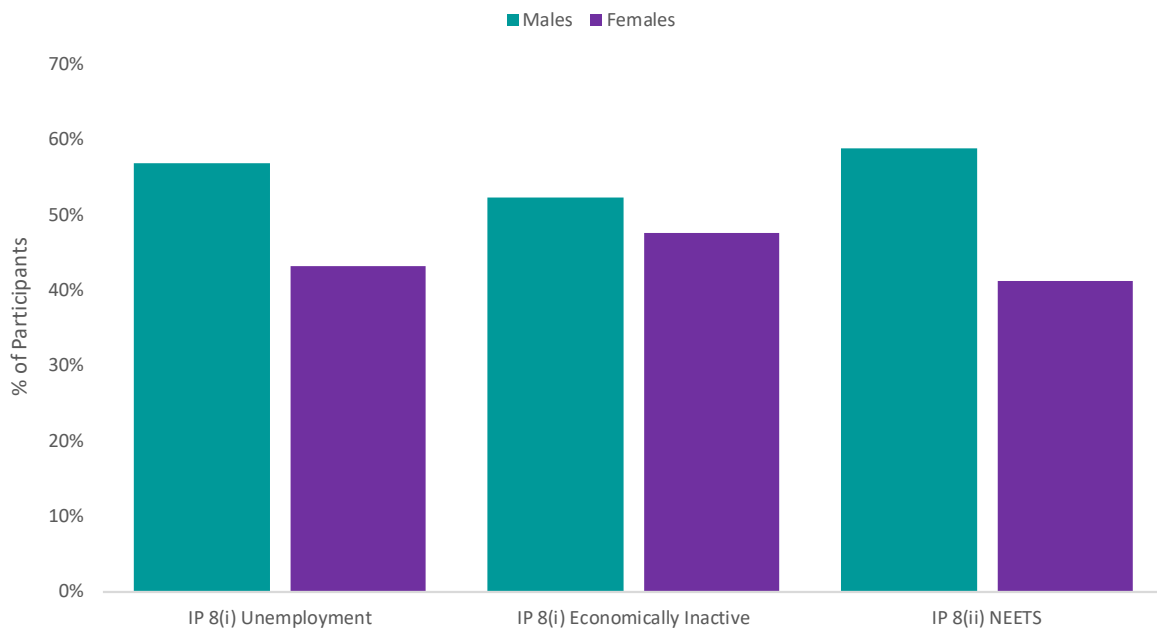


**Source:** DfE – NI ESF AIR Report 2019

Of the 56,704 participants that have engaged in Priority 1 projects a significant proportion (55.8%) are male. Figure 3.2.7 provides a breakdown on the gender split across each of the Priority 1 investment priorities, showing some variation in gender splits by priority. Investment priority IP8(ii) NEETS has the lowest level of female participation (41.2%), whereas investment priority IP8(i) Economic Inactivity shows the highest level of female participation at 47.6%.



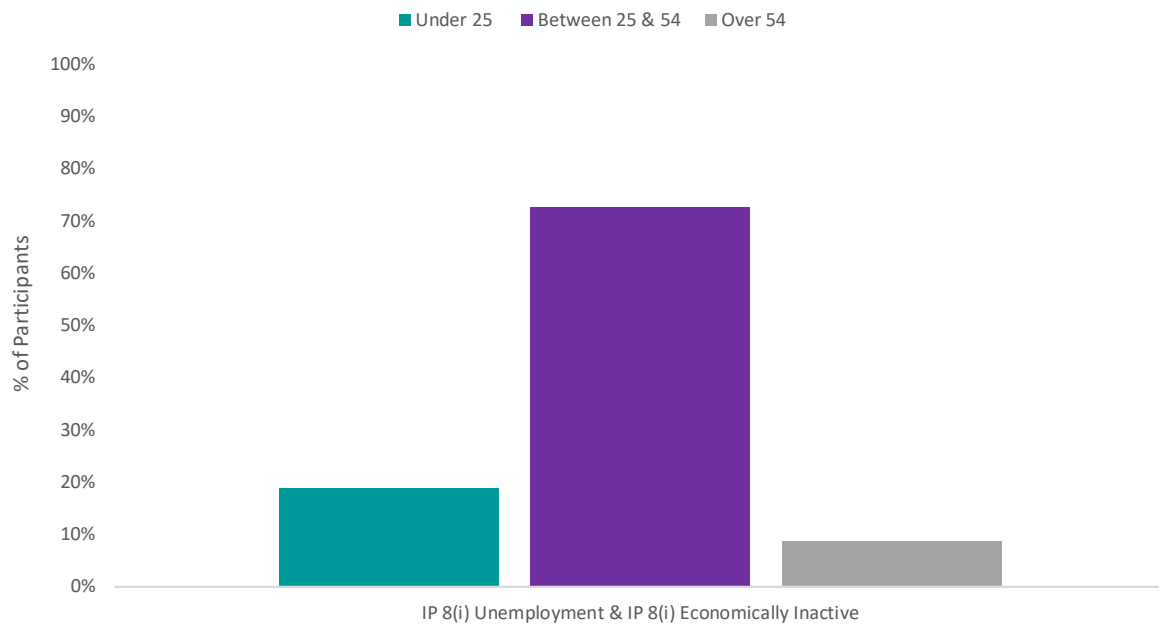
**Figure 3.2.7: Priority 1 Progress by Gender Participation**



**Source:** DfE – NI ESF AIR Report 2019

Figure 3.2.8 below provides the breakdown of participants by age group across each of the Priority 1 investment priorities. Looking across the age bands the majority participants that partake in Priority 1 projects are aged under 25 (38.8%). It should be noted that as investment priority IP8(ii) NEETS focusses on young people aged 16 to 24, this means that all participants within this investment priority will be classified as under 25 (12,372). In contrast, investment priority IP8(i) Unemployment and IP8(i) Economically participants are mostly aged between 25 and 54 accounting for around 72.5% of all IP8(i) Unemployment and IP8(i) Economically Inactive participants.

**Figure 3.2.8: Priority 1 Progress by Age-Group Participation**

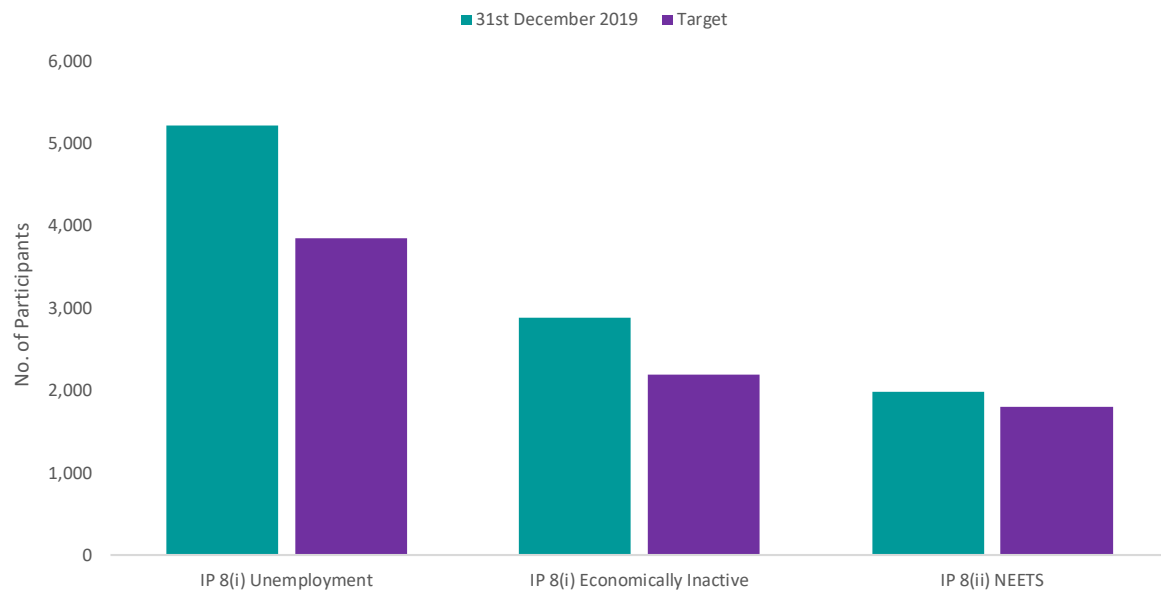


**Source:** DfE – NI ESF AIR Report 2019

### 3.2.2.2 Outcomes

Figure 3.2.9 shows the number of participants that entered employment upon completion of their participation on the programme. All Priority 1 investment priorities have exceeded their 2023 targets. The average level of achievement is 125.7%. Across the investment priorities IP8(i) Unemployment showed the greatest level of progression relative to its overall 2023 target, with progression as of the 31/12/19 representing 135.5%. Similarly, the remaining investment priorities showed great progress with each recording 110.5% (IP8(ii) NEETS) and 131.0% (IP8(i) Economically Inactive) of progress.

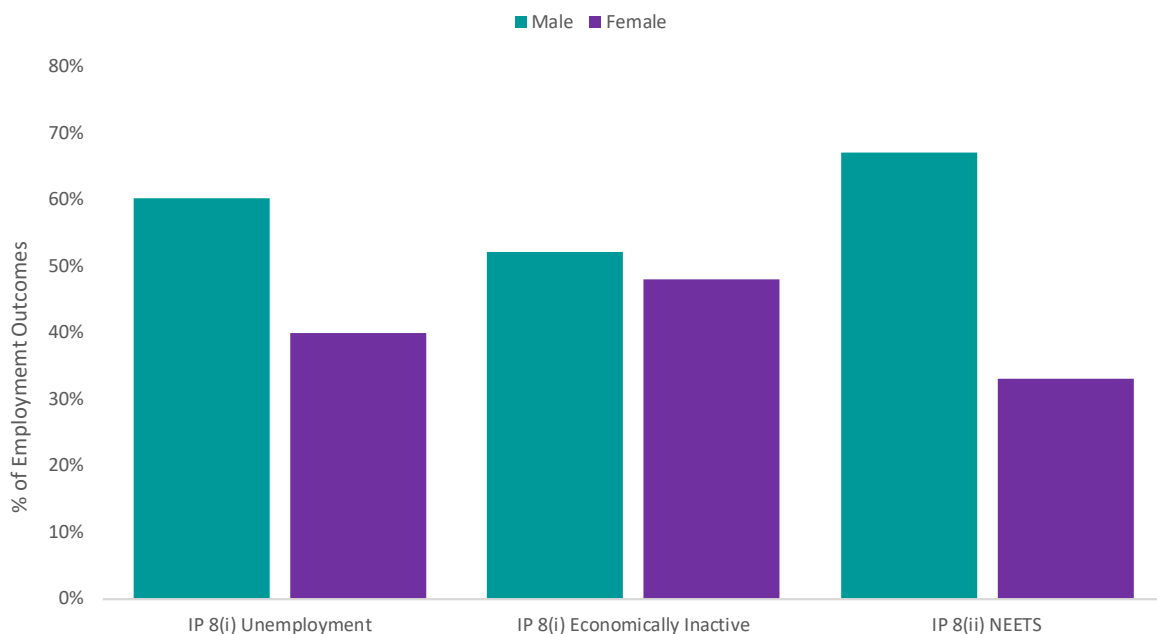
**Figure 3.2.9: Priority 1 Employment Outcome Progress relative to 2023 Target**



**Source:** DfE – NI ESF AIR Report 2019

Looking at the gender split across each of the investment priorities for those participants that found employment, the majority of those that found employment were male (59.7%). Figure 3.2.10 provides a breakdown on gender split across each of Priority 1 investment priorities.

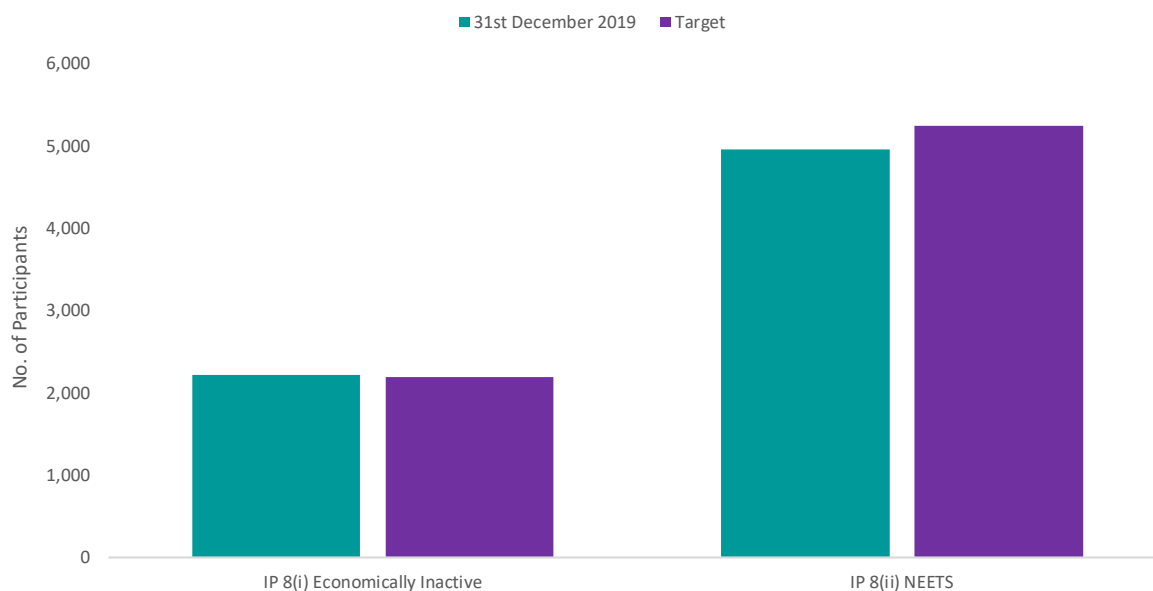
**Figure 3.2.10: Priority 1 Employment Outcome by Gender**



**Source:** DfE – NI ESF AIR Report 2019

Figure 3.2.11 provides a breakdown of the progress as of the 31/12/19 of participants entering education or training against their respective 2023 targets. It should be noted that IP8(i) Unemployment has no 2023 target for entering education/training and so has been excluded from the below analysis. Unlike the employment targets, the education targets have only just met their targets, or are slightly below the 2023 target. Investment priority progression varied, with IP8(i) Economically Inactive reflecting 100.8% of its 2023 target and IP8(ii) NEETs representing 94.4%. Of those that entered education/training under the investment priority IP8(i) Economically Inactive 49.1% were male and 50.9% were female, showing an almost 50:50 gender split.

**Figure 3.2.11: Priority 1 Education/Training Outcome Progress relative to 2023 Target**



**Source:** DfE – NI ESF AIR Report 2019

The section below provides a more detailed breakdown into the total progression across each of the investment priorities.

**Investment priority 8(i) – Unemployed:** 5,217 participants gained employment, achieving 135.5% of the overall 2023 target of 3,850.

**Investment priority 8(i) – Economic Inactivity:** Of those economic inactive participants, 2,882 entered employment and 2,217 engaged in education/training upon completion of their respective projects. Of those that found employment (2,882), this represented 131.0% of the overall 2023 target (2,200) while 2,217 entered education/training (representing just over 100.8% of the overall 2023 target (2,200)).

**Investment priority 8(ii) – NEETs:** 1,989 participants entered employment upon completion of their respective projects, representing 110.5% of the overall 2023 target. 4,956 participants entered into education or training as of the 31/12/19, representing 94.4% of the 2023 target.

### 3.2.2.3 Funding and Expenditure performance

Priority 1 projects have been allocated €154.019m of the total NI ESF funding allocation, 34.1% of the total NI ESF programme fund, with a total of €164.027m having been committed.

As of the 31/12/19, Priority 1 expenditure amounted to around €76.740m – 36.4% of all current NI ESF expenditure – or 49.8% of the total 2023 expenditure target of €154.019m. This means that over the remainder of the projects a maximum of €77.279m remains to be spent.

### 3.2.3 NI ESF programme: Priority 2

#### 3.2.3.1 Outputs

Priority 2 aims to engage 18,040 participants, 15% of the total NI ESF participation. The aim of Priority 2 is to support people with a disability to access employment, education and/or training. In addition, Priority 2 aims to aid those who are not in employment, education and training within families who receive community family support, access into employment, education and/or training<sup>16</sup>. Priority 2 comprises two investment priorities. They are:

- **Priority 2 (9i) a** – Active inclusion, including the promotion of equal opportunities and active participation, and improving employability: People with a disability; and
- **Priority 2 (9i) b** – Active inclusion, including the promotion of equal opportunities and active participation, and improving employability: Community family support.

Table 3.2.6 shows the relative performance milestones and targets for Priority 2 across each of the investment priorities.

**Table 3.2.6: Priority 2 Investment Priorities 2018 Milestones and 2023 Output Targets**

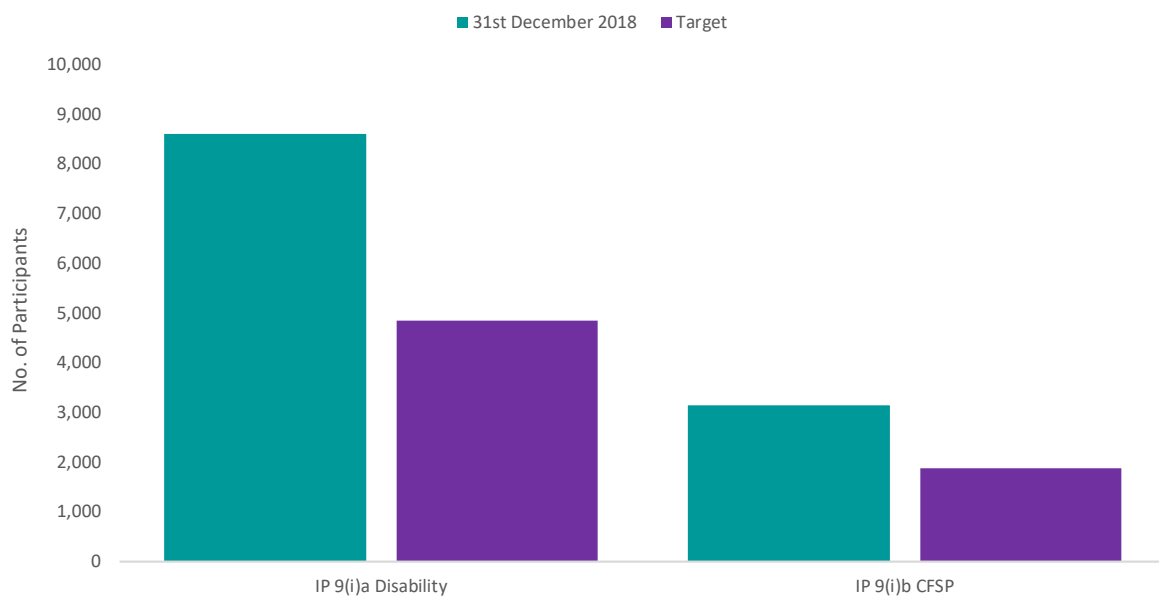
	IP 9(i)a	IP 9(i)b	Total
2023 Target	13,000	5,040	18,040
2018 Milestone	4,850	1,880	6,730

**Source:** DfE – NI ESF Operational Programme

<sup>16</sup> [Northern Ireland European Social Fund Programme 2014-20; Department for the Economy \(2020\)](#)

The progression against the 2018 milestones has been positive, with all investment priorities having surpassed their 2018 milestone. The average achievement rate is 172.5% of the 2018 milestone, with IP9(i)a Disability showing progression of 177.5% and IP9(i)b CFSP showing progression of 167.5%. Figure 3.2.12 shows the number of participants that had passed through Priority 2 projects by each investment priority as of the 31/12/18.

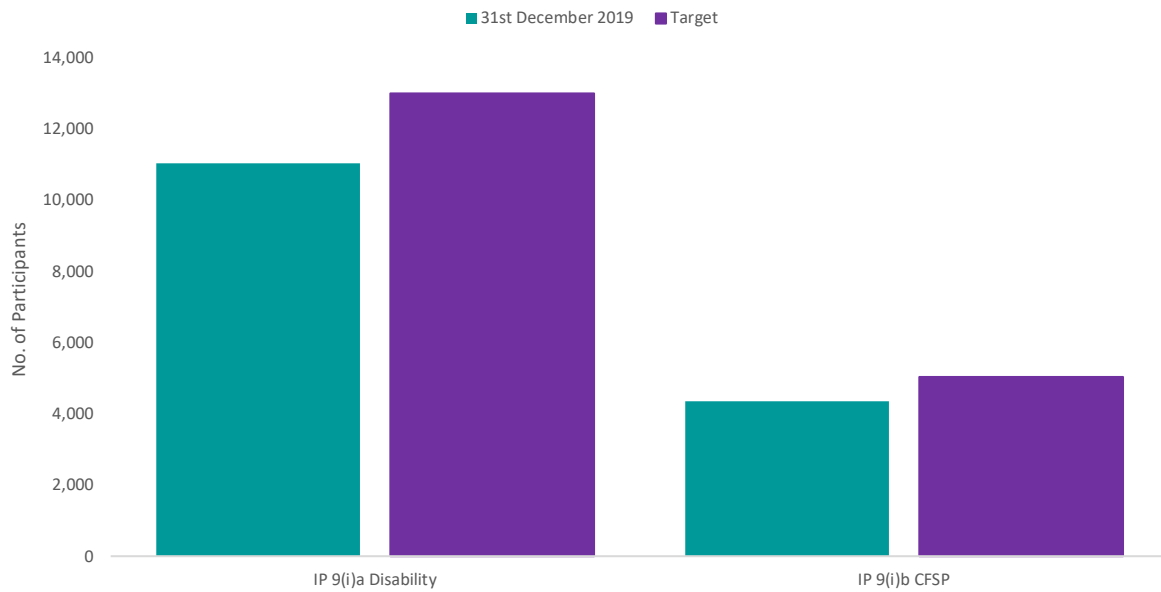
**Figure 3.2.12: Priority 2 Progress Against 2018 Milestones**



**Source:** DfE – NI ESF AIR Report 2018

Similar to the overall 2018 milestones, significant progress is being made towards the 2023 targets (according to the 2019 AIR). Figure 3.2.13 shows the total number of participants that have passed through Priority 2 projects as of the 31/12/19. Of the 15,405 engaged, the majority are within 9i Disability (13,000). This investment priority accounts for 71.6% of total Priority 2 participation.

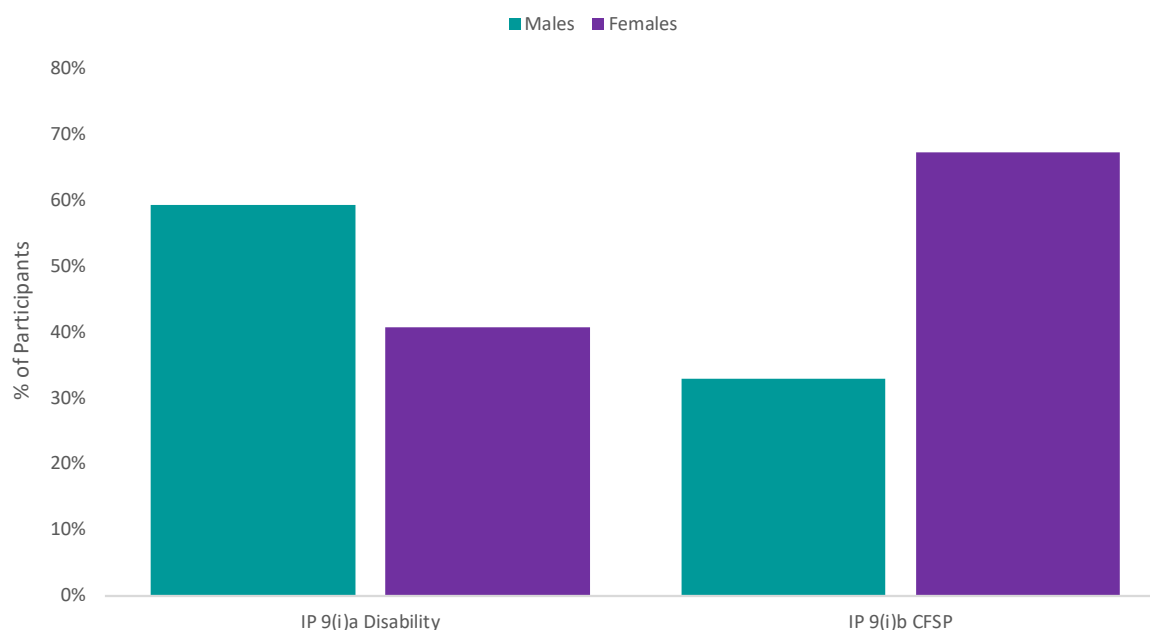
**Figure 3.2.13: Priority 2 Progress Against 2023 Targets**



**Source:** DfE – NI ESF AIR Report 2019

Of the current 15,405 participants who were engaged as of the 31/12/19, 52% (7,973) of them are male while the remaining 48% (7,432) were female. Figure 3.2.14 below provides a breakdown as to the gender split across each of the Priority 2 investment priorities. Under, IP9(i)a Disability the majority of participants are male (59.2%), whereas in contrast under IP9(i)b CFSP the majority of participants were female accounting for around 67.2% of all participants.

**Figure 3.2.14: Priority 2 by Gender**



**Source:** DfE – NI ESF AIR Report 2019

Looking across the age breakdown of participants for those under the investment priority IP9(i)a Disability and IP9(i)b CFSP a significant proportion are aged under 25 (30.2%), while those aged over 54 accounted for around 6.9% of participants.

### 3.2.3.2 Outcomes

Across Priority 2, the progress across each of the investment priorities in achieving their respective employment and education/training targets is rapid. Figure 3.2.14 and Figure 3.2.15 below outline the progress of each of the investment priorities against their respective employment and education/training targets. A breakdown of performance achievement by investment priorities follows:

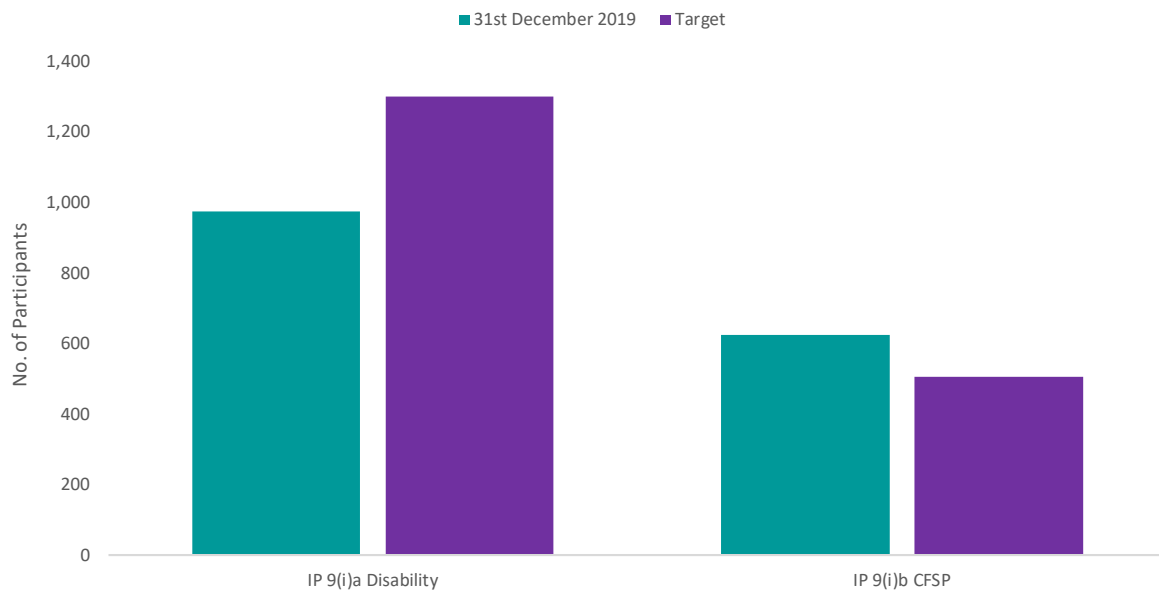
**Investment priority 9(i) a – Disability:** Figure 3.2.15 shows the relative performance as of the 31/12/19 for each of investment priorities against their respective 2023 employment result targets. Those participants that moved into employment represented 75.1% of the total investment priority (976), against a 2023 target of 1,300 employed participants. Significantly more participants move into education - as of the 31/12/19, 2,927 participants have moved to education, achieving 150.1% (1,950) of the 2023 target.

The 75% achievement against target for participants moving into employment appears to be on track. However, consultations noted difficulties in finding employment opportunities for participants with disabilities and registered some concern about this becoming an even more difficult task in the context of a labour market that is experiencing a dramatic downturn because of Covid-19. In response,



the MA has implemented changes which will allow for the inclusion of those participants who increase their hours worked. While supported employment is not included as part of official statistics reporting (as they do not align with the European Commission definitions) under these new implemented measures from the MA these outcomes are tracked and monitored against project level agreed targets.

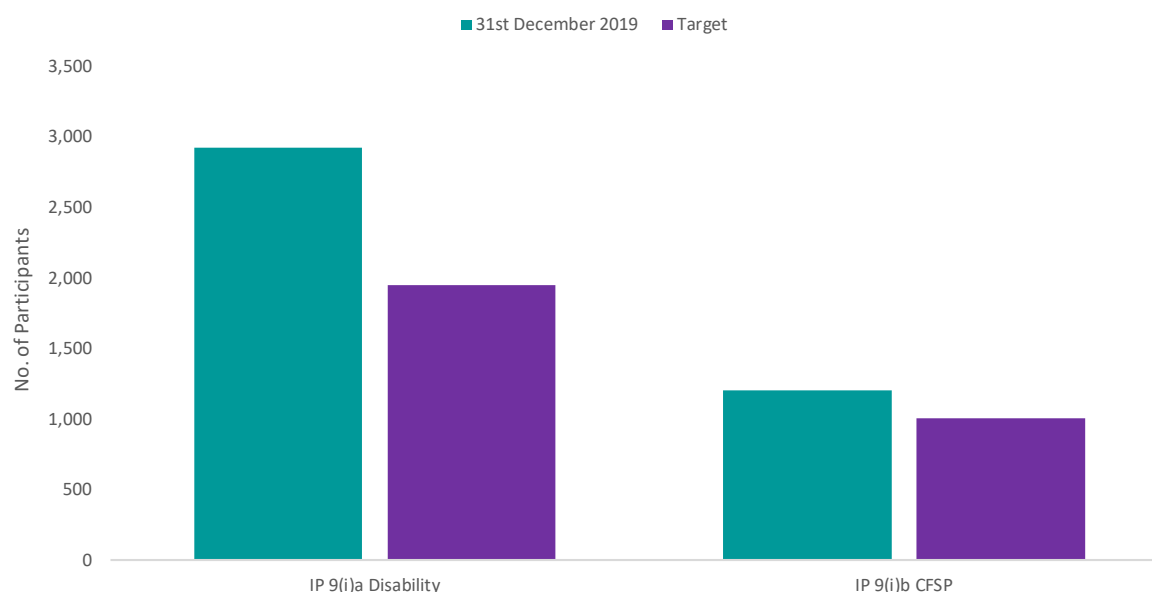
**Figure 3.2.15: Priority 2 Employment Progress Against 2023 Targets**



**Source:** DfE – NI ESF AIR Report 2019

**Investment priority 9(i) b – NEETs with Community Family Support:** Figure 3.2.16 provides a breakdown of the relative performance of each of Priority 2 investment priorities progress against their respective education/training 2023 target. Those participants that moved into employment upon the completion of their respective projects represented 124.0% (626) easily surpassing the 2023 target of 505 participants. 1,206 participants moved into education upon completion of their projects, again surpassing the 2023 target of 1,010 – representing 119.4% of the 2023 target.

**Figure 3.2.16: Priority 2 Education/Training Progress Against 2023 Targets**



**Source:** DfE – NI ESF AIR Report 2019

### 3.2.3.3 Funding and Expenditure performance

Priority 2 projects have been allocated €120.000m of the total NI ESF funding allocation, 26.6% of the total NI ESF programme fund, with a total of €138.956m having been committed.

The 2019 Annual Implementation Report<sup>17</sup> profiles Priority 2 spending allocations amounting to €72.840m or 60.7% of the overall proposed expenditure. This priority is showing good progress to reaching its expenditure target.

## 3.2.4 NI ESF programme: Priority 3

### 3.2.4.1 Outputs

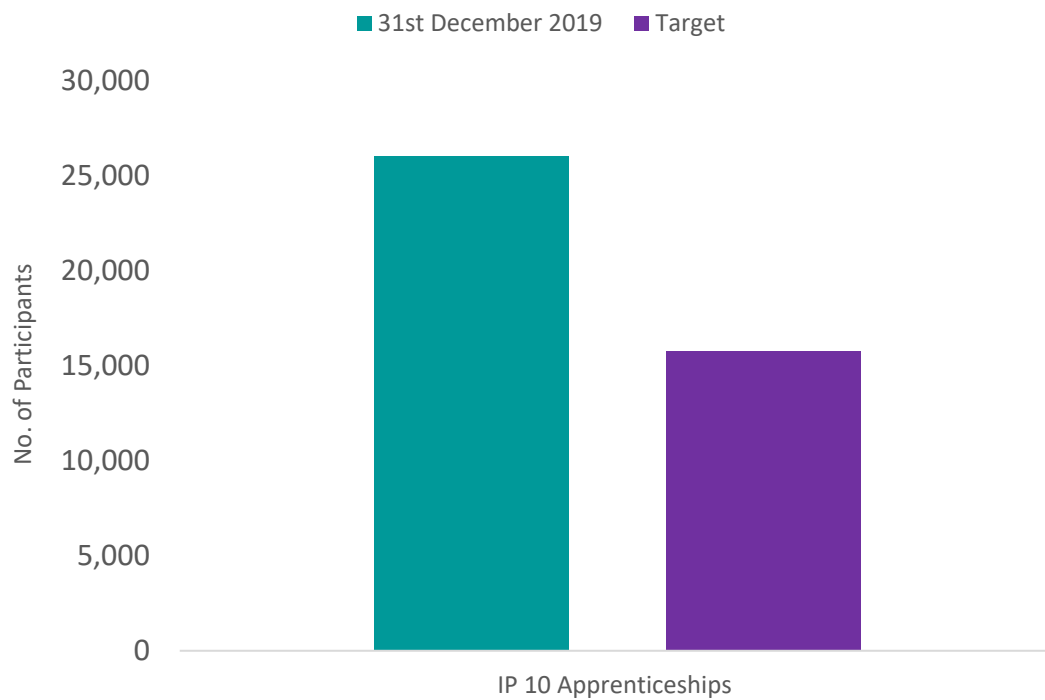
Priority 3 comprises one investment priority, focused on ApprenticeshipsNI, which seeks to provide apprentices with the knowledge, understanding and competence to work at a higher level in their chosen field/occupation<sup>18</sup>. As of the 31/12/19, there has been 30,719 participants undertaking Priority 3 projects. This accounts for 29.8% of the total NI ESF participation. Overall Priority 3 has been performing relatively well with total participation (30,719) representing 73.1% of the overall 2023 target of 42,000. In addition, the Priority has surpassed the 2018 milestone target (15,750) by over 165.1% according to the results as of the 31/12/18 outlined in the 2018 AIR. Figure 3.2.17 and Figure 3.2.18 show the breakdown of the progress of

<sup>17</sup> [Annual Implementation Report for the Investment for Growth and Jobs Goal; Department for the Economy \(2020\)](#)

<sup>18</sup> [Northern Ireland European Social Fund Programme 2014-20; Department for the Economy \(2020\)](#)

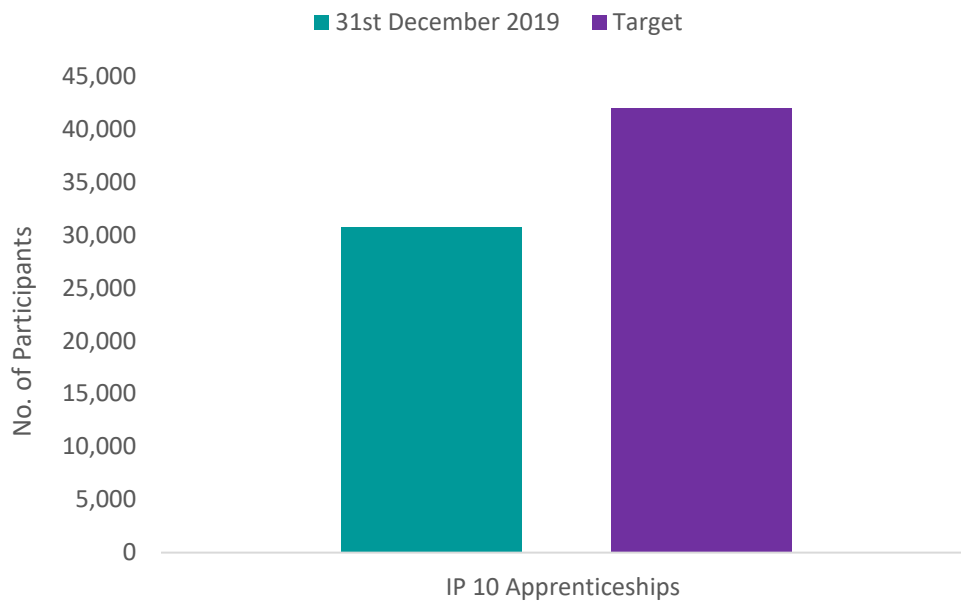
Priority 3 relative to its respective 2023 target and 2018 milestone. It should be noted that the 2018 milestone is compared to the number of participants as of the 31/12/18. For the 2023 target, the current number of participants as of the 31/12/19 has been used for progress tracking.

**Figure 3.2.17: Priority 3 Progress Against 2018 Milestones**



**Source:** DfE – NI ESF AIR Report 2018

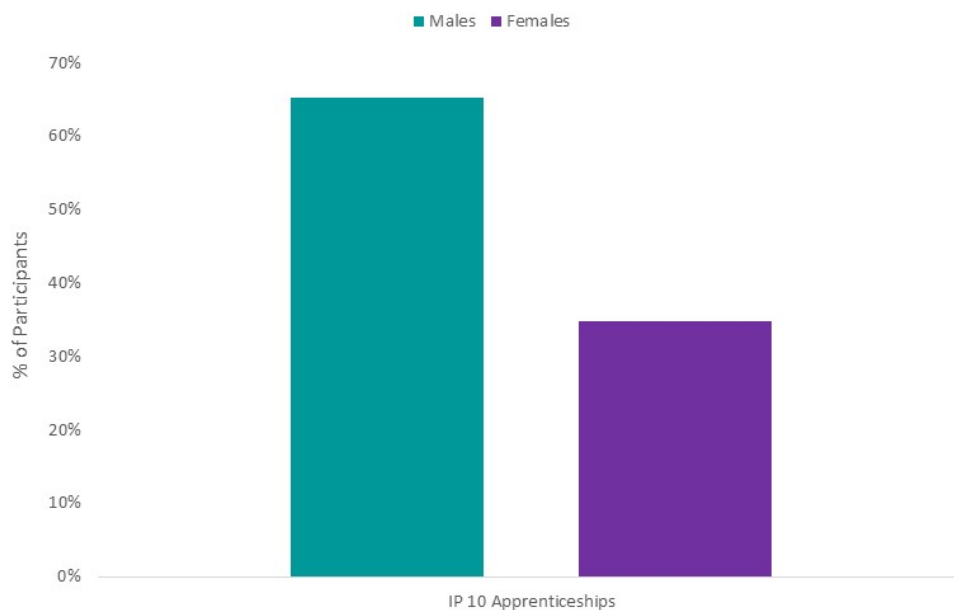
**Figure 3.2.18: Priority 3 Progress Against 2023 Targets**



**Source:** DfE – NI ESF AIR Report 2019

As of the 31/12/19, the gender split across Priority 3 is heavily weighted towards males (65.25). Figure 3.2.19 provides the breakdown as to the percentage of the current participants as of the 31/12/19 being male and female.

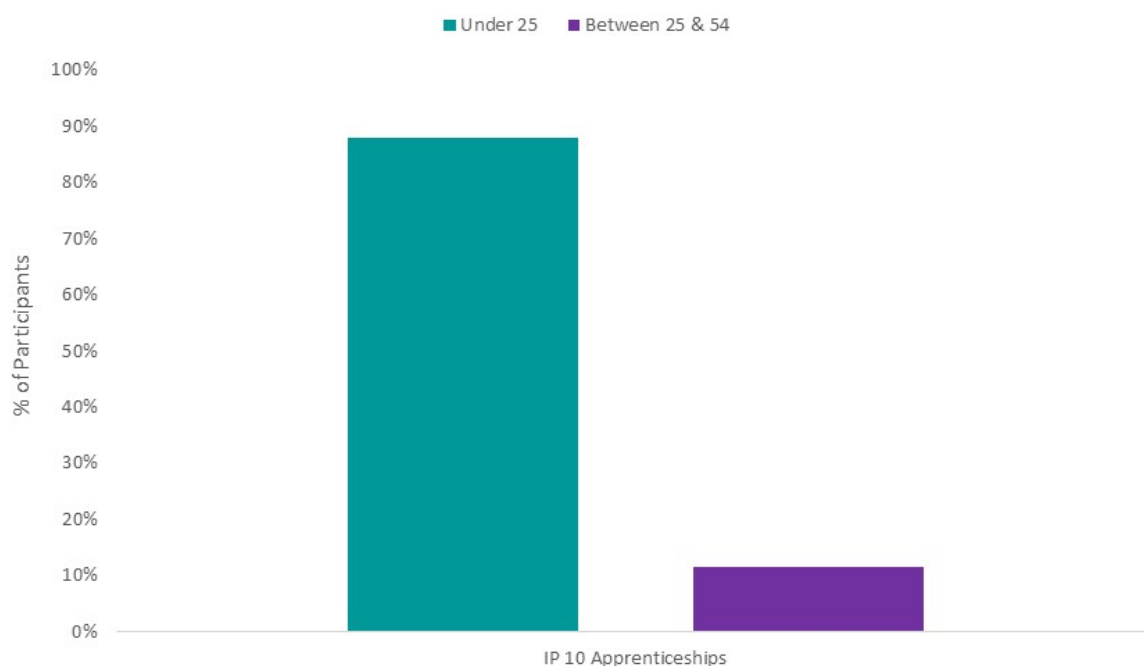
**Figure 3.2.19: Priority 3 by Gender**



**Source:** DfE – NI ESF AIR Report 2019

Typically, apprenticeship programmes are targeted at those aged 16 or over. There are restrictions on the type of apprenticeship with funding available for people over the age of 25. These restrictions are based on targeting the development of priority sectors which serve the ambition to rebalance the NI economy. As such, the majority of participants (88%) that engage with the ApprenticeshipsNI projects are aged under 25. As part of the consultation process, it was suggested that it might be more beneficial to incorporate all ages instead of focussing on younger people, to ensure they are focussing on the overall improvement of the population.

**Figure 3.2.20: Priority 3 by Age Band**



**Source:** DfE – NI ESF AIR Report 2019

### 3.2.4.2 Outcomes

Priority 3 allows participants to “gain quality training and a recognised higher qualification while in paid employment”<sup>19</sup>. The results for Priority 3 are therefore more focussed on the level of qualifications achieved by participants:

- **2023 Target (i)** – 56% of participants to achieve targeted level 2 qualifications; and

<sup>19</sup> [Northern Ireland European Social Fund Programme 2014-20; Department for the Economy \(2020\)](#)

- **2023 Target (ii)** – 53% of participants to achieve targeted level 3 qualifications.

The latest DfE Statistical Apprenticeship Bulletin<sup>20</sup> notes that:

- 59% of leavers during the current academic year (up to April 2020) achieved a level 2 (full framework) and 63% achieved an NVQ level 2; and
- Leavers that achieved a level 3 (full framework) in the latest academic year stood at 57% or 60% for those who achieved an NVQ level 3.

Examining the most recent Annual Implementation Report<sup>21</sup> from 2019 it states that to the 31/12/19, 9,340 participants have achieved their level 2 qualifications and 7,907 participants have achieved a level 3 or above qualification. It should be considered that these figures present the number of completions. At the time of writing, many participants are still working their way towards their qualifications.

### 3.2.4.3 Funding and Expenditure performance

By the year end 31/12/19, the overall level of expenditure committed by Priority 3 projects amounted to around €177.776m. Expected NI ESF expenditure is €163.158m by the end of 2023.

As of the 31/12/19, total verified expenditure declared and submitted in a Drawdown to the EC across Priority 3 amounted to €74.034m, which represents just over 46% of the total expenditure proposed, meaning there remains €87.463m of unallocated expenditure to be spend over the next 3 to 4 years of operation.

## 3.2.5 NI ESF programme: Priority 4

### 3.2.5.1 Funding and Expenditure

Priority 4 does not have any specific output or results targets. The overall aim of Priority 4 is to provide technical assistance for the rest of the Priority targets. This technical assistance supports the capacity for programme management teams such as those from MA to conduct evaluation, management and monitoring of the overall NI ESF programme and the programme database. In addition to this, the Technical

<sup>20</sup> [ApprenticeshipsNI 2013/14: Quarterly Statistics from August 2013 to April 2020; NISRA \(2020\)](#)

<sup>21</sup> [Annual Implementation Report for the Investment for Growth and Jobs Goal; Department for the Economy \(2020\)](#)

Assistance budget has been allocated to cover costs such as administrative costs. The proposed budget for Priority 4 (technical assistance) for the period 2014-20 accounts for 3.1% of the total allocated project budget. Total funding for technical assistance is €13.843m.

To the end of 2019, Priority 4 has committed around €13.075m to meet administrative costs. This represents a commitment of 94.5% of the total budget allocation of €13.843m. Conversely, the total eligible expenditure declared amounted to around €4.188m or 30.3% of the total expected expenditure and 2023 target.

### *3.2.6 Summary of progress against target*

Progress towards 2023 targets has been rapid, with significant achievement across each Priority Area. The NI ESF aims to engage a total of 119,040 participants, with progress as of the 31/12/19 showing 102,828 participants have engaged, representing 86.3% of the proposed level of engagement.

Similar levels of achievement have been seen across each of the priorities. Across Priority 1 it is proposed that 59,000 participants will be engaged by the end of the programme. As of the 31/12/19 a total of 56,704 participants have been engaged across each investment priority, which represents over 96.1% of the proposed level of engagement. Looking across the investment priorities of Priority 1, they all show significant progress towards achieving their overall 2023 participant targets, with IP8(i) Unemployment achieving 90.5% of its targets and IP8(ii) NEETs 82.5%. IP8(i) Economically Inactive, has surpassed its target by 18.7%, or an additional 2,991 participants.

In terms of results for Priority 1 outcomes, 10,088 participants found employment upon completion of their respective projects, while 7,173 participants entered education/training upon completion. Both of these outcomes represent significant progress towards their respective targets with the employment outcome exceeding its target by 35.5% (IP8(i) Unemployment), 31.0% (IP8(i) Economically Inactive) and 10.5% (IP8(ii) NEETs) and the education outcome achieving as of the 31/12/19, 100.8% (IP8(i) Economically Inactive) and 94.4% (IP8(ii) NEETs) of its 2023 target.

Priority 2 has shown significant progress as of the 31/12/19. In terms of participants Priority 2 aims to engage 18,040 participants by 2023 and as of the 31/12/19 15,405 participating. Across each of the investment priorities similar progress has been made with IP9(i)a Disability achieving 84.9% of its 2023 target (13,000) and IP9(i)b CFSP achieving 86.6% of its 2023 target (5,040). In terms of achieving its employment and education/training targets similar progress has been made, with 976 participants entering employment under IP9(i)a Disability and a further 626

under IP9(i)b CFSP, representing 75.1% and 124.0% of their respective 2023 targets. In addition, under IP9(i)a Disability 2,927 entered education/training and a further 1,206 under IP9(i)b CFSP, representing 150.1% and 119.4% of their respective 2023 targets.

In total across Priority 3 as of the 31/12/19, 30,719 participants have engaged in ApprenticeshipsNI projects, which represents 73% of overall 2023 participation target of 42,000. In terms of outcome progress, using the latest DfE Apprenticeships Statistical Bulletin which states 59% of participants achieved a full Level 2 framework and 63% achieved an NVQ2 Level, in excess of the proposed achievement target of 56%. For those that achieved a level 3 full framework this represented 57% of participants and 60% achieved an NVQ Level 3 for the latest academic year, which again far exceeded the proposed 2023 target of 53%.

Table 3.2.7 shows the progress across each of the Priorities in terms of participants and outcomes, with the current progress showing the current participant and result numbers as of the 31/12/19.

**Table 3.2.7: Summary Outcome Targets and 31/12/19 Progression**

Investment Priority	Participants			Into Employment upon leaving			Into Education/Training upon leaving		
	31/12/19	Target	Progress	31/12/19	Target	Progress	31/12/19	Target	Progress
IP 8(i) Unemployment	25,341	28,000	90.5%	5,217	3,850	135.5%	-	-	-
IP 8(i) Economically Inactive	18,991	16,000	118.7%	2,882	2,200	131.0%	2,217	2,200	100.8%
IP 8(ii) NEETS	12,372	15,000	82.5%	1,989	1,800	110.5%	4,956	5,250	94.4%
IP 9(i)a Disability	11,038	13,000	84.9%	976	1,300	75.1%	2,927	1,950	150.1%
IP 9(i)b CFSP	4,367	5,040	86.6%	626	505	124.0%	1,206	1,010	119.4%
IP 10 Apprenticeships	30,719	42,000	73.1%	-	-	-	-	-	-
<b>Total</b>	<b>102,828</b>	<b>119,040</b>	<b>86.4%</b>	<b>11,690</b>	<b>9,655</b>	<b>121.1%</b>	<b>11,306</b>	<b>10,410</b>	<b>108.6%</b>

**Source:** DfE – NI ESF Operational Programme and DfE – NI ESF AIR Report 2019

### 3.3 Progress towards N+3

N+3 expenditure targets relate to the value of expenditure for which the MA can declare and submit to the European Commission through their recording systems at the end of the calendar year. N+3 expenditure targets were introduced by the European Commission as a way to avoid countries from applying uneven



expenditure year-on-year. The N+3 financial mechanism allows for the smoothing of any uneven expenditure, ensuring that performance is consistent throughout the programmes lifespan.

The MA, as part of their responsibility for managing the programme, have to report all expenditure for NI ESF and its priorities in Euros to the European Commission. This maintains consistency with all other countries throughout the EU and is done for ease of process. As such, the MA is conscientious of any fluctuations with regard to the sterling to euro exchange rate and how this may affect the expenditure and the proposed levels of expenditure ensuring the N+3 targets are achieved. The below table presents the N+3 target and 2019 cumulative in both euros and sterling, Grant Thornton have converted the euro drawdown value as presented in the 2019 Annual Implementation Report into sterling using the exchange rate of £1: €1.17398 to ensure consistency throughout the report.

**Table 3.3.1: Cumulative Expenditure Performance Compared to N+3 Targets, 2019**

	<b>Cumulative 2019 NI ESF N+3 Target</b>	<b>Total Count Towards N+3 Target</b>	<b>Surplus</b>
Euro (€)	€53.6m	€106.97m	€53.37m
Sterling (£)	£45.7m	£91.1m	£45.4m

**Source:** DfE – NI ESF Air Report 2019

**Note:** Exchange rate for December 2019 used (£1: €1.17398)

By the end of 2019, the current cumulative expenditure for the NI ESF stood at €106.97m. This is far in excess of the N+3 target for 2019 which was set at €53.6m. However, as mentioned earlier through the N+3 mechanism, member states are able to transfer expenditure or their ‘over achievement’ into the following year. As such, the MA has stated in their most recent Annual Implementation Report to exceeding their N+3 2019 target of €53.60m, by €53.37m. As such, this overspend is considered as a surplus and will be counted towards their N+3 2020 target.

The MA has stated the reason for this ‘over achievement’ was in order to meet the higher performance reserve target for 2018. The MA sought confirmation from the European Commission Guidance on this and found that any claims for expenditure incurred by December 2018 but subsequently submitted prior to 31<sup>st</sup> March 2019 would count towards their performance reserve and accordingly this expenditure from March 2019 was included in the 2018 annual implementation report<sup>22</sup>.

<sup>22</sup> [Annual Implementation Report for the Investment for Growth and Jobs Goal: Department for the Economy \(2020\)](#)

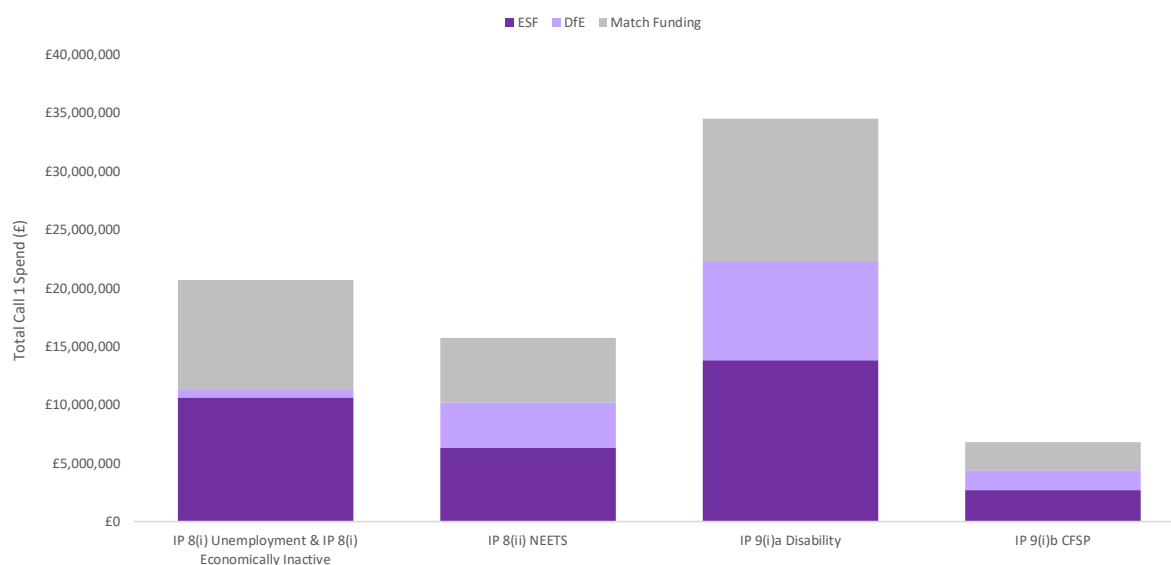
## 3.4 Cost Efficiency and Wider Benefits

### 3.4.1 Cost Efficiency

#### 3.4.1.1 Cost per Participant – Call 1

During Call 1, the total cost declared by Priority 1 and 2 projects amounted to £83.787m, with this being made up of NI ESF, DfE and respective match funders. A significant proportion (50.0%) was provided by NI ESF funding. Figure 3.4.1 provides a breakdown of the cost made during Call 1 across each of Priority 1 and 2 investment priorities. Data has been sourced from the Progress Evaluation Report of the Northern Ireland European Social Fund Programme 2014-20<sup>23</sup>.

**Figure 3.4.1: Total Declared Cost under Call 1 by Investment Priorities**

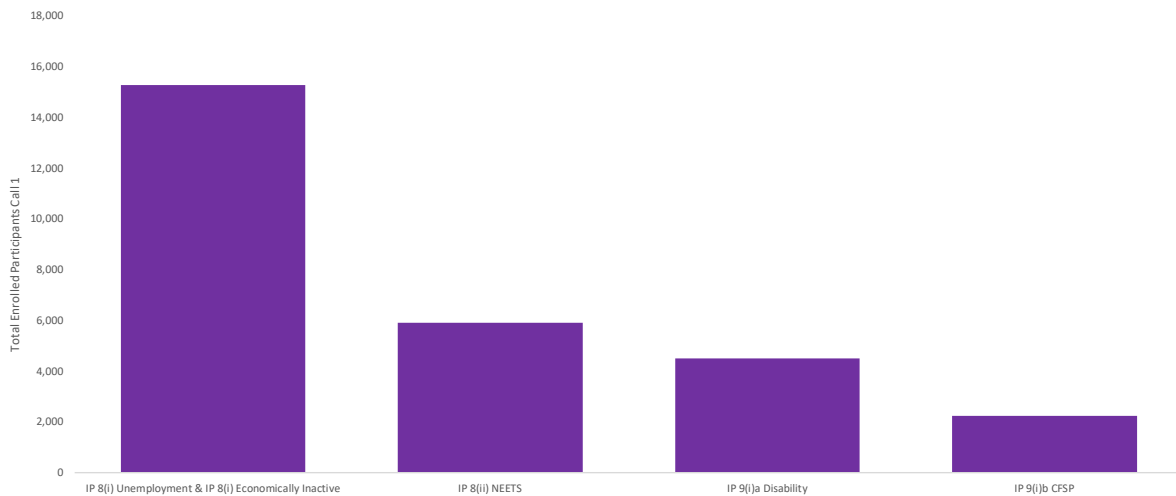


**Source:** DfE – Progress Evaluation Report

The progress evaluation also provided the breakdown into the number of enrolled participants under Call 1 under each of the investment priorities. Figure 3.4.2 shows the total enrolled participants across the period of Call 1 for each of the investment priorities. Under IP8(i) Unemployment and IP8(i) Economic Inactivity a total of 15,285 participants enrolled, while under IP9(i)b CFSP a total of 2,258 were enrolled.

<sup>23</sup> [Progress Evaluation Report of the Northern Ireland European Social Fund Programme 2014-20 \(2019\); Department for the Economy](#)

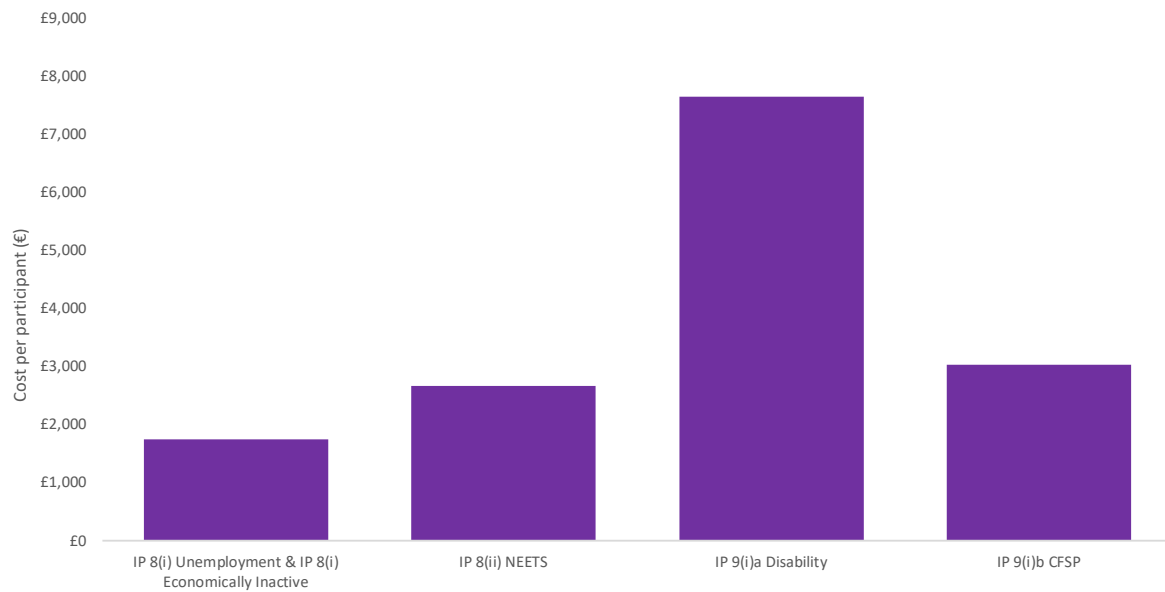
**Figure 3.4.2: Total Enrolled Participants under Call 1 by Investment Priorities**



**Source:** DfE – Progress Evaluation Report

Combining this data, the progress evaluation calculated an actual cost per participant, which can be seen in Figure 3.4.3 below. The actual cost per participant varies by each of the investment priorities, with IP9(i)a Disability showing the highest level of cost per participant of £7,652. However, it should be considered that the aim of this priority is to aid those with often highly complex needs, and often over a longer period of time. As part of the Call 1 application process the higher level of need under the IP9(i)a Disability has been accommodated for as part of the cost per participant.

**Figure 3.4.3: Cost per Participant under Call 1 by Investment Priorities**



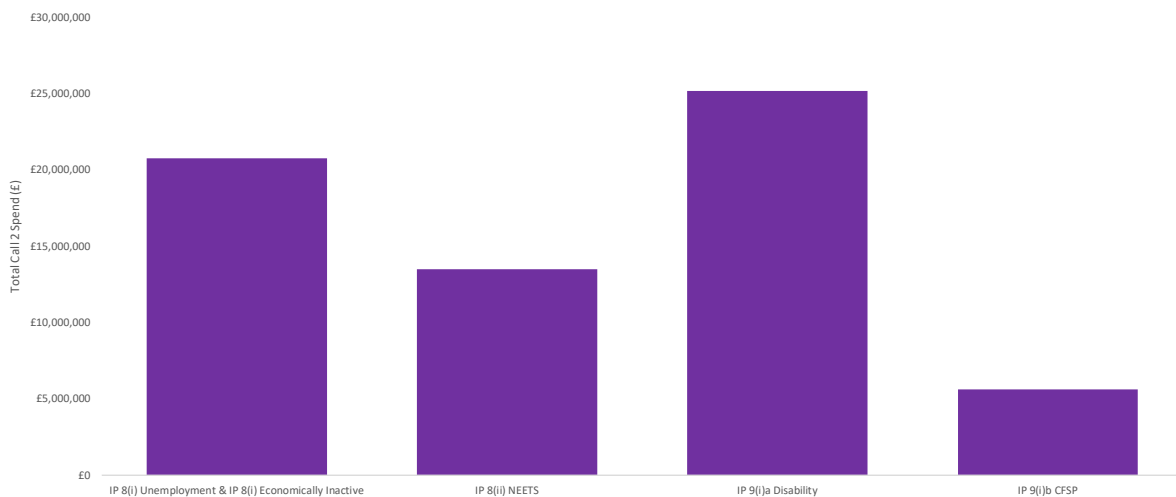
**Source:** DfE – Progress Evaluation Report

From the analysis presented as part of the progress evaluation, issues in verifying and reporting of enrolments and results in Call 1 were noted, and the introduction of the ESIF database was also noted as having addressed these challenges into Call 2. As such, under Call 2 a higher level of recording accuracy was achieved. This positive improvement was reflected in the consultation process with all consultees pointing towards an improvement in structure and method under Call 2 in comparison to Call 1.

#### 3.4.1.2 Cost per Participant – Call 2

To calculate the cost per participant under Call 2, Grant Thornton was provided with data from the MA relating to total spend up to the 31/12/19 under Call 2 (to note, this expenditure has not been verified by the MA or included in a Drawdown to the EC). Across Call 2, £65.134m has been declared by the respective projects across each of the investment priorities. Of this, 38.7% had been cost under the IP9(i)a Disability priority. Again, the often complex needs of those within the investment priority explain this. Figure 3.4.4 provides the breakdown of total cost made across each of the investment priorities during the period 1/4/18 to 31/12/19.

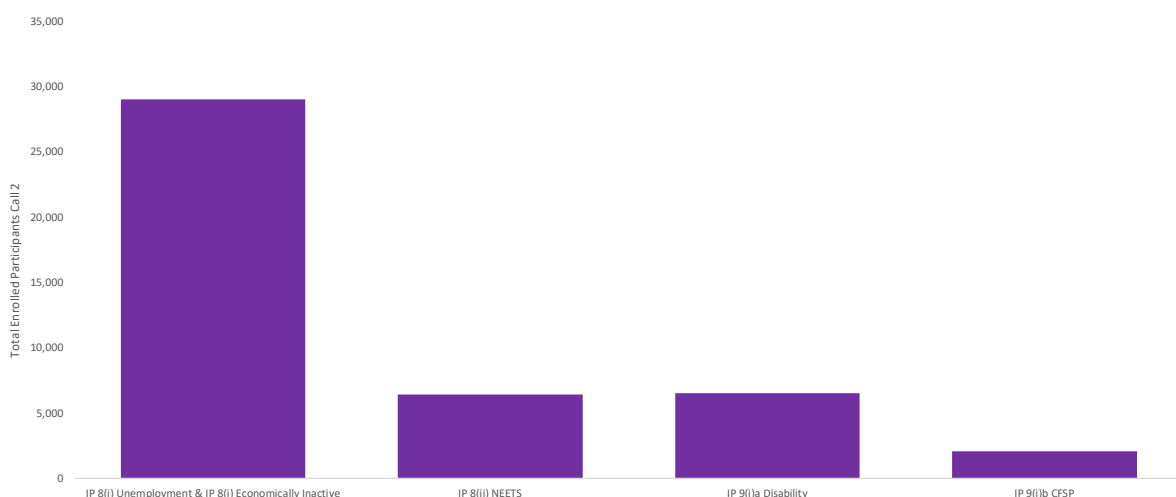
**Figure 3.4.4: Total Declared Cost under Call 2 by Investment Priorities**



**Source:** DfE – Progress Evaluation Report

The progress in terms of enrolments made under Call 2 in comparison to their respective 2023 targets, shows that under IP8(i) Unemployment and IP8(i) Economic Inactivity 29,047 participants have enrolled as part of this priority, with this representing almost 65.5% of the progression against the 2023 targets. Under the IP9(ii) NEETs investment priority in Call 2, a total of 6,464 participants had enrolled as of the 31/12/19 – representing 52.2% of its 2023 target. Figure 3.4.5 provides a breakdown of the number of participants that had enrolled across Call 2 projects as of the 31/12/19.

**Figure 3.4.5: Total Enrolled Participants under Call 2 by Investment Priorities**



**Source:** DfE – Progress Evaluation Report

As part of the application process for applying for Call 2 funding, an average cost per participant was produced in order to evaluate the Value for Money (VfM). These costs per participant, presented as part of the Guidance Notes for Applicants, can be seen below as in table 3.4.1 and reflect the average expected cost per participant for each of the respective investment priorities. They have been based on analysis carried out as part of the progress evaluation into Call 1 progress, and the costs have been adjusted to reflect these. As such, in some cases the cost per participant has been reduced given the level of efficiency and effectiveness the projects have demonstrated.

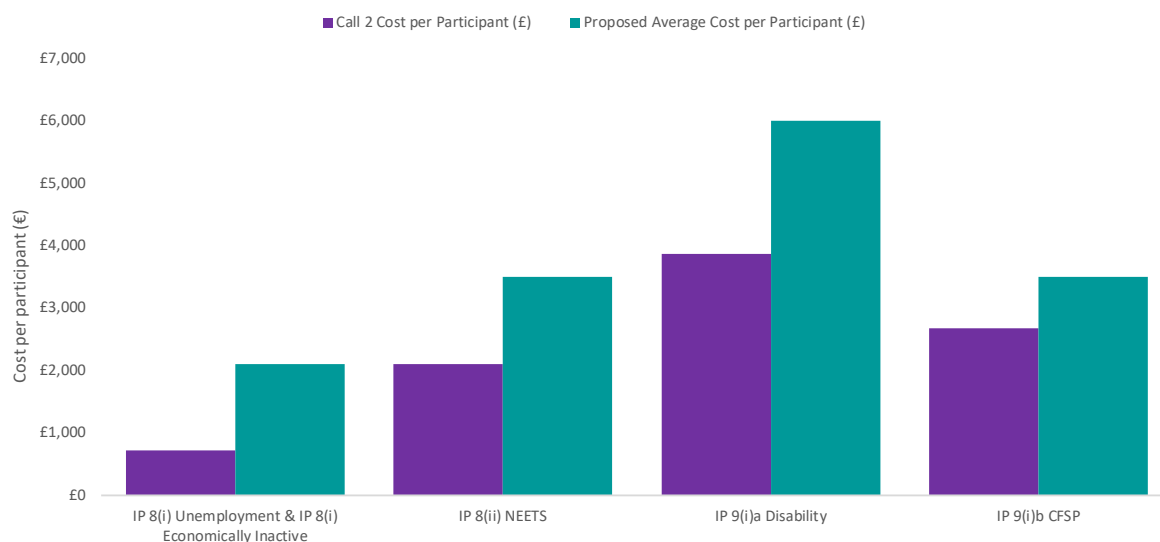
**Table 3.4.1: Proposed Cost per Participant under Call 2 by Investment Priorities**

	<b>Proposed Average Cost per Participant (£)</b>
IP 8(i) Unemployment and IP 8(i) Economically Inactive	£2,100
IP 8(ii) NEETS	£3,500
IP 9(i)a Disability	£6,000
IP 9(i)b CFSP	£3,500

**Source:** DfE – Call 2 Guidance Notes for Applicants

Using this information, Grant Thornton have calculated the cost per participant by using the cost data, as provided by the MA and the number of enrolled participants during Call 2. Figure 3.4.6 provides a breakdown of the cost per participant across Call 2 investment priorities, it should be noted that this data relates to the total cost from the 1/4/18 to the 31/12/19.

**Figure 3.4.6: Cost per Participant under Call 2 by Investment Priorities**



**Source:** DfE – Call 2 Guidance Notes for Applicants and Data provided by MA

Comparing the current cost per participant (Figure 3.4.6) against the proposed cost per participant (set out as part of the Call 2 guidance notes) shows that across each of the investment priorities, current costs per participant are considerably lower than initially proposed. This shows that beneficiaries are demonstrating better Value for

Money (VfM) than was required by the MA. A rationale for this difference emerged during the consultation process where efficiencies and economies of scale were cited as key reasons rather than under spending on participants. Table 3.4.2 below compares the proposed costs against the Call 2 cost per participant.

**Table 3.4.2: Proposed Cost and Cost per Participant under Call 2 by Investment Priorities**

	<b>Proposed Average Cost per Participant (£)</b>	<b>Call 2 Cost per Participant (£)</b>	<b>Call 2 Cost per participant as % of Proposed Cost per Participant</b>
IP 8(i) Unemployment and IP 8(i) Economically Inactive	£2,100	£716	34.1%
IP 8(ii) NEETS	£3,500	£2,091	59.8%
IP 9(i)a Disability	£6,000	£3,860	64.3%
IP 9(i)b CFSP	£3,500	£2,675	76.4%

**Source:** DfE – Call 2 Guidance Notes for Applicants and Data provided by MA

It also should be considered, due to the nature of reporting and performance management, and the difficulties in validating participant results to ensure they meet the requirement of the European Commission’s data completeness, lower numbers have been reported across investment priorities. As such, even though each of the investment priorities are demonstrating a significant level of Value for Money (VfM), the average cost presented could be even lower, meaning a greater level of VfM.

### 3.4.1.3 Cost Per Participant – Priority 3

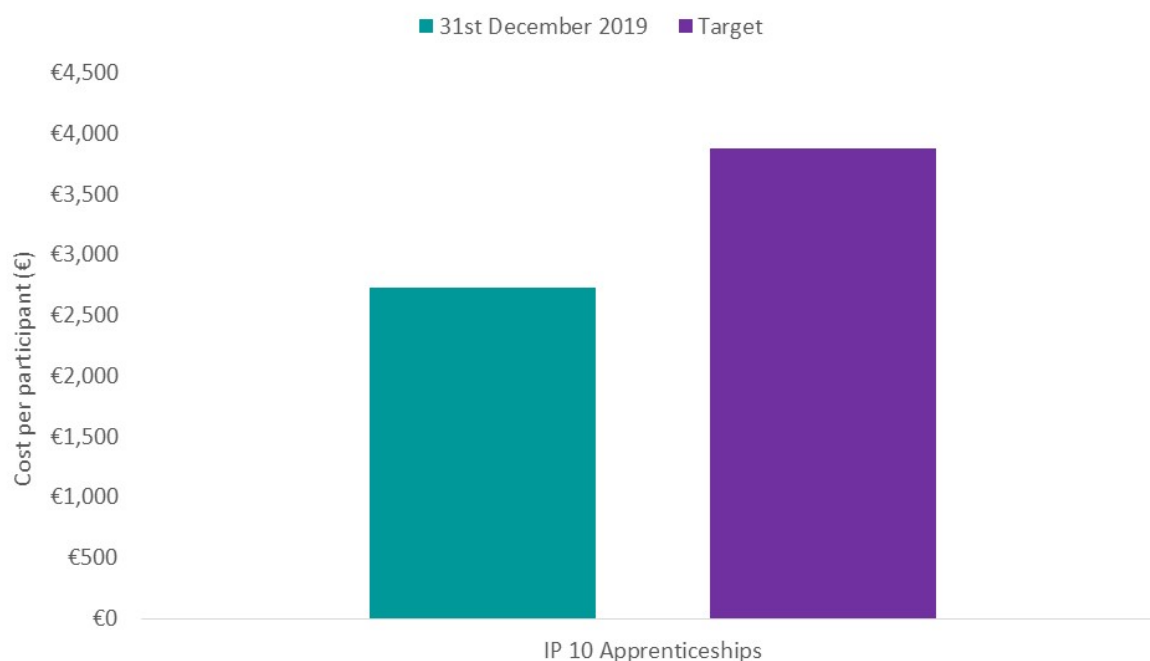
Given the varied nature and complexity of the projects that engage across ApprenticeshipsNI, an average cost per participant has not been published, unlike under Call 1 and Call 2. To assess the VfM of the current performance of the overall Priority 3, Grant Thornton have taken the proposed cost of all projects and the proposed level of participants and compared this to the current progress made as of the 31/12/19 in terms of expenditure and participants. Current spend, as of 31/12/19, stood at £83.963m, with this being comprised of £74.034m plus the July to September claim (£5.850m) and the October to December claim (£4.078m). It should



be noted that the claims from July to December have yet to be verified by the MA and so are subject to change.

In the Operational Programme, it is proposed the total cost of Priority 3 will equate to €163.158m, with a total of 42,000 participants to have enrolled or engaged with the project. This equates to an average proposed cost per participant of around €3,885. Using current spend data provided by the MA, as of the 31/12/19, a total of 30,719 participants have enrolled or engaged with Priority 3 projects, at a total spend of €83.963m. This equated to the current cost per participant being €2,733, which is considerably less than the proposed cost per participant (€3,885), with the current cost per participant equating to around 70.3% of the proposed cost per participant, whilst the current progress in terms of enrolments represents 73.1% of the 2023 target. So, like under Call 1 and Call 2, Priority 3 has shown significant levels of VfM, with high levels of effectiveness and efficiency shown by ApprenticeshipsNI projects.

**Figure 3.4.7: Cost per Participant under Priority 3**



**Source:** DfE – Air Report 2019

### *3.4.2 NI ESF programme: Regional Performance Comparison*

While the different economic characteristics between NI and other locations is noted, there is considerable merit in contextualising NI ESF impacts and outcomes relative to UK regional comparators. This section will therefore set out the outcomes, costs and performance of the Scotland and East Wales ESF.

Scotland and East Wales have been selected as comparator regions due, in part, to the overall economic context in which they both operate. For example, Wales

(24.4%), Scotland (22.4%) and Northern Ireland (26.8%)<sup>24</sup> each have a higher than UK average economic inactivity rate (20.9%)<sup>25</sup>. Each place have highlighted similar ESF objectives, i.e. improving economic inactivity outcomes along with improving their overall NEET outcomes<sup>26</sup>.

Table 3.4.3 below shows the current level of budget, current expenditure, participants and outcomes across each of the three ESF programmes. As would be expected (based on population and EU budget allocation processes), the level of budget allocated for the NI ESF (€451.019m) is considerably less than in Scotland (€881.652m<sup>27</sup>), but has a slightly bigger budget than the East of Wales (€412.869m). In terms of current results of engagement to March 2019, the NI ESF has had around 102,828 participants around 86% of the 2023 target (119,040). In comparison, the Scottish ESF aimed to engage around 198,316 participants, 511 businesses (engaged in innovation activity such as social, etc.) and 853 employers offering vocational places by 2023<sup>28</sup>. The East Wales ESF aimed to engage around 118,322 participants, 300 supported micro businesses, 4 projects targeting public admin or public administrations and 25 comprising of entities engaged of public administration engaged with projects and development of tools, methods, etc.<sup>29</sup> by 2023. However, when reviewing the 2018 Annual Implementation Reports for Scotland the 2023 targets had been uprated with the new participants targets being 203,003, 800 employers offering vocational places and 116 projects supporting social inclusion<sup>30</sup>.

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<sup>24</sup> [Regional labour market: Headline Labour Force Survey indicators for all regions; Office for National Statistics \(November 2020\)](#)

<sup>25</sup> [Summary of labour market statistics; Office for National Statistics \(November 2020\)](#)

<sup>26</sup> Each of the countries ESF programme have at least one priority which is focussed on aiding or elevating the level of NEETS - Priority 4: Youth Employment Initiative (Scotland); Priority 3: Youth Employment (Wales) and Priority 1 and 2 (Northern Ireland).

<sup>27</sup> It should be noted that this figure includes funding sourced through the Youth Employment Initiative as well as a proportion of expenditure being on areas of 'more developed' and 'transition'. With the actual ESF contribution amounting to €765.121m

<sup>28</sup> [ESF Operational Programme under the 'Investment for Growth and Jobs' Goal; Scottish Government \(2014\)](#)

<sup>29</sup> [Operational Programme East Wales ESF; Welsh Government \(2014\)](#)

<sup>30</sup> [Annual Implementation Report for the Investment for Growth and Jobs Goal Part A; Scottish Government \(2018\)](#)

**Table 3.4.3: ESF Regional Comparisons: Expenditure, Outputs and Results; Northern Ireland, Scotland and East Wales, 2019<sup>31</sup> and 2018<sup>32</sup>**

	<b>Northern Ireland</b>	<b>Scotland</b>	<b>East Wales</b>
Total Budget (€)	€451.0m	€881.7m	€412.9m
Total Current Expenditure (€)	€229.5m	€97.9m	€185.0m
% of Budget Spent	51%	11%	45%
Total Participants	119,040	198,316	118,322
Current Participants	102,828	67,868	49,413
% of Target	86%	33%	42%
Cost per Participant (€)	€3,789	€4,343	€3,489
Current Cost per Participant (€)	€2,232	€1,442	€3,744

**Source:** DfE – NI ESF Air Report 2019; Scotland – ESF AIR Report 2018 and East Wales – ESF AIR Report 2018

Current progress across both the Scottish and the East Wales ESF programmes vary. For example, in Scotland, current participants of 67,868 reflect an achievement of 33% of the 2023 target. The current progress across the East Wales ESF (49,413 participants) reflects 42% of the 2023 participants target. These figures are in stark contrast to the NI ESF achievement of 86% of target. Given the level of progress, and the high probability that the NI ESF will comfortably surpass their 2023 target, there could be a case for uprating targets. The significant progress towards targets across the NI ESF has been in part due to the success – as highlighted as part of the consultation – of the flexibility which allows for a tailored individualised approach based on participant needs. This type of approach, as stated by the consultees, allows for a greater level of impact and thus a greater level of achievement.

The slower rate of uptake across the Scottish ESF in comparison to that of the NI ESF has been due to the misinterpretation of the rules<sup>33</sup>. The result of the misinterpretation has impacted upon participant uptake and expenditure levels throughout the Phase 1 process. The Scottish ESF also faced problems in terms prolonged development and procurement exercises and delays in being able to recruit experienced staff. In comparison, under the NI ESF, which enjoyed a strong understanding of the rules and regulations thanks to robust performance management – especially under Call 2 – this facilitated the progress seen by the NI

<sup>31</sup> The Expenditure, Outputs and Results for Northern Ireland are acquired through the [2019 Annual Implementation Report](#)

<sup>32</sup> The Expenditure, Outputs and Results for Scotland and East Wales relate to their 2018 Annual Implementation Reports – due to availability and their 2019 AIR's not being published at time of writing

<sup>33</sup> [ESF Operational Programme under the 'Investment for Growth and Jobs' Goal: Scottish Government \(2014\)](#)

ESF. In addition, the East Wales ESF submitted a performance modification to the European Commission that was approved in September 2018. This modification reset some indicators where the East Wales ESF felt there was a need, which allowed for a more targeted approach in achieving participants.

Similarly, under the East Wales ESF many of the beneficiaries' plans of moving from implementation to deliverance turned out to be overly ambitious, slowing the potential benefits that could be seen and thus output statistics generated. Likewise, under the Scotland ESF, submissions of evidence to the MA by its Leading Partners were delayed due to the issues in collecting the data, with the evidence often needing to be sourced from the Department for Work and Pensions (DWP). These issues, which were raised as part of East Wales and Scotland ESF, could point towards an explanation as to why the level of take-up has slowed in comparison to that of the NI ESF.

To benchmark cost efficiency, the level of expenditure is compared for spending to date and planned total costs per participant. The NI ESF cost per participant amounted to €3,789 while current cost per participant is €2,232. NI compares well against Scotland and East Wales, being well below East Wales on current cost per participant and on par with Scotland's proposed expenditure. It should be noted however that under the Scottish ESF only 11% of budget has been spent due to a significant disparity between the initial interpretation of the European Commission rules and the subsequent re-interpretation of these rules.

### *3.4.3 Wider Benefits and Social added value*

Having outlined the current expenditure for each of the Priorities, this sub-section will outline the wider economic benefits that participants moving through the programme will bring to Northern Ireland.

Without knowing the wage rates for each NI ESF participant that has progressed into employment, and without knowing the permanency of jobs created, Grant Thornton have estimated economic outcomes by applying the national living wage rate for April 2020<sup>34</sup> (£8.72 per hour or €10.24 per hour<sup>35</sup>) and average hours worked per week (38.0 hours<sup>36</sup>) for Northern Ireland. This metric delivers an average weekly income of €389.12 and an annual income of €19,767.30<sup>37</sup>.

Based on outturn statistics, the NI ESF programme has supported 11,690 participants into employment. Assuming (for the sake of calculation) a one-year impact, based on an annual income of €19,767.30, this equates to an additional €231m in wages across over a year.

In comparison, the expected level of expenditure across both Priority 1 and 2 is €274.019m meaning that for every €1 spend on NI ESF Priority 1 and 2 projects it can be expected to generate an additional €0.84 in wages. Research conducted by

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<sup>34</sup> [National Minimum Wage and National Living Wage Rates: UK Government \(2020\)](#)

<sup>35</sup> Using the sterling to euro exchange rate for December 2019 (£1: €1.17398)

<sup>36</sup> [Northern Ireland Annual Survey of Hours and Earnings: NISRA \(2020\)](#)

<sup>37</sup> The annual estimation is based on multiplying the weekly wage by the average number of weeks a person works a year (50.8). With this being based on an individual being entitled to 28 days of statutory leave per year equivalent to 5.6 weeks of statutory leave [\[Holiday Entitlement: UK Government \(2020\)\]](#)

the European Commission on the 2020 Evaluation of the support to promoting social inclusion, combatting poverty and any discrimination by the European Social Fund found that much like in Northern Ireland; Latvia showed that costs outweighed their benefits, with their analysis showing a return of €0.40 benefits for every €1 used for costs<sup>38</sup>.

It should be noted however the figures presented above for Northern Ireland only incorporate those participants that found employment immediately post project and not those that find work 6 months' post project. Additionally, these figures do not include the impact of those that enter education/training and their contribution to the economy through improved productivity and innovation, which will boost wages and the wider economy. Similarly, the inclusion of Apprenticeships upskilling will also have a positive impact on the economy through a higher skilled workforce and increased productivity. These caveats suggest the economic impact is conservative and could be realistically expected to be significantly more than this base level. Grant Thornton, have estimated the impact of ApprenticeshipsNI to the economy using the apprenticeship wage rate of £4.15 or €4.87 per hour, with apprenticeships typically working around 30 hours per week. This delivers a weekly wage of €146.10. It is assumed apprentices will work around 254 days in a year, which equates to an average working year consisting of 50.8 weeks meaning their annual wage would be €7,421.88. Across the ApprenticeshipsNI it's expected 42,000 participants will pass through which will mean a total of €311.718m of wages could potentially generated giving a return of €1.87 in wages for every €1 spent throughout the course. It should be noted that once participants pass through the course and become fully qualifies they have the potential to earn considerably more; making this estimate a lower bound estimation of impact.

The above analysis shows a quantifiable direct impact to the economy of the NI ESF, based upon the current outturn statistics. There is a wider, multiplier, effect from this spending that flows through the NI economy that will increase Gross Value Added (GVA) and create employment. However, the impact will be affected by the wider impacts from Covid-19 on the economy.

The flow into employment from participants contributes to improving the NI employment level and employment rate (70.5%), which has lagged that of the UK (75.3%)<sup>39</sup>. As well as this NI will also see a reduction in both the unemployment and economic inactivity rates. This will become even more important in the current circumstances given the impact of Covid-19 and the sharp increases in redundancy announcements. A similar view was expressed during the consultations with all consultees in agreement that the NI ESF is now more important to the NI economy in helping those into employment following the economic impact of Covid-19 and its impact upon unemployment, etc.

The NI ESF programme encourages a culture of learning, particularly among people for whom school based learning was ineffective or inappropriate. With respect to

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<sup>38</sup> 2020 Evaluation of the support to promoting social inclusion, combatting poverty and any discrimination by the European Social Fund; European Commission (2019)

<sup>39</sup> [Northern Ireland Labour Market Report; NISRA \(2020\)](#)

Priority 1 and 2, participants are encouraged to engage in wider education and training to improve their overall education attainment. Under the ApprenticeshipsNI Priority, Apprentices are encouraged to achieve a higher level of qualification as part of their respective occupation/job. Encouraging this culture of learning and adding to the skills attainment levels in the NI economy has longer term benefits for the economic competitiveness of NI.

It is also important to highlight the potential social impacts that are not captured by 'hard' metrics. It has been evident from the consultation and survey process of this evaluation that the NI ESF programme plays a significant role in supporting people who face significant barriers to employment (e.g. mental ill health, physical ill health, confidence, etc.) overcome these barriers with holistic support. Given the impact of Covid-19 lockdowns, the potential for mental health issues to increase through an increased sense of isolation and uncertainty is a risk. Analysis conducted by the Office for National Statistics (ONS) found that people's well-being had been impacted by Covid-19. Those aged 16 to 29 were more acutely affected, with 60% stating that pandemic had impacted their well-being<sup>40</sup>. The following sections explore the experiences of participants and NI ESF beneficiaries, with a focus on assessing these 'softer' impacts. While it is difficult to quantify the level of social inclusion, the European Commission, as part of their own ESF evaluation, estimated the macroeconomic impact of social inclusion from the ESF programme across the EU using their own RHOMOLO Model. Their results suggested that the impact of social inclusion to the EU economy from the ESF programme amounted to an increase in GDP of 0.039% and increased employment of 110,000 by 2023. While this impact model has not been specifically applied to NI, it is fair to assume a positive impact in NI.

## 3.5 Assessing the NI ESF through experiences

### 3.5.1 Introduction

During a consultation process that covered around 40 one to one conversations and a survey, views were sought on a broad range of governance, operational and outcome/impact topics. Additionally, a selection of case studies is presented which provide personalised examples of the impact NI ESF has had on individuals, particularly around 'soft skills' such as confidence and social inclusion.

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<sup>40</sup> [Coronavirus and the social impacts on Great Britain: 13 November 2020; Office for National Statistics \(2020\)](#)

### *3.5.2 The Assessment of Benefits: Participants*

The survey process, and limitations in achieving a representative sample, were articulated in Section 1. In summary, the process to secure contact details for the survey sample was:

- A calculation of the sample size required for a representative sample with 95% confidence  $\pm 5\%$  was made based on participant numbers by priority.
- To ensure participant's anonymity, a random number generator was used to select the anonymised participant numbers. These were then provided to the MA who wrote to the individuals selected via their project to ascertain their express willingness to share contact details with the evaluators.
- When individuals had agreed to share details via a signed 'permission notice' these details were then shared with Grant Thornton under the term of a Data Sharing Agreement between Grant Thornton and the MA.
- An online survey link was the issued, followed by email and telephone reminders.

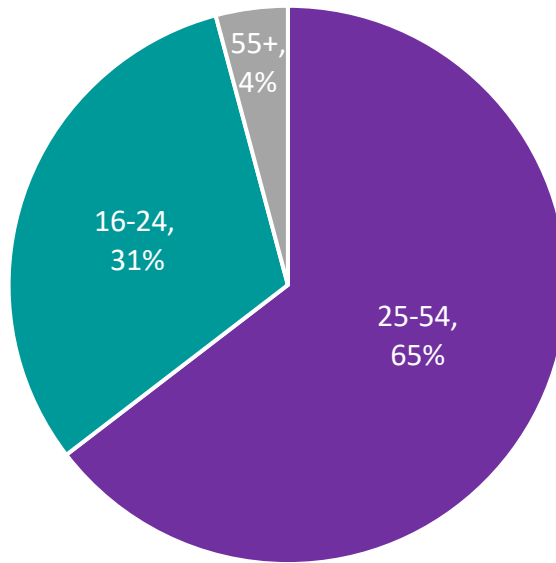
### *3.5.3 Priority 1 and 2 survey findings*

The survey responses outline the thoughts and views of those current participants and leavers who took part in Priority 1 and 2 NI ESF funded projects. This section will breakdown the main themes that emerged via the survey.

#### *3.5.3.1 Participant Characteristics*

Respondents to the Priority 1 and 2 survey were typically aged 25-54 (63.3%), with those aged 55+ making up a small proportion of overall respondents (4.2%). Figure 3.5.1 provides a breakdown into the typical age profile of survey respondents.

**Figure 3.5.1: What age group are you in?**



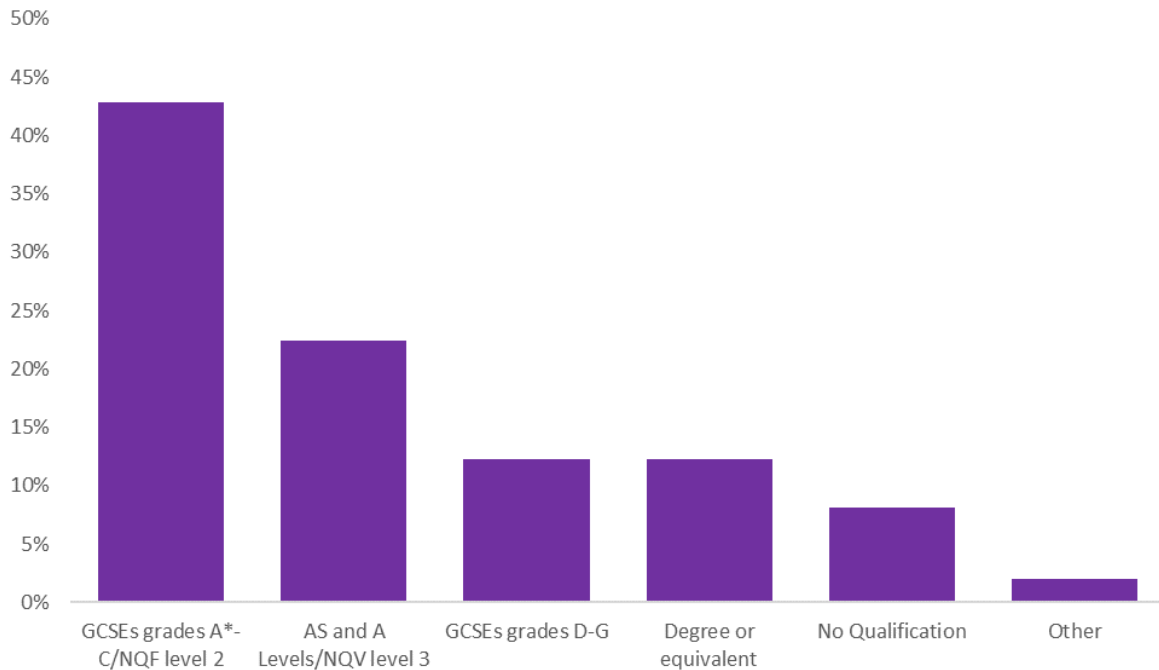
**Source:** Grant Thornton Survey Analysis

The majority of respondents were female (65.3%) and respondents typically held an educational attainment of GCSE grades (A\* to C)/NVQ Level 2 (42.9%). The majority of respondents outlined they had completed their NI ESF project (79.2%) with a very small proportion not completing their respective NI ESF funded projects (12.5%).

Of those that did not complete their project, the majority had left their project to start a job (75.0%) which can be regarded as a positive outcome.



**Figure 3.5.2: What was your highest level of education before taking part in the NI ESF programme?**



**Source:** Grant Thornton Survey Analysis

### 3.5.3.2 Labour Market Characteristics/Motivations

Figure 3.5.3 below shows the typical labour characteristics of respondents before taking part in their programme/NI ESF funded project. The majority of those that took part in Priority 1 and 2 projects reported as 'Unemployed and seeking work' (44.4%). A sizeable proportion (17.8%) recorded themselves as 'not working because of illness'. Generally, the respondents highlighted they were typically unemployed for less than 6 months (36.6%) before entering their NI ESF project, with very few outlining they had never had a job (2.4%). These results highlight the eagerness of participants to take part for the betterment of their own future and overall development.

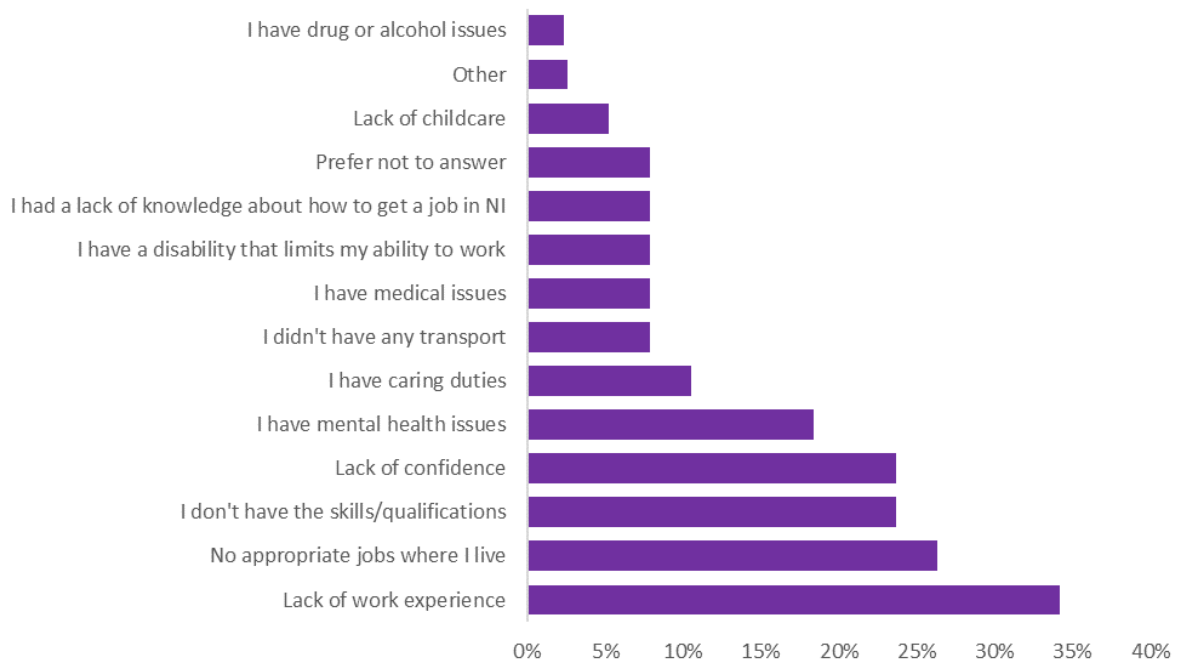
**Figure 3.5.3: What did you do before you started the NI ESF programme?**



**Source:** Grant Thornton Survey Analysis

The main barrier to working (pre attendance on an NI ESF funded project) was a lack of work experience (34.2%). A lack of appropriate jobs being available where the respondents lived (26.2%) was also cited as a significant barrier, while a lack of confidence (23.7%) was also presented as a barrier for respondents. Conversely, barriers such as transport issues (7.9%), having medical issues or a disability (7.9%) and a lack of knowledge about how to get a job in NI (7.9%) were presented as having a much lower impact on respondents' difficulties in finding work.

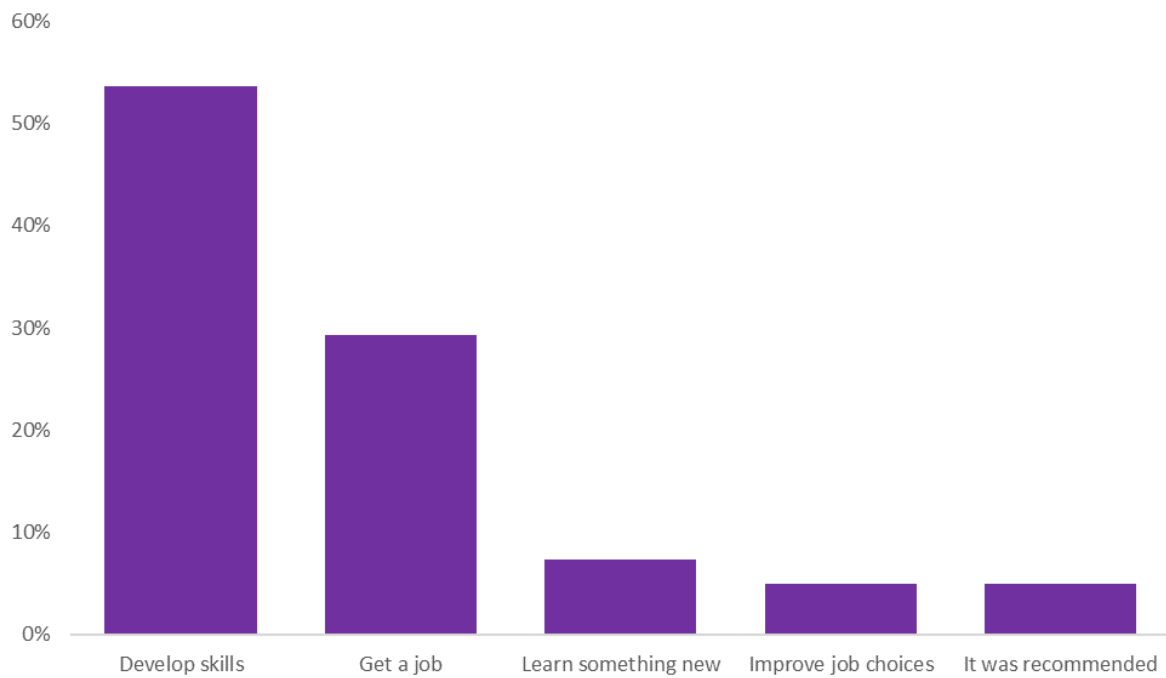
**Figure 3.5.4: What was the main reason you found it hard to work at the time of starting NI ESF?**



**Source:** Grant Thornton Survey Analysis

The motivation for taking part in an ESF project is interesting, especially as courses are not mandatory or linked to receipt of benefits. Generally, respondents were hoping to develop their skills (53.7%) as well as get a job (29.3%). Very few reported that it was recommended to them (4.9%) or thought it would improve job choices (4.9%).

**Figure 3.5.5: Why did you take part in an NI ESF programme?**

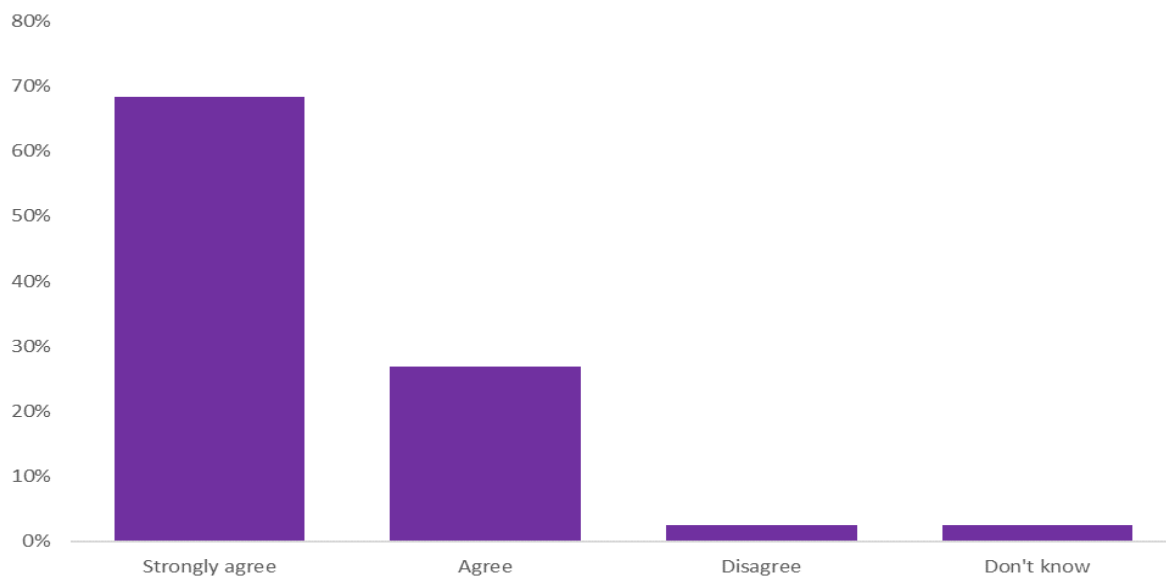


**Source:** Grant Thornton Survey Analysis

### 3.5.3.3 The Experience on the Programme

When asked if they felt the NI ESF had been a good use of their time respondents emphatically agreed, with 95.1% of respondents either strongly agreeing or agreeing with this statement. Many of the respondents highlighted that the reason it had been such a success for them was due to the skills they had developed and the help and confidence it gave them to enter employment in a field/job they wanted. A selection of respondents views can be seen in Box 3.51 below.

**Figure 3.5.6: Was it a good use of your time?**



**Source:** Grant Thornton Survey Analysis

**Box 3.5.1: Supporting Evidence for ‘Was it a good use of your time?’**

“I’ve developed more confidence to apply for the jobs I want”

“It gave me a great set of social skills from which I then got accepted for a job within 4 weeks of starting the programme”

“It helped me gain employment and qualifications which still help me gain more opportunities”

“It helped me to learn new skills/update skills, but also to socialise with people again, having been out of work and at home with children and suffering depression, I was afraid of meeting new people and had very little confidence, so Aspire helped me overcome these challenges!”

“Before taking part in the course I was unsure of the skillset or qualities I would need to possess when entering the world of work, even just for part time employment. Over the week that we completed the course, I began to understand and take note of what I was learning and how I could apply it in a variety of contexts. I started my job shortly after the course ended and over the last 2 years I have seen myself apply the knowledge that I gained to situations that have arisen in my time there. I can say with certainty that completing the course has made a considerable change in my life, with my personal life benefiting as well as I am now more confident and comfortable in my abilities to communicate with new people, something which didn't come easy to me before.”

Additionally, as part of overall employability it's important to understand the improvement of 'soft skills' or the 'distance travelled' by participants towards labour market participation, respondents were asked if NI ESF participation helped improve a series of skills and behaviours.

Table 3.5.1 shows strong positive sentiment towards how NI ESF helped improve communication skills, motivation, job search, interview and CV writing skills. Respondents were asked to highlight which of the following were most applicable to them (more than one section was allowed in responses). Generally, the responses were all positive, with numeracy skills, English language, reading and writing, and computing skills deemed to be 'not applicable' by a significant proportion of respondents, supporting the sense that NI ESF is focussing on the 'soft skills' employability end of the spectrum.

**Table 3.5.1 The NI ESF Programme improved the following...**

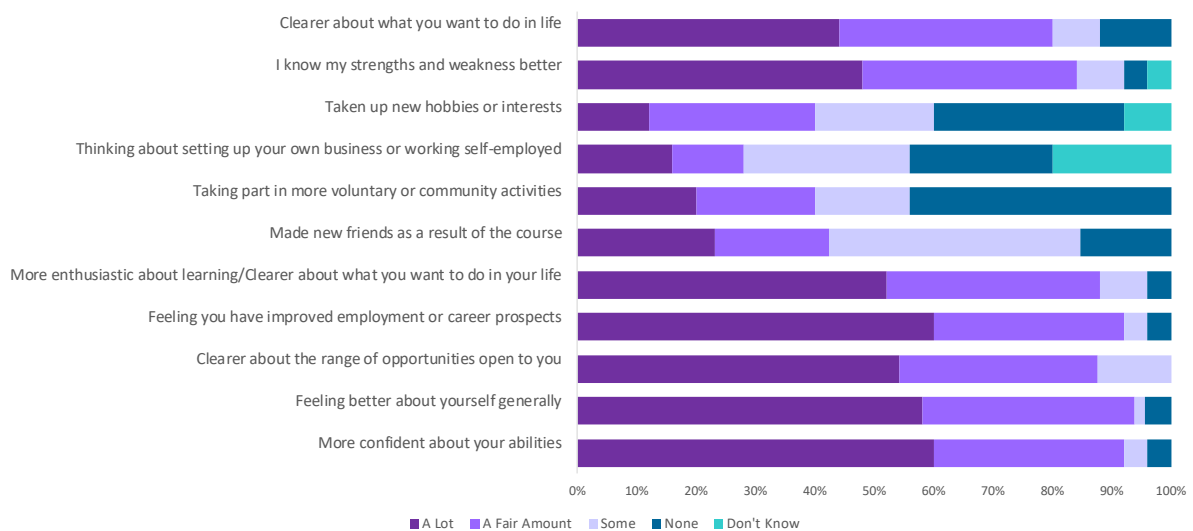
	<b>A Lot</b>	<b>A Fair Amount</b>	<b>A Little</b>	<b>Not At All</b>	<b>N/A</b>
Job-specific skills related to a specific job	32.1%	46.4%	7.1%	3.6%	3.6%
Communication skills	53.6%	28.6%	7.1%	0.0%	10.7%
Problem solving skills	39.3%	21.4%	17.9%	0.0%	17.9%
Organisational skills	28.6%	46.4%	10.7%	0.0%	10.7%
Motivation	57.1%	32.1%	0.0%	3.6%	3.6%
Team working skills	46.4%	21.4%	21.4%	0.0%	10.7%
Leadership and/or management skills	32.1%	17.9%	14.3%	10.7%	21.4%
Numeracy skills	7.1%	14.3%	21.4%	3.6%	50.0%
Job search skills	57.1%	25.0%	3.6%	0.0%	10.7%
Interview skills	53.6%	21.4%	7.1%	0.0%	14.2%
Reading and writing skills	17.9%	17.9%	3.6%	10.7%	46.4%
English language skills	17.9%	7.1%	3.6%	3.6%	64.3%
Computing skills	28.6%	14.3%	3.6%	0.0%	42.9%
CV writing skills	50.0%	17.9%	7.1%	0.0%	17.9%

**Source:** Grant Thornton Survey Analysis

**Note:** Response for this question was not mandatory, therefore totals may not round to 100%

To drill into behaviour change brought about by participation on NI ESF projects, survey participants were asked about the extent to which NI ESF participation impacted on behaviours and confidence. Respondents feeling that they have improved career prospects, confidence in their abilities and clarity about the range of opportunities open to them all had over 50% of respondents registering 'a lot' of impact. Enthusiasm and general wellbeing rounded out the top five 'a lot' responses, demonstrating a significant impact of the NI ESF that is not typically captured in 'hard' metrics.

**Figure 3.5.7: To what extent did NI ESF impact on the following...**



**Source:** Grant Thornton Survey Analysis

The survey asked participants about their motivation for taking part in the NI ESF programme. Many of the respondents highlighted the need for help when looking for employment, and to better themselves. Many respondents also highlighted the comfortable and relaxed nature of the NI ESF projects as one of the main reasons for engagement and a reason why they felt they succeeded as a result. A selection of respondent views to this question can be seen in Box 3.5.3.

### **Box 3.5.3: Supporting Evidence for ‘Why did you choose the ESF programme?’**

“The skills and qualities that was explained that you gained suited my life and what I wanted to be better at”

“It had been recommended to me from the group I was attending (community mental health team) and when I first attended for the initial meeting, the people that greeted me were so kind and understanding, they made me feel comfortable.”

“Before doing the course, I took part in the NCS summer scheme and through this I made such close connections with people that when the scheme came to an end, we didn't want to leave. As a result we were offered the chance to complete the GET SET OCN level 1 course, which allowed us to stay together for longer and work on improving the skills and qualities that we learned throughout the time of our scheme. I don't believe I would've been aware of the opportunity to partake in the course had I not taken part in the summer scheme.”

“To improve my confidence and develop skills to make myself more employable”

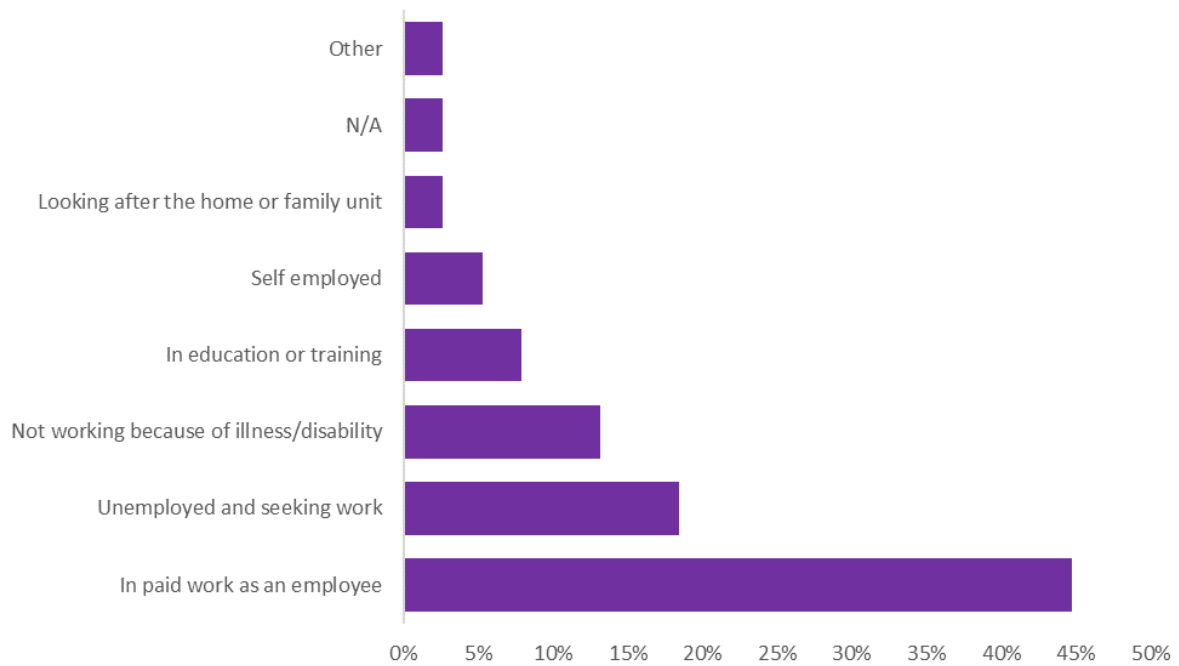
“To help build my confidence and social skills”

#### 3.5.3.4 Experiences since the Programme

Post NI ESF project destinations have been assessed in the survey through asking respondents what had been their experience 4 weeks' post project. Almost half of respondents indicated that they were in paid work as an employee (44.7%), 5.3% were self-employed, while 7.9% were in education or training. A third of respondents did indicate they were unemployed and seeking work (18.4%) or not working due to illness/disability (13.2%).



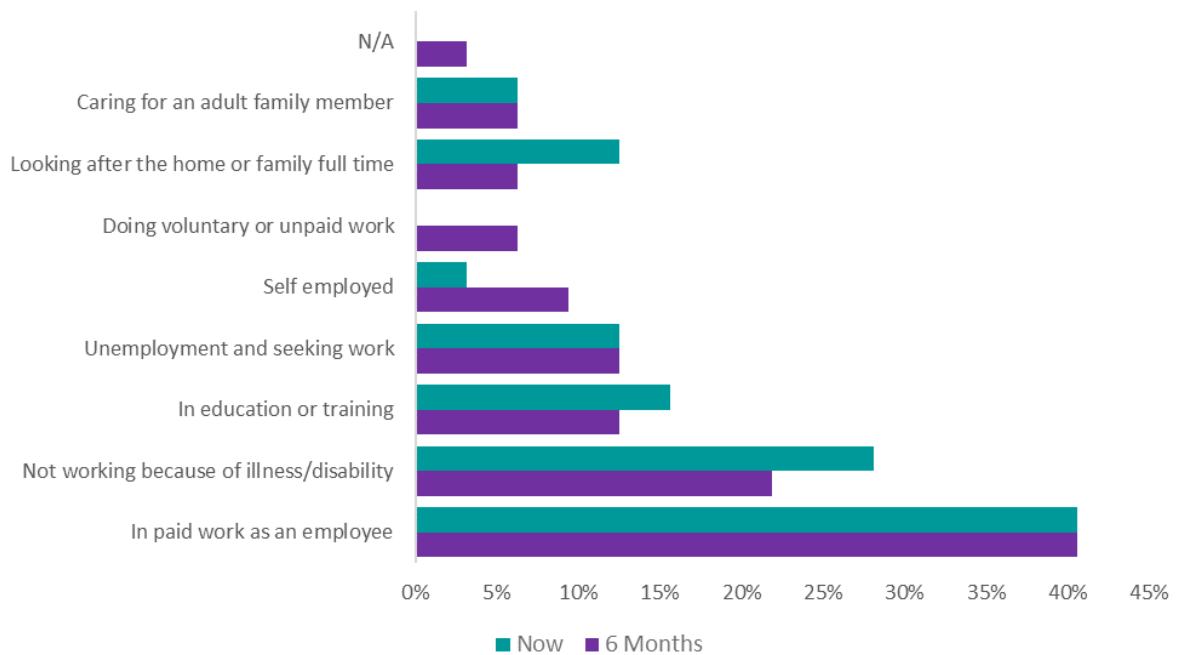
**Figure 3.5.8: What were you doing up to 4 weeks after you completed the NI ESF programme?**



**Source:** Grant Thornton Survey Analysis

Examining the longer-term impact of the NI ESF on outcomes, participants were asked (if they had completed their NI ESF project more than 6 months ago) what they are doing six months after the NI ESF project and now. Most respondents highlighted they were in paid work as an employee (40.6%). Respondents generally showed positive outcomes with 68.8% (after 6 months) or 59.4% (now) being in some form of employment (employee, self-employed or voluntary) or education/training.

**Figure 3.5.9 If you completed the programme more than 6 months ago, what were you doing (at 6 months/now)?**



**Source:** Grant Thornton Survey Analysis

It is worth noting that around 6.2% of respondents were doing voluntary work or unpaid work. As outlined by several consultees, voluntary work should be considered a positive outcome as it promotes social inclusion.

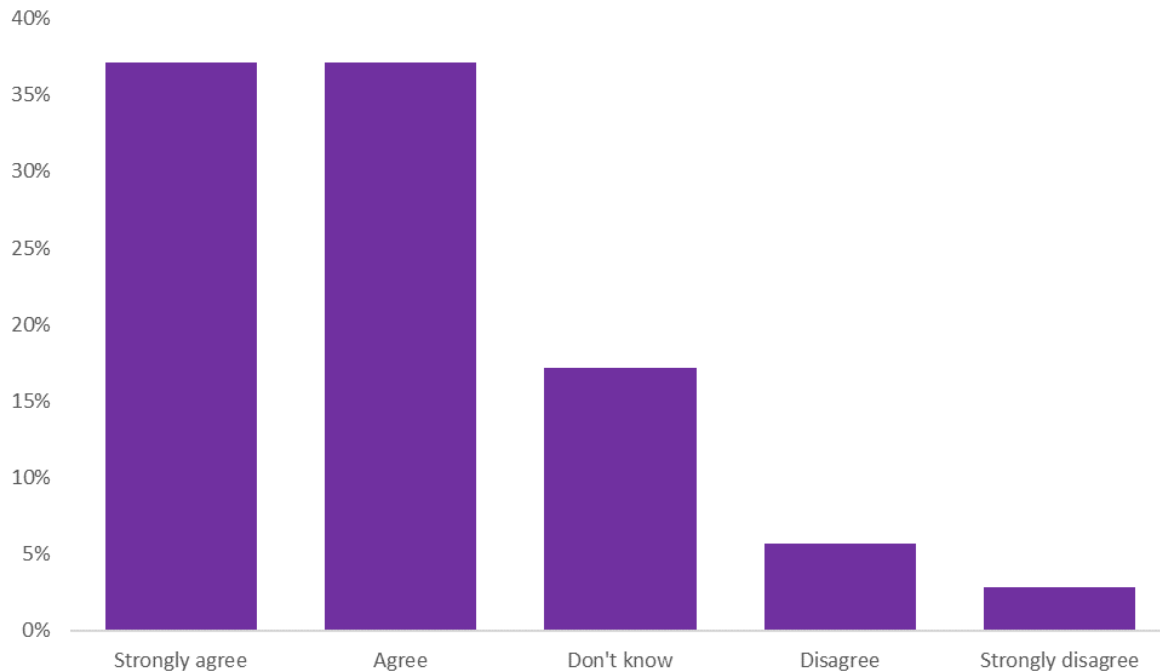
### 3.5.3.5 Additionality

Having established the outcomes of respondents immediately following the NI ESF programme and their longer term outcomes it is important to establish the extent to which these outcomes would have happened without the NI ESF Programme – i.e. is the Programme ‘Additional’. The survey supports an additionality assessment through questions around the extent to which respondents believed NI ESF had helped them get work and the extent to which they would have found employment or undertaken training/education without having been on the NI ESF programme. Significantly, almost 89.5% of respondents said the NI ESF programme had an impact in helping them get employment – 63.2% said it helped ‘A Lot’ – with only 5.3% saying it had no impact at all.

Almost three quarters (74.3%) of respondents agreed that without the NI ESF programme they would not have entered employment or education/training, with only 8.6% disagreeing. A follow-up question asked if participants believe the NI ESF increased their chances of finding employment or undertaking education/training, 91.7% of respondents agreed that it had increased their overall chances.

These findings point toward the NI ESF displaying high levels of additionality. The consultation process revealed a similar result, with NI ESF beneficiaries stating that without the NI ESF their project would be significantly smaller and more limited in scope, resulting in fewer positive outcomes.

**Figure 3.5.10: To what extent do you agree with this statement: Without the NI ESF programme I would not have found employment or undertaken education/training?**



**Source:** Grant Thornton Survey Analysis

### *3.5.4 Participants with Disabilities*

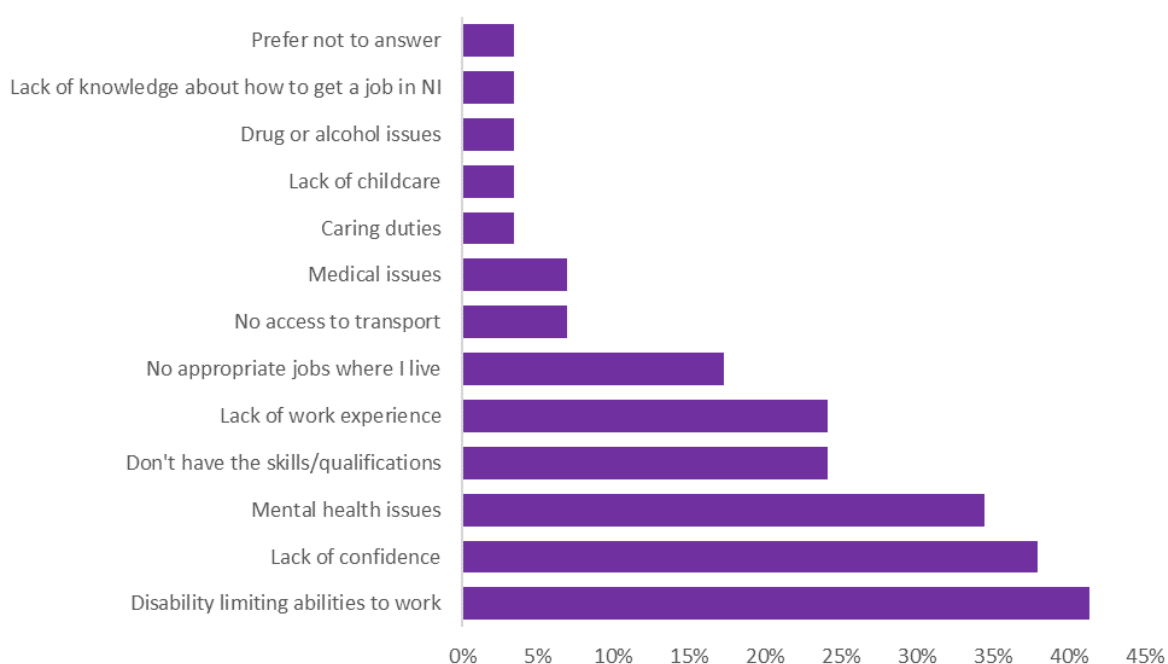
Grant Thornton issued an accessible survey to participants with disabilities. The evaluators are grateful for the advice from projects on how to adapt the survey. The majority of respondents with disabilities were aged 25 to 54 (71.0%) when they took part in the NI ESF programme. There was a relatively balanced split between male (51.6%) and female (48.4%) respondents. However, unlike the results from those respondents who did not identify as having a disability, education attainment was much more evenly distributed across all outcomes. Further, the majority of participants on disability based projects had been on the programme for at least a six months, compared with an average of 2 months across Priority 1 and 2 projects. This was explained as being reflective of the more complex needs, and subsequent support required, among many of the participants on disability programmes.

### 3.5.4.1 Labour Market Characteristics/Motivations

The majority of respondents indicated that prior to their NI ESF funded project they were not working because of illness or disability (34.5%), while a significant proportion showed they were in education/training (31.0%) or unemployed and seeking work (24.1%). Those respondents who had indicated they were unemployed or inactive before taking part in the NI ESF programme, had been so for more than 12 months' (41.4%) whereas, Priority 1 and 2 respondents were typically unemployed or inactive for less than 6 months' (36.6%).

Respondents also felt that having a disability or mental health issue was the main barrier for them finding work, accounting for 75.9% of responses. Similar to the results from the Priority 1 and 2 survey a lack of confidence was also highlighted as a significant barrier to work (37.9%).

**Figure 3.5.11: Main reason you found it hard to find work or to enter education/training at the time of starting the NI ESF programme?**



**Source:** Grant Thornton Survey Analysis

Unlike the Priority 1 and 2 survey respondents, respondents to the disability survey engaged with the NI ESF to learn something new (55.2%) and improve job choices (41.4%) areas which were not as important to Priority 1 and 2 respondents. However, respondents to the disability survey did concur with the Priority 1 and 2 respondents in citing a motivation to develop their own skills (75.9%). Typically, all disability respondents agreed that the NI ESF programme had been a good use of their time with 67.9% strongly agreeing with this statement. A selection of respondents' views are in Box 3.5.4 below.

#### **Box 3.5.4: Supporting Evidence for ‘Was it a good use of your time?’**

“It was very helpful to get plenty of support when finding the right university, and ensuring that university would help to support me during my studies due to disability.”

“I have really enjoyed looking for opportunities to find work even though it is voluntary. I will be enjoyed being able to going in to the building where I was receiving my support rather than having someone come to my home. It got me out of the house. I enjoyed meeting other people on the programme.”

“It's has helped me to develop new skills, to also see others via zoom and to interact with them.”

“Helped confidence, social issues, learnt new things/skills, different opportunities”

Similar to the results presented as part of Priority 1 and 2, many of the respondents showed that their ‘soft skills’ had improved, with 65.4% of respondents saying it helped their confidence ‘A Lot’, as well as improving their chances of making new friends (46.2%) ‘A Lot’. Additionally, many respondents felt that it had improved their overall employability and opened up many opportunities for them, widening their career and employment options. An outline of respondents’ views on the benefits they gain are in Box 3.5.5 below.

#### **Box 3.5.5: Supporting Evidence for ‘What benefits do you believe you gained from participating?’**

“I gained leadership qualities through representing my group at the regional team meetings and learned that I was good at public speaking, as I got the opportunity to speak at an annual event that my local group held.”

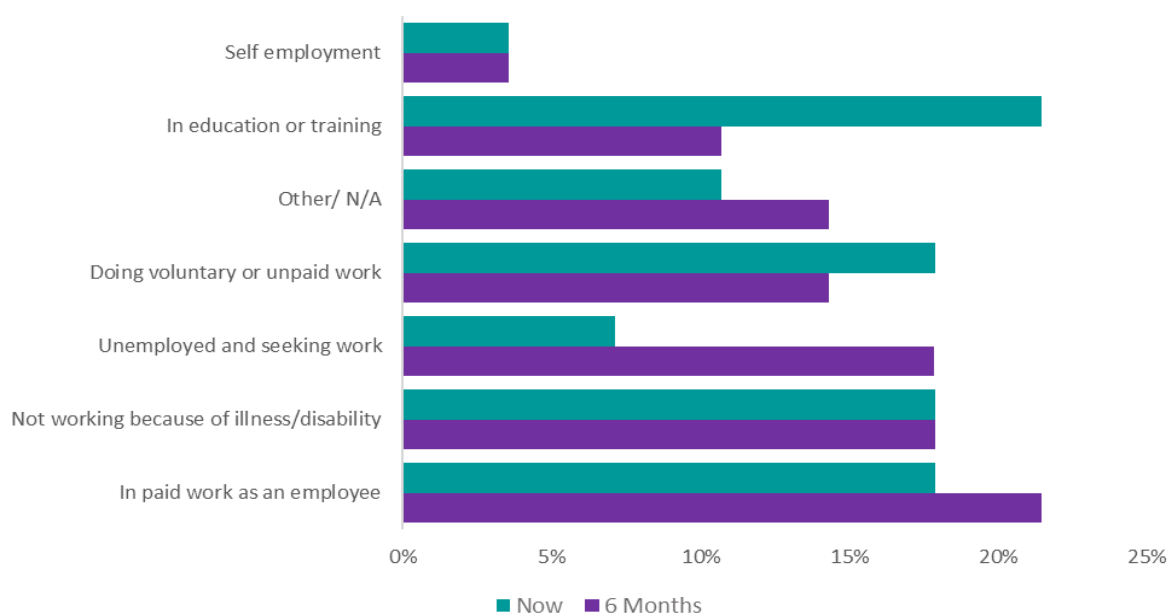
“Returned to a number of past interests as well as new skills and hobbies. More confidence to go out and interact with new people, for example in shops. Started to become better at self-care and health management. Though this can vary as does my mental health. The programme has helped with problem-solving strategies which I can generalize to various situations.”

“The fact I am able to help others with assistive technology is great. I also have other interests such as sports massage. So would be interested in pursuing some of this a little further. I am also currently looking at online courses at the Open University.”

### 3.5.4.2 Experience since the Programme

Unlike the result from the Priority 1 and 2 survey, where 44.7% of respondents were in paid work 4 weeks after their project, most disability respondents were not looking for work due to illness/disability (17.9%). It should be noted that a significant proportion were currently working (17.6%). Assessing the longer-term outcomes, it is noticeable that outcomes improved, with almost 21.4% of respondents being in paid work as an employee after 6 months. A significant difference across both the Priority 1 and 2 survey and the disability group was the difference in employment modes. Those who gained employment in the Priority 1 and 2 survey tended to be full-time whereas those with a disability tended to work in a part-time capacity.

**Figure 3.5.12: If you completed the programme more than 6 months ago, what were you doing (at 6 months/now)**



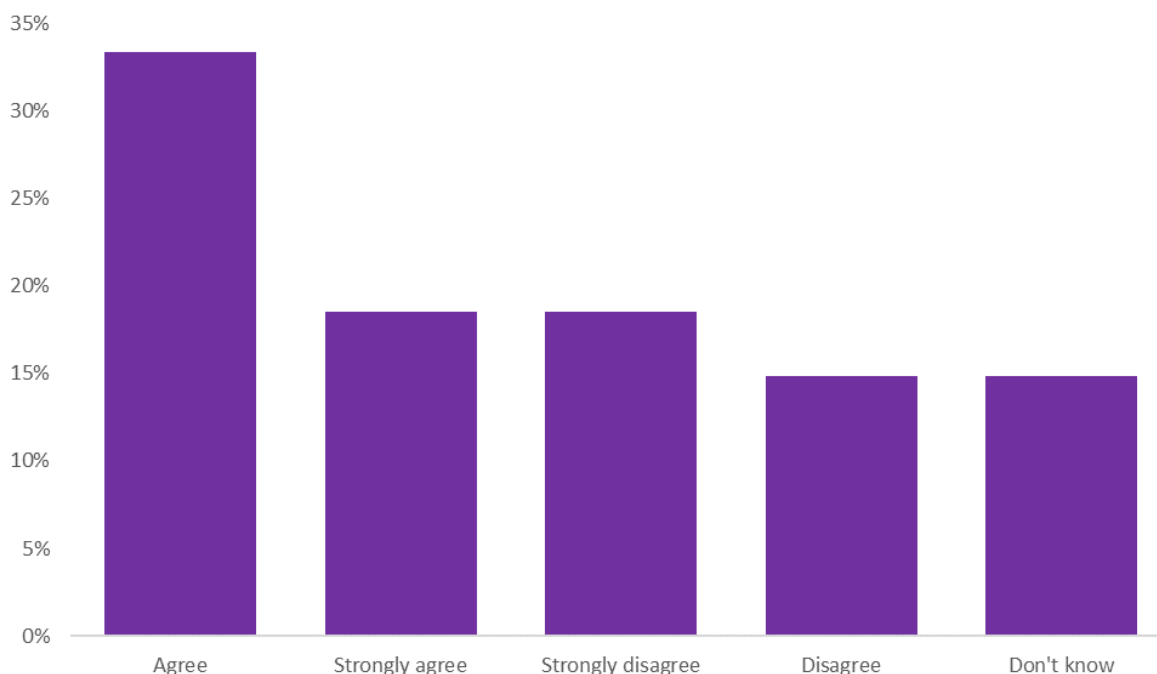
**Source:** Grant Thornton Survey Analysis

Respondents were asked about the extent to which the NI ESF programme helped them get this work. The majority agreed that it helped a 'fair amount' (40.0%), and 40.0% said it helped 'A Lot'.

### 3.5.4.3 Additionality among respondents with Disabilities

Respondents also outlined the importance of the NI ESF programme to their chances of gaining employment or entering education/training. Respondents were asked to what extent they agree that without the NI ESF they would have found employment or undertook education/training? A strong majority indicated agreement – 18.5% of respondents strongly agreed and 33.3% agreeing.

**Figure 3.5.13: To what extent do you agree with this statement: Without the NI ESF programme I would not have found employment or undertaken education/training?**



**Source:** Grant Thornton Survey Analysis

Similarly, respondents felt that the NI ESF programme had increased their chance of gaining employment or entering education/training, with 88.9% of respondents agreeing or strongly agreeing. These results again highlight how important the NI ESF programme is to helping those furthest from the labour market reengage, indicating a high level of additionality. The results presented on additionality are similar to those of the Priority 1 and 2 respondents, but at a lower level of agreement.

### **Priority 3**

The below results outline the thoughts and views of those current participants and leavers who took part in Priority 3 – ApprenticeshipsNI projects. As part of the survey process, Grant Thornton and the Department for the Economy engaged with the ApprenticeshipsNI projects to gather approval from participants to complete the survey. Unfortunately, the response rate received was very low. As such, it was deemed that the sample size of respondents was insufficient. However, Grant Thornton have been able to access a survey completed for the Department for the Economy by Perceptive Insight, which surveyed ApprenticeshipsNI participants to ascertain their employment conditions six months after leaving the programme. In addition, a report prepared by the Education and Training Inspectorate (ETI), which

outlines the views of apprentices across various ApprenticeshipsNI programmes, provides additional insight. Both these sources are used to highlight the impact that Priority 3 (ApprenticeshipsNI) has had on participants.

### 3.5.4.4 ApprenticeshipsNI Leavers Survey 2019

The ApprenticeshipsNI Leavers Survey 2019 was undertaken by Perceptive Insight on behalf of the Department for the Economy. The survey sets out the impacts that ApprenticeshipsNI has had on participants six months post-project, with the aim of identifying any improved labour market status. A selection of 12,724 participants who had left ApprenticeshipsNI were surveyed. Of these, a total of 574 former participants<sup>41</sup> responded. All survey results presented below have been weighted, as this provides a representative base of the total population's views.

Among respondents, 574 (62.9%) were aged 16 to 24, with a very small proportion of those sampled being aged 45 and over (0.2%). The majority of the sample were male (72%). In terms of educational attainment, the majority of the survey respondents (97%) had an International Standard Classification of Education (ISCED) Level 3 or below.

**Table 3.5.2 Demographics by Respondents**

		<b>ApprenticeshipsNI Leavers Survey 2019</b>	
		<b>No. of Respondents</b>	<b>Percentage of Total</b>
<b>Age</b>	16-24	361	62.9%
	25-44	197	34.3%
	45-64	1	0.2%
<b>Gender</b>	Male	413	72.0%
	Female	161	28.0%
<b>Educational Attainment (ISCED Level)</b>	2	262	45.6%
	3	295	51.4%
	4+	17	3.0%

**Source:** Perceptive Insight survey for Department for the Economy

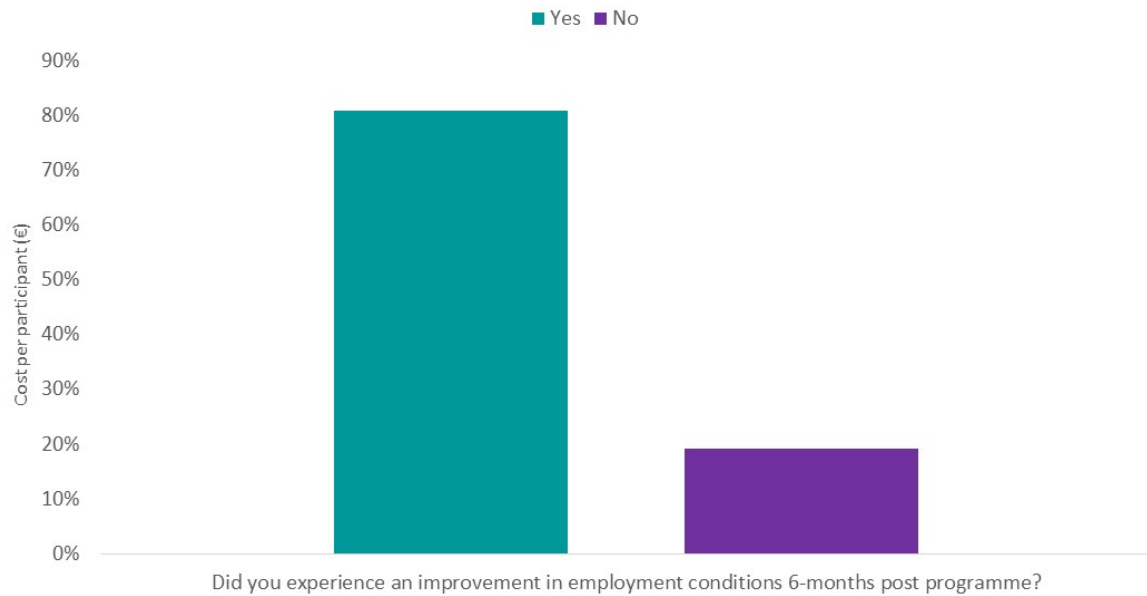
Respondents highlighted that they had seen significant improvement in their prospects six months after leaving the ApprenticeshipsNI programme. 80.9% of

<sup>41</sup> The cohort of respondents included a selection of former ApprenticeshipsNI participants who had engaged with the programme between the 1<sup>st</sup> September 2015 and the 30<sup>th</sup> June 2018



survey respondents said they had experienced an improvement in their employment conditions.

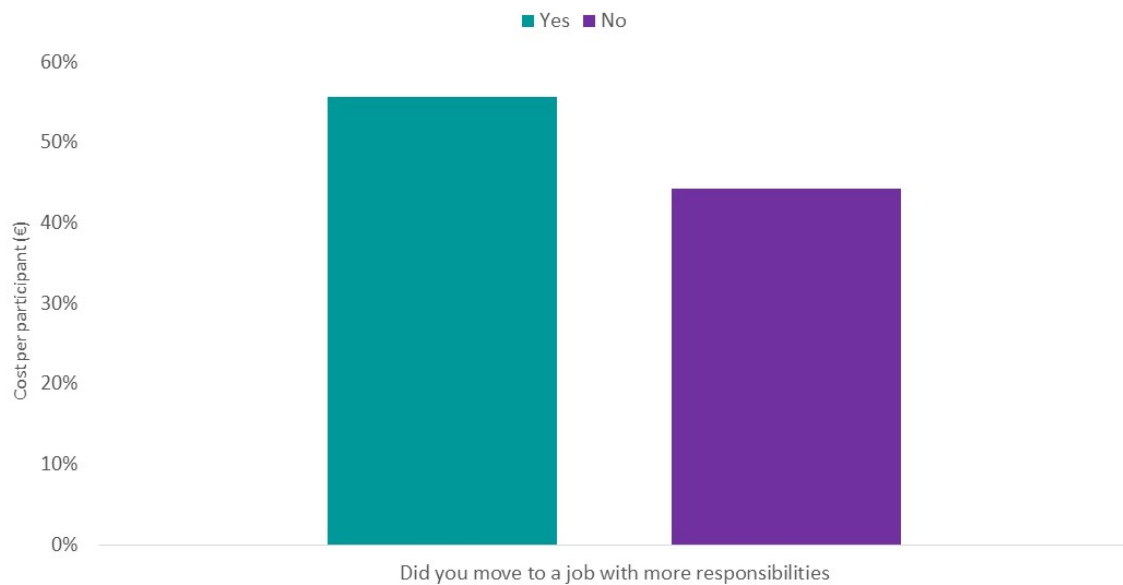
**Figure 3.5.14: Did you experience an improvement in employment conditions six months after leaving the programme?**



**Source:** Perceptive Insight survey for Department for the Economy

Additionally, a majority (55.7%) moved to a job which had more responsibility than their previous job. Furthermore, 46.1% of respondents indicated they had moved to a job which requires a higher level of competency, skills or qualifications.

**Figure 3.5.15: Did you move to a job with more responsibilities?**



**Source:** Perceptive Insight survey for Department for the Economy

Almost 40% of respondents indicated that they had received a promotion six months after leaving the programme.

#### 3.5.4.5 Education and Training Inspectorate (ETI) – ApprenticeshipsNI Provision

The Education and Training Inspectorate (ETI) produces inspection reports on the various education institutions and training providers throughout NI. These reports provide an outline on how these projects are performing in terms of outcomes, quality of provision and leadership and management. Each of these reports contain a brief outline into the views of how participants find the projects and whether they have found their participation useful. As such, Grant Thornton have reviewed a selection of these reports to provide some analysis into how participants have found their experience of participating on ApprenticeshipsNI projects.

Generally, the feedback from participants has been overwhelmingly positive, with apprentices expressing how useful the programme has been and how it has met their overall learning objectives. The ETI have undertaken a survey of participants in apprenticeship programmes with Global Horizon Skills Limited and Belfast Metropolitan College. Across both surveys, the vast majority of respondents were positive about their learning experience, with 97% and 96% of respondents respectively.

#### 3.5.5 Participant Experiences: Case Studies

This section provides an overview into personal experiences of participants that have engaged throughout the NI ESF process. These participants have given permission

to have their personal story told, with this information being provided by a selection of beneficiaries. However, the evaluators have changed the names or have removed their names.

### 3.5.5.1 The Princes Trust: Reaching Further Project (Priority 1) - A Participant's Story

Reaching Further, delivered by the Prince's Trust, offers individually-tailored, flexible support to 18 to 30 year olds who are unemployed (including long-term unemployed and economically inactive) to develop their personal, social and employability skills towards employment. The project is part funded through the Northern Ireland European Social Fund 2014-2020 and the Department for the Economy.

Having taken part in the Reaching Further project, this participant launched her own business and now uses the experiences gained on the project to help others.

The participant experienced anxiety and depression from a young age, but following a hospital stay in her mid-twenties, she has turned her life around by training as a baker and is now running her own business.

The participant said, "I found everyday things like getting public transport difficult and couldn't cope being around people. Everything came to a head when I went into hospital, but when I left I was determined to face my fears and find a way to make my dream of running my own baking business happen."

The first step was signing up for a bakery course and with the support of the tutors achieving a Level 3 qualification. The participant then got in touch with The Prince's Trust after seeing a post on Snapchat about the Enterprise programme through the Reaching Further Project, which supports young people aged 18 to 30 make their business idea a reality. As well as learning how to run a business, there was also a grant available from The Trust to buy the equipment and stock needed to start operating the baking business.

She said: "The first time I felt I achieved anything was on the day of my business launch. The main way I promote my business is through Facebook. A social media expert was at the launch and he told me that I had created a brand that people are buying into and to never change. To go from being bullied and told I was never good enough to hearing that, that was the day I changed and started to believe in myself."

"It makes me so happy dancing round my kitchen baking orders for my customers, I'm in such a different place to where I was before. I was never someone who was going to just lie in bed and not try my best to succeed. I'm not 'cured' of my past but now I feel better equipped to cope."

Recently winning an award at The Prince's Trust Awards in NI is recognition of what this participant has achieved. Now, wanting to use her experience to help others, the participant has volunteered with The Prince's Trust providing baking sessions for young people and has signed up to become a Young Ambassador.

### 3.5.5.2 Youth Action NI - GET SET for Work (Priority 1)

YouthAction NI's GET SET for Work programme is a regional youth employability programme for young people aged 16 to 24 years who are outside of training, employment and education. Operating across all of YouthAction NI's regional bases GET SET works in partnership with business, communities and young people to develop their skills for living, learning and work so that they can progress into employment or into further education and training.

GET SET is part financed through the Northern Ireland European Social Fund 2014-2020 and the Department for the Economy.

When this participant started on GET SET his confidence was at an all-time low. He was struggling to get into work and the constant rejection was really getting him down.

One of the participant's biggest barriers was his communication. As a shy and nervous young man he found it hard to communicate confidently with others. With the support of his GET SET youth worker, they worked together on building his communication skills and in building up his confidence. This included supporting him to gain qualifications and setting up and supporting him in a work placement to gain real work experience and work skills.

His work placement in an administrative role in a busy office environment helped build his confidence and his communication skills. He even became really confident in answering the phone and taking calls, which was a huge achievement for him. He loved getting up in the morning and going into his placement. His work placement organisation was so impressed with him and the progress he had made that they offered him a part time paid job.

The participant's story is a real success. From having no confidence and getting rejection after rejection, he now has a job he loves, the sense of purpose that he longed for and a reason to get up in the morning.

He says, "I love my job! I now have a purpose to get up in the morning. I feel really happy! Thanks to YouthAction's GET SET project!"

### 3.5.5.3 A Wee Job (Priority 2) – A Participant's Story

'A Wee Job' delivered by Job Directions Ltd provides access to work or training for people with a disability. The project, which is part funded through the Northern Ireland European Social Fund 2014 - 2020 and the Department for the Economy, aims to help participants build confidence, motivation and establish good routines to prepare for a supported work placement opportunity.

#### **A Participant's Story**

This participant registered with Job Directions to avail of support whilst job searching for full time employment. He had not worked for many years and lives with chronic arthritis in his hands and knees. His mentor from another Job Directions programme

recommended A Wee Job as a better option to ease him back into work as this would provide additional one-to-one work placement support.

The participant registered on A Wee Job and worked together with his mentor and work placement support officer to identify his skills and strengths. They discussed possible employers and job roles with realistic goals, taking account of his length of time unemployed and his health condition.

The participant completed his COSHH qualification to enhance his employability and the project identified that, given his length of time at home, he was good at cleaning and handy with DIY. A Wee Job quickly sourced a placement as a cleaner/handyman to allow the participant to gain paid work experience and test his capabilities in relation to working hours and tasks.

Whilst getting on very well on placement, the participant applied for cleaning jobs advertised by the Education Authority in a local school. A Wee Job assisted him with the application and provided interview preparation. As a result, he was successful in securing a permanent part time post. He was also offered a permanent job at his placement and 18 months later is still employed in both jobs.

### **In the participant's own words**

“Securing employment with the support provided (by ‘A Wee Job’) not only helped me financially but also improved my confidence, self-esteem and provided social interaction which I didn’t have for many years.”

#### **3.5.5.4 STRIDE (Priority 2) – A Participant's Story**

After a period of illness which meant this participant had to leave work, he is back in employment having received support through the STRIDE project delivered by Ulster Supported Employment Ltd (USEL). The project is part funded through the Northern Ireland European Social Fund 2014 - 2020 and the Department for the Economy.

STRIDE assists people over the age of 16 living with a disability or health condition who are unemployed or economically inactive and require support to get and sustain paid work.

This participant was a qualified chef and had been working locally for several years.

He lives with a condition which affects his co-ordination and speech. This had a negative impact on his confidence and overall mental wellbeing. He had been able to sustain his job until circumstances resulted in him becoming too ill to work, which led to him leaving his position to concentrate on his recovery. After seeking support from another organisation the participant was signposted to USEL.

He enrolled onto USEL's STRIDE project and has been supported by an Employment Services Officer to explore both training and employment opportunities. He started a pre-employment training course which concentrated on his interview skills. He successfully completed this training and gained new confidence in this area, which was soon to be rewarded as an opportunity arose for him to take part in

a work trial at a Social Enterprise café. Here, the participant would be able to use his catering skills in a supportive and practical environment.

After only a week, he had displayed a positive attitude and proven his ability and skills, and was offered paid employment within the café. His Job Skills Coach described him as “an asset to the café” adding that “his chef skills have proven valuable to the whole team”. The participant has also been able to showcase his skills by adding his various creations to the daily specials menu. He says, “My confidence has really improved, and I am enjoying the structure of a working week again”.

### 3.5.5.5 Triangle: Progression to Employment (Priority 2) – A Participant’s Story

Triangle’s Progression to Employment project aims to engage with individuals with an assessed learning disability and/or autism in the provision of employment services with the objective of promoting participant’s social inclusion, combating poverty and challenging discrimination. The project seeks to establish and support individuals’ active inclusion within employment environments and promoting their equal opportunities. The project is part-funded by the European Social Fund Programme 2014-2020 and the Department for the Economy.

With support from Triangle, this participant, who has learning disabilities, successfully completed a work placement before securing a job as a personal shopper, picking items for customers who shop online.

A relative says working is making a huge difference to the participant’s confidence and goes on to say that the work placement has “done wonders” for the participant before adding, “They have made her a much more confident person. She is happier and content in herself now. She often talks about her friends from work.”

The participant says she loves working. She said, “Working is fantastic. All my colleagues are so lovely and it’s great being part of a team. It also gives me financial independence”.

“I would say to anyone looking for work to just go for it and do your best!”

The participant’s Triangle Employment Officer says it’s been great to see how the she has progressed, stating that the work placement has “been fantastic” and explained “Her confidence has just grown and grown since she has been with us – especially her interactions with colleagues, managers and myself. She is now more confident and comfortable in her surroundings. She did have some difficulties adapting to any changes, but as her confidence has grown she has dealt with changes so much better. She loves her job as it gives her financial independence as well, so she can afford nice things such as going on holiday. We are so happy to see that she is still enjoying her role as much as when she started – and we would like to thank all her colleagues for making this such a brilliant journey for her.”

Triangle’s Progression to Employment continues to assist the participant throughout her career via one-to-one coaching support to help her make the most of her

employment. The project tells us, “It is always rewarding to hear such a successful story and we wish her the best of luck!”

The participant’s line manager said: “She is a really valued member of our team here and we are very proud of her. She does not let her learning disability affect her at work at all.”

### *3.5.6 Beneficiary experiences*

Grant Thornton undertook c.40 conversations with NI ESF beneficiaries across each of the three priority areas and from both the Call 1 and Call 2 application processes. These conversations covered 43 projects. Consultees were selected to ensure a broad coverage of beneficiary with respect to area of focus, geographic delivery area and scale of project. The conversations held account for two-thirds of NI ESF allocated expenditure.

Consultations followed a semi-structured approach to allow for a balance between covering a wide range of topics and allowing space for deeper exploration of relevant issues. The conversation guide – which can be seen Annex 2 – covered five themes:

- Application process/governance
- Target Setting and Achievement
- The Current and Future Need
- A Future without NI ESF Funding
- Areas for improvement

#### **Application Process/Governance**

The funding application process for Call 2 appears to be robust, fair and straightforward, with lessons learned from Call 1, which was viewed as ‘chaotic’ by a strong majority of consultees. In exploring this definition of the Call 1 process, it was suggested that the timeline for submission of applications was difficult to comply with, the decision process was inconsistent and approvals were coming through ‘just in time’, causing severe anxiety among project managers. The MA recognised the concerns around Call 1 and reacted by implementing changes for Call 2.

Consultees agreed that under Call 2, the experience had completely changed and that the MA had listened to concerns and corrected the issues, making the process much more smooth and efficient.

With respect to eligible funding and vouching of expenditure, there was widespread support for the current process, which moved away from having to produce receipts (and often quotations) for any expenditure. The Call 2 Financing Model employs a distinct simplified unit costs model whereby direct staff time will be reimbursed at the relevant predetermined unit rate, which is inclusive of a 40% uplift to remunerate projects for other costs (e.g. indirect staff and non-staff costs) incurred.

While the current processing of claims and funding model is regarded as an optimal method, many felt the staff costs +40% metric requires to be reviewed regularly, based on current wage and overhead costs many beneficiaries are bearing. Consultees highlighted that the unit cost of wages plus an additional 40% can be quite constricting, given the wage costs some projects are paying to fill roles, which then 'eats into' the 40%. It was proposed that the unit cost system could be enhanced with the inclusion of more designations for unit cost (to allow for more nuance in the banding of full-time direct costs), and a benchmarking of roles to allow for more bespoke allowances for unit cost.

In discussion around governance burden, consultees were very positive. All consultees noted that correspondence with the MA has been clear and effective with the memos being useful in communicating any changes to the application process or the operational programme. Unprompted, consultees offered up views that communication during the Covid-19 crises has been exceptional.

Striking a balance in the frequency of communication is a challenge, with some consultees (fewer than half) suggesting that the amount of communication can be quite overwhelming and laborious to work through but accepted that the communications were necessary. Consideration should be given to releasing information in bundles rather than as it occurs but given the scale of funding under management by the MA, and the administrative requirements to ensure compliance with EU funding rules, the evaluators do not recommend scaling back on communication.

Consultees cited the responsiveness, professionalism and high levels of engagement as key to NI ESF's effectiveness. All members of the MA were recognised as having a full understanding of each project, its aims and objectives. This makes for a collaborative environment between the MA and beneficiaries.

## **Target Setting and Achievement**

Consultees were comfortable with target setting and monitoring processes and believed targets were realistic and achievable. The rapid progress towards achieving targets could indicate that more stretching targets could have been set. Consultees were positive about a culture that recognises the importance of meeting agreed targets but that also recognises that NI ESF participants are not a homogenous group and do have very different needs and, as a result, the programme 'is not only about targets'. This culture is appreciated by all the consultees as it allowed them to offer a better and more bespoke service to participants that will have a much more impactful effect on participants.

Only one consultee noted concern about achieving targets and this was due to a staffing issue that has been remedied. The same consultee did note the MA had been firm, clear and fair in identifying the slippage against target and had worked constructively to give the consultee space to rectify the situation.



It was noted that during Covid-19 and lockdown the MA has been fully understanding and even accommodating in terms of targets; with many consultees highlighting that the MA had allowed for a reduction of 25.0% to targets.

All consultees concluded that while the NI ESF had set out what it intended to do in terms of 'hard metrics', they felt that it did miss the distance travelled element of participant's experience on NI ESF.

	<b>Baseline</b>	<b>Desired</b>	<b>Latest Review</b>	<b>Distance Travelled Baseline to Latest Review</b>	<b>Percentage Movement Towards Desired State</b>
Motivation	7.1	9.3	8.6	1.5	68.2%
Confidence about Future	6.2	9.1	8.0	1.8	62.1%
Communication	6.9	9.0	8.3	1.4	66.7%
Support (R)	6.2	2.9	4.5	1.7	51.5%
Core Skills	7.6	9.1	8.4	0.8	53.3%
Work Skills	7.2	9.1	8.4	1.2	63.2%
Readiness	7.3	9.3	8.6	1.3	65.0%
Type of Work	7.8	9.4	8.9	1.1	68.8%
Job Application	6.3	8.7	7.7	1.4	58.3%
Interview Preparation	6.1	8.7	7.6	1.5	57.7%
<b>Average for all headings</b>	<b>6.63</b>	<b>8.88</b>	<b>8.00</b>	<b>1.37</b>	

Percentage Movement Towards Desired State Across All Headings: 60.89%

The majority agreed that they would like to see some more recognition for this type of measure, with several undertaking analysis themselves. The graphic shows an anonymised 'Richter Scale' assessment of how participants on one project progressed on 'softer' skills and behaviours. The assistance provided to participants can cover a broad range, from confidence building to the overcoming barriers such as how to get a bus, register for a class, workout a timetable etc. While many beneficiaries are tracking their own impact on distance travelled, there is no consistent or ideal approach. Larger beneficiaries can invest in bespoke impact assessment products while smaller beneficiaries do not have the organisational capacity to do so.

Most consultees felt that a centrally sourced (i.e. MA provided) tool for assessing distance travelled would be useful allowing for cross-project comparisons. However, it was suggested such a tool would be hard to implement given the differences by project. Support for a better and more coherent means for measurement of 'soft skills' was highlighted as part of the Education and Training Inspectorate Chief

Inspector's Report<sup>42</sup> which stated that "across the projects, there is a need for better measurement of progress made by participants, in particular their development and application of the softer skills". The Chief Inspectors Report suggested that going forward "there is a need to develop further and embed the process of self-evaluation".

Turning to 'what counts' as a positive outcome, some of the consultees suggested the potential inclusion of 'voluntary work' alongside employment and education/training. The consultees outlined that not all of their participants will find work or move into further education/training and may in fact move into the voluntary sector, which should be considered as another positive outcome and one, which has a wider societal benefit.

### **Current and Future Need**

There was universal agreement among consultees that there is a current and ongoing need for a programme with aims and objectives of the NI ESF. Many pointed towards Northern Ireland's continued relatively high economic inactivity rate as the main rationale for the continued need to help people upskill. All consultees also highlighted the need for such a programme had probably only intensified in recent months given the economic impact Covid-19 and lockdown. Research conducted by the Ulster University Economic Policy Centre (UUEPC) suggested that those most likely to be impacted by Covid-19 (in an economic sense) are young people. Two-fifths of young people have been furloughed or laid-off, compared with 25% of those aged 25 to 45. Ulster University Economic Policy Centre's (UUEPC) analysis suggests this impact will lead to a drastic increase in the level of youth unemployment from the current level of 8% to 26%. Some economists have suggested 100,000 people could be unemployed once the Wage subsidy scheme closes. Additionally, the Ulster University Economic Policy Centre (UUEPC) research also outlined Covid-19 could also have a detrimental economic impact on those with a disability. Highlighting an already relatively low employment rate among people with disabilities the Ulster University Economic Policy Centre (UUEPC) did note the difficulty for a disabled person re-entering the labour market once they've dropped out, an issue that is likely to be exacerbated by Covid-19, increasing the overall inactivity rates<sup>43</sup>. As such, many consultees felt programmes like NI ESF will become more important than ever, with employment and the steps back to work likely to form the basis of any future industrial strategy.

Many felt the flexibility of the NI ESF programme, specifically relative to other European funds they are involved with, makes it unique in combatting poverty and employability issues as the programme's flexibility allows for a demand driven response that reflects the needs of each participant. All of the consultees felt that any follow on/succession programme should maintain this ethos.

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<sup>42</sup> [Chief Inspector's Report 2016-18; Education and Training Inspectorate \(2018\)](#)

<sup>43</sup> [Labour Market Implications of Covid-19; Ulster University Economic Policy Centre \(2020\)](#)

## **Additionality**

When asked about whether their project would operate without the NI ESF funding being provided, a significant proportion thought that if the match funding could be maintained then at least the project would survive but at a much-reduced scale with less reach and lower impact. It was suggested that projects would likely become 'formulaic' and 'transactional', unable to provide the valued holistic support that is current provided across many projects. Of course, a recognition that match funders often became match funders because the NI ESF money was there tempered the view that projects could operate at a reduced scale. On the topic of match funders, many consultees expressed concern at the difficulty in securing match funders. A lot of effort and resource appears to be expended at application stage to source and secure match funding.

Fewer than one in ten consultees highlighted that their project without the NI ESF and Department funding, which make up 65% of their total income, would make them unsustainable and the project would cease. Others, highlighted this impact will likely have further ramifications for other sources of funding such as match funders.

## **Areas for improvement**

While the broad consensus across the consultations was highly positive, there were some elements of the NI ESF programme that beneficiaries believe could be addressed:

- **Capping programmes at providing Level 1 education/training programmes:** Consultees highlighted that for their participants to undertake a level 2 qualification they would need to go onto a Further Education college (except for disability projects which can offer it in house). The challenge for many project participants in this is that formal education settings were not appropriate to them (which is why many end up requiring NI ESF programme support) and their journey to playing an active role in the labour market has not concluded by the end of a Level 1 qualification. The consultees suggested it might be best if the Level 1 cap is removed, allowing beneficiaries to offer level 2/3 qualifications in-house. This would be consistent with the approach in the NI ESF (2007-2013) programme.
- **Cross-departmental collaboration:** Some of the consultees were keen to see more Cross-Departmental collaboration, a view particularly offered by beneficiaries who have an unemployment focus. Their reasoning was driven by a desire to access more participants, and to establish a stronger collaboration between the MA and the DfC. The view was that this would allow Jobs and Benefits Offices (JBO) to make referrals to NI ESF funded projects allowing for a more tailored approach in helping participants back into work.

It was mentioned by one consultee that they already had a working relationship with their local JBOs in which they had a desk allowing those claimants to approach them. This Cross-Departmental approach was also posed as a solution to the issue projects face in which their participants leave to undertake mandated courses. However, it should be noted following input from the MA this approach is being rolled out across the NI ESF, with projects being updated of the latest DfC interventions. For example, in early November 2020 projects were invited to updates relating to Job Start and Opportunity Guarantee schemes.

- **Loss to mandated courses:** There was an undercurrent of frustration (motivated by wanting the best outcome for participants) at the process whereby participants on NI ESF funded projects can be moved to 'Steps 2 Success' and 'Steps to Work' as these are mandatory to maintain benefits. This is leading to instances where participants are starting NI ESF courses and then having to leave. Consultees noted that this is not happening in vast numbers but it is not regarded as an optimal situation for the participant.
- **Recounting:** Where participants leave a project and find employment but then lose that job and come back to an NI ESF, (an issue which is being exacerbated by Covid-19), these individuals are not counted as a positive case for the beneficiaries. This was raised as unfair by a proportion of consultees. Those consultees felt that if a participant has the potential to find employment again through the NI ESF programme, they should be recorded as an additional outcome as this is still an achievement. In a related point, some consultees felt there should be a focus on 'sustainable employment' in measuring outcomes where a participant employed 12 to 18 months following completion is regarded as a further success in addition to current metrics.
- **Apprentice at any age:** Across the ApprenticeshipsNI funded projects, consultees viewed the age cap as unnecessary and an 'All-Age' apprenticeship scheme should be considered. Additionally, it was raised that the current ApprenticeshipsNI programme is quite narrowly focussed on priority sectors that it should be widened out to ensure a broader range of accessibility. The evaluators understand that the Department for the Economy is considering the age cap issue.
- **Is IT really necessary?** The inclusion of IT in all apprenticeships was questioned as having a potentially disillusioning impact on people who find it difficult to access IT equipment or who will not require the use of IT in their job.

### **Areas of Innovation and exemplary approaches**

As part of the consultation process, beneficiaries were asked about the processes to which their project operates. This section will outline any innovative and

transformative approaches applied by projects that have aided them in achieving their outcomes. The NI ESF programme aims to develop social innovation capabilities that enable it and individual projects to meet their required targets. The MA encourages and promotes the overall implementation of social innovation capabilities of projects. However, projects, as part of the application process, will need to demonstrate and explain their approach and how their project demonstrates social innovation.

It should be noted that throughout the consultation process many of the consultees highlighted that without the NI ESF programme's flexibility they would not have been able to provide these innovative approaches. It was noted that this level of flexibility would not be allowed under other EU funded programmes. As such, many of the beneficiaries stated that their level of innovation and flexibility was only able to be undertaken thanks to the NI ESF programmes processes and flexibility. One theme that emerged throughout the consultation process was the focus on individuals rather than a collective. All of the consultees showed that through their project they are focussed on the individual with all project plans being tailored to the needs of participants.

Many of the consultees as part of the CFSP IP demonstrated an approach that includes pastoral care for their participants. In particular, some projects demonstrated a wide-ranging approach that included youth workers, employment guidance, etc. Each of these individuals undertook a different role in aiding the participants, with the youth worker being the first point of contact for initial engagement and help. Their primary focus was on pastoral care for the individual and aiding them to get to the point where they feel confident in entering work. The employment guidance and education then aids participants in how they move onto the next stage of progress by helping with their CV development, etc. and this helps in terms of the overall outputs of entry into employment and education/training. The main innovative approach that came through from the consultations was the time taken with each individual to identify and to 'breakdown' the barriers that they may be facing. However, it was noted by consultees that more recognition for the work of youth workers needs to be considered as part of the overall NI ESF programme. It's currently felt that potentially the work required for helping young people overcome their barriers to be ready to enter into employment or education/training is not being recognised.

In addition, some of the consultees highlighted the level of collaboration that is currently undertaken, with many articulating that, based upon participant needs, they will undertake referrals to other projects to ensure participants are receiving the most appropriate guidance/support. This level of collaboration highlighted the level of connectivity across the projects, with all projects working towards the same goal of helping as many participants as possible. Many consultees highlighted that the MA encouraged this collaboration with regular workshops/meetings for each Priority that allowed groups to learn from each other and improve their own systems/procedures.

An innovative approach by some of the consultees was the insertion of a desk into the local Jobs and Benefits Office (JBO), in order for more potential participants to

see and engage with the local NI ESF project. It was stated that there had been, up to this point, no clear communication between the JBOs and NI ESF projects allowing the JBO staff to refer their clients to the NI ESF project. This approach allowed those within the JBO to ask questions and educate themselves on NI ESF allowing them to provide referrals. It should be noted that currently this approach is being adopted throughout the NI ESF, with projects being briefed on DfC interventions.

Overall, the level of innovation across the NI ESF focussed on the individualised approach set up by each project based upon their participants needs. Projects really showed tailored care and consideration in providing guidance/support based on the barriers faced i.e. health/mental issues.

## 3.6 Conclusion on Economy, Efficiency and Effectiveness

The NI ESF programme has enjoyed great success across the board, with each of the Priorities either meeting or exceeding their targets. Table 3.6.1 below provides a breakdown of the progression of each of the investment priorities relative to both its outcome and 2023 targets. The majority of investment priorities have almost achieved their 2023 targets, with some even exceeding their overall targets, such as IP8(i) Unemployment has exceeded its employment target by as much as 35.5%. When looking at the result of IP 10 Apprenticeships, 59% of participants achieved a full Level 2 framework and 63% achieved an NVQ2 Level in the most recent academic year. This is in excess of the proposed achievement target of 56%.

For those that achieved a level 3 full framework this represented 57% of participants and 60% achieved an NVQ Level 3 for the latest academic year, which again far exceeded the proposed 2023 target of 53%. These results point towards a programme that is achieving, arguably overachieving, in its aims and objectives.

**Table 3.6.1: Summary Outcome Targets and 31/12/19 Progression**

Investment Priority	Participants			Into Employment upon leaving			Into Education/Training upon leaving		
	31/12/19	Target	Progress	31/12/19	Target	Progress	31/12/19	Target	Progress
IP 8(i) Unemployment	25,341	28,000	90.5%	5,217	3,850	135.5%	-	-	-
IP 8(i) Economically Inactive	18,991	16,000	118.7%	2,882	2,200	131.0%	2,217	2,200	100.8%
IP 8(ii) NEETS	12,372	15,000	82.5%	1,989	1,800	110.5%	4,956	5,250	94.4%
IP 9(i)a Disability	11,038	13,000	84.9%	976	1,300	75.1%	2,927	1,950	150.1%
IP 9(i)b CFSP	4,367	5,040	86.6%	626	505	124.0%	1,206	1,010	119.4%
IP 10 Apprenticeships	30,719	42,000	73.1%	-	-	-	-	-	-
<b>Total</b>	<b>102,828</b>	<b>119,040</b>	<b>86.4%</b>	<b>11,690</b>	<b>9,655</b>	<b>121.1%</b>	<b>11,306</b>	<b>10,410</b>	<b>108.6%</b>

**Source:** DfE – NI ESF Operational Programme and DfE – NI ESF AIR Report 2019

The positive sentiment towards the progress of NI ESF was echoed by consultees, with many noting their satisfaction with the current governance between themselves and the MA, particularly the communication and help and guidance the MA provide as being key to their own success. Additionally, beneficiaries stated the overall flexibility the NI ESF allowed them, meant they could implement and tailor approaches to individuals based upon their needs. Consultees said this really improved their own outcomes and it is an approach that sets NI ESF apart from other funding programmes for which they have experience.

Similar results were found through the survey analysis when asked about had NI ESF helped them find work almost three quarters of Priority 1 and 2 respondents said that they would not have been able to find work without NI ESF. In addition, respondents also outlined the impact NI ESF has on them as individuals with all respondents highlighting they had seen an improvement within themselves, with increased confidence being cited as a significant area of improvement. As such it can be found that the overall NI ESF programme has achieved or is in the process of achieving its overall 'hard metrics', but in the overall improvement of participants 'soft skills'.

In terms of financial performance, as of the 31/12/19, 50.8% (€229.4m) of the overall allocated budget (€451m) has been spend in achieving the above outcomes. Our analysis also points towards the NI ESF programme being cost efficient, with all of the projects across Call 2 operating a significantly lower cost per participant than proposed. Highlighting, significant levels of VfM in terms of both effectiveness and efficiency with each investment priority as of the 31/12/19 achieving or about to achieve their 2023 target and done so at below than anticipated expenditure levels. These results highlight that not only is the NI ESF programme achieving its overall aim and objectives, it is doing so in a more cost efficient way.

In conclusion: in terms of economy i.e. doing things at the right cost the following is noted by the evaluators:

- Projects in each priority area have been through a rigorous application ‘Call’ process and scored based on a robust set of criteria, including cost. Costs are favourable in the context of regional comparators. Indeed, current costs per participant reflect a programme that is engaging with significant numbers of people at comparatively low costs per participant.
- To date the programme has been financially managed appropriately.

In terms of efficiency i.e. doing things the right way, the following is noted by the evaluators:

- The delivery model is both efficient and valued by users. The unit cost for salary plus 40% for other costs model has been a welcome addition to the programme between Call 1 and Call 2.

Effectiveness represents the extent to which the stated objectives of an intervention are being achieved, through the outputs and outcomes that it is generating. The following is noted by the evaluators:

- The projects are being delivered as proposed, with no exceptions that the evaluators are aware of.
- There is a strong need identified for the Programme.
- There has been strong demand for projects.
- Consultation with beneficiaries and participants has highlighted that the NI ESF programme is making a difference to the lives of target groups.

The evaluators are content in terms of the economy, efficiency and effectiveness of the NI ESF.

### 3.7 Assessment of Value for Money

Consideration is given to the extent to which the project represents good Value For Money (VFM) and appropriate use of public funds across the full spectrum of relevant VFM indicators. Value for money is considered against the indicators below.

#### **Strategic fit**

Across a range of EU, NI Executive and Departmental strategies there is a consistent policy focus on skills and employability. Given this context, the NI ESF fits strategically, in that it focuses on key strategic themes with the relevant policy documents and has the potential to support key strategic objectives.

#### **Need and market failure**

There is a clear need, identified via a labour market assessment that highlights economic inactivity as a significant challenge to Northern Ireland’s competitiveness. Impressive labour market growth over the past decade had not addressed a ‘sticky’ economic inactivity rate and significant cohort of low skilled people in the economy.



The need for employability and skills interventions is heightened by the Covid-19 pandemic, which has seen announced redundancies increase to record levels.

This evaluation indicates that the need remains strong and that the broad range of interventions are supporting in areas which address market failure.

### **Additionality, Displacement and Complementarity**

The project is considered additional, complementary and no evidence of displacement exists. This is based on the following:

- **Additionality** – NI ESF projects operates in a clearly defined space (skills and employability) with a clearly defined purpose, offering additional capacity into the Northern Ireland skills and employability ecosystem and offering supports that would not otherwise be available to people who are distant from the labour market.
- **Complementarity** – The Programme complements other existing provision. Using a skills/employability ladder analogy is useful in considering NI ESF's role as part of a broader system of supports to drive NI's skills and employability agenda forward.
- **Displacement** – The evaluators do not consider displacement as being an issue but do recognise that there are other initiatives underway (e.g. through the various City and Growth Deals) which may increase the risk of overlap and displacement. Rigorous, high quality business cases/economic appraisals will need to be mindful of any and all

### **Economy, efficiency and effectiveness**

Based on a review of project operation and impacts and as detailed at section 3, the evaluators are content in terms of the projects economy, efficiency and effectiveness.

#### **Cost effectiveness**

The expenditure profile of the project is aligned with expectations and the evaluators have no concerns in respect of cost effectiveness.

## 4. Key findings and recommendations

### 4.1 Key findings

A review of NI European Social Fund (ESF) performance has identified the following headline findings:

- The Programme has been delivered consistently against aims and objectives;
- In terms of management and governance, it is considered effective and has received praise from beneficiaries. The Managing Authority (MA) have demonstrated pragmatism, fairness and collaboration in their approach;
- For Priorities 1 and 2 beneficiaries were selected via a 'Call' process that improved considerably between Call 1 and Call 2. The process under Call 2 is regarded as both effective and efficient; and
- Project targets are being met or surpassed, and financial performance is aligned with expectations.

The information below summarises the evaluation findings, aligned to the key questions posed in the Terms of Reference:

#### **Have the needs of the area, as defined in the European Social Fund Programme for Northern Ireland, changed since the assistance was approved and to what extent is the strategy still relevant?**

The needs of the area had been improving significantly at a 'macro' level; but economic inactivity remained a challenge. Since the Covid-19 pandemic, several years of labour market progress have been reversed and the NI economy faces major challenge. Support with respect to employability and skills remains as relevant (and perhaps more so) now as when the assistance was approved.

#### **What progress has been made toward achieving the quantified targets for expenditure, outputs, and results?**

Progress towards 2023 targets has been rapid, with significant achievement across each Priority Area.

#### **What progress has been made toward measuring 'qualitative' outcomes of the Programme?**

This evaluation aimed to test qualitative outcomes via a representative sample of participants. It is regrettable that email contacts were not readily available and that the process to try and secure email addresses was complex and ultimately disappointing. Difficulties in securing participant consent to take part in the survey were further exacerbated by the impact of Covid-19. However, the results from the survey are indicative of qualitative impacts being made via the Programme. Significant proportions of respondents indicated that confidence and 'softer' skills had benefitted from their participation.

It was also evident from the conversations with beneficiaries that many are assessing their own qualitative impacts. While this is welcome, there is no consistency of approach across the Programme. On a positive note, the use of case studies is a valuable resource that brings the qualitative impacts to life.

### **What progress is being made toward achieving the planned impacts of the European Social Fund Programme for Northern Ireland?**

Survey respondents noted a positive impact on participants' behaviours and skills, a key impact of the Programme. The survey also supports an assessment that notes how 89.5 percent of respondents said the NI ESF Programme had an impact in helping them get employment – 63.2 percent said it helped 'A Lot' – with only 5.3 percent saying it had no impact at all.

Almost three quarters (74.3 percent) of respondents agreed that without the NI ESF Programme they would not have entered employment or education/training, with only 8.6 percent disagreeing. A follow-up question asked if participants believe the NI ESF increased their chances of finding employment or undertaking education/training, 91.7 percent of respondents agreed that it had increased their overall chances.

These findings point toward the NI ESF displaying high levels of additionality and personal impact. The consultation process revealed a similar result, with NI ESF beneficiaries stating that without the NI ESF Programme their project would be significantly smaller and more limited in scope, resulting in fewer positive outcomes.

### **Have the agreed Cross-Cutting themes and horizontal principles of Gender Equality and Equal Opportunities, and Sustainable Development in particular – been integrated successfully into the European Social Fund Programme for Northern Ireland?**

The MA and beneficiaries are committed to promoting equality of opportunity for everyone and will ensure that no individual will be treated less favorably on the grounds of religious belief, political opinion, race, age, marital status, sexual orientation or disability or any other unjustifiable grounds. These principles are well embedded into Northern Ireland's government and business environments. The Evaluation Team's review of the project activities indicates that they are available to all eligible individuals across NI and the Border area.

### **What has been the added value of the European Social Fund Programme in Northern Ireland?**

In addition to considerable success against 'hard' metrics, the NI ESF Programme has delivered added value through offering a 'wrap around' support approach to cohorts of unemployed people who are particularly distant from the labour market and who have complex needs. The evaluators were particularly struck by anecdotes of beneficiaries providing intensive mental health and wellbeing supports to vulnerable participants and going 'above and beyond' for participants with significant personal, societal and financial barriers to taking part in programmes.

### **What value for money does the European Social Fund Programme in Northern Ireland offer?**

Costs per participant are €2,232, which compare favourably with projections for the whole NI ESF Programme (€3,789 per participant). Value for Money is also conservative, estimated by calculating a wage level for the people that have gained employment following participation. With 11,690 participants having gained employment, a conservative estimate suggests a wage impact of €212m across one year. Grant Thornton calculate that for every €1 of NI ESF funding, an additional €0.77 in wages has been generated in a year.

### **What changes, if any, are necessary to the European Social Fund Programme for Northern Ireland strategy and to the plans for delivery?**

See below.

## **4.2 Recommendations**

This review has highlighted the following issues for consideration in any successor programme:

- **Evolution, not revolution:** The rapid success and notable achievements of the NI ESF provide a working template for future programmes. It was evident that the changes made to the application process between Call 1 and Call 2 of the Programme have been successful. The Value for Money achievements and key success factors should be the goal for any successor scheme. A key strength of NI ESF has been the flexibility of the Programme and the ability for beneficiaries to invest time and energy into relationship building and provision of tailored, demand driven supports. In the context of an exceptionally challenging 'post Covid-19' labour market, there are likely to be complex employability challenges emerging. Any successor scheme should therefore

maintain the successful principles of the NI ESF while being sufficiently able to evolve to address emerging labour market challenges.

- **Match Funding Matching Service:** Match funding can prove difficult and administratively burdensome to secure. Typically, a match funder will also require a bespoke application and monitoring information. It could be more efficient if Match Funders were signed up to a central fund by the MA and matched to appropriate beneficiaries. It would further enhance efficiency for beneficiaries to apply to one 'pot' and, during the course of a programme, provide one version of monitoring information.
- **Real time Evaluation:** Appointing evaluators at the beginning of the programme who could follow the process through, and develop monitoring and impact assessment templates in support of beneficiaries is worthy of consideration. At a minimum, given the constraint to undertaking the participant survey, there should be an opt in/out clause inserted to participants' programme inductions that confirms that the MA and beneficiary can share their name, telephone number and email address to third party organisations for the purposes of evaluation.
- **Maintain a relationship building approach:** People availing of services can identify as having a set of complex needs, which might then change over a period of time. A key element of NI ESF's success comes from the relational approach to engaging with participants rather than a transactional approach. This approach should be maintained and enhanced through developing a consistent, Programme wide, means of tracking 'distance travelled' among participants.
- **Remove Level 1 cap:** The inability for beneficiaries to train beyond Level 1 appears counterproductive. The Level 1 cap should be removed, allowing beneficiaries to offer Level 2 / 3 qualifications in-house.
- **Raise the Apprenticeship targeted age:** The age cap for apprenticeships is deemed to be unnecessary and it is understood that the Department for the Economy is giving consideration to addressing the age cap for Apprenticeships.
- **Equal status with mandated programmes:** Frustration at the process whereby participants on NI ESF Programmes can be moved to 'Steps 2 Success' was clearly evident from the consultation process. This is leading to instances where participants are starting NI ESF courses and then having to leave. It is recommended that participants receive a full deferral from a mandated course if they are already on an NI ESF Programme course.
- **Recognition of 'soft skill' accomplishments and broader 'hard outcomes':** In addition to the 'hard outcomes' which are recognised in the NI ESF Programme (i.e. paid employment and progression into training/education), there is a broad spectrum of outcomes that could be considered as success measures. For example, people progressing into

voluntary work and other sustainable activities that build social inclusion and employability skills (e.g. health and wellbeing groups, support groups, local interest groups) are not counted in the 'hard metrics'. Consideration should be given to capturing these outcomes as successes. Likewise, the journey towards employability and the improved range of 'softer' skills and behaviours that was evident throughout the evaluation should be captured. Grant Thornton echo the Education and Training Inspectorate Chief Inspector's Report<sup>44</sup> which stated that "across the projects, there is a need for better measurement of progress made by participants, in particular their development and application of the softer skills".

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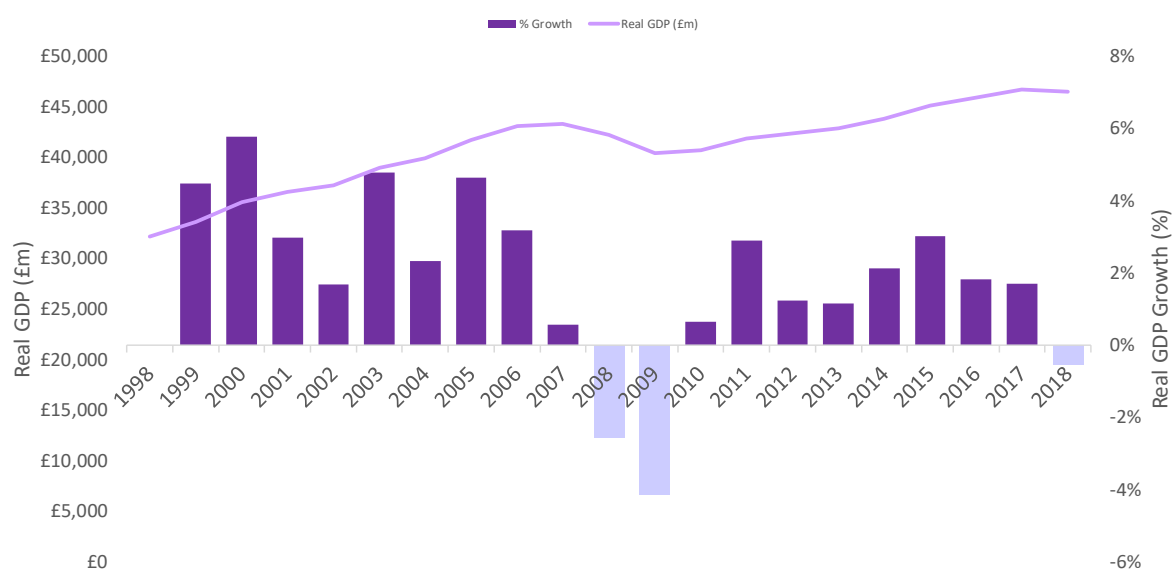
<sup>44</sup> [Chief Inspector's Report 2016-18: Education and Training Inspectorate \(2018\)](#)

# Annex 1 – Economic Context

## Economic Output

The Covid-19 pandemic has wreaked devastation across society, and the economy. In addition, the deep uncertainty caused by Brexit means the current environment in which the Northern Ireland European Social Fund (2014-20) operates is significantly different to the environment in which it was implemented. When the NI ESF (2014-20) was implemented in 2013, the NI economy was recovering from the financial crisis that saw economic output fall by 6.1% between 2008 and 2010<sup>45</sup>. During the recovery, Northern Ireland recorded growth average 1.5% per annum in real terms between 2012 and 2018. NI only returned to above peak economic output levels (£43.3bn) in 2014 (£43.8bn).

**Figure A.1.1: Real Economic Output (Level and Growth), NI, 1997 to 2018**



**Source:** ONS and Grant Thornton Analysis

In 2018, the NI economy was worth around £46.4bn, accounting for around 2.3% of total UK output. The economy contracted slightly (by 0.5%) compared with the previous year with uncertainty due to 'Brexit' and consumers less willing to spend.

While the Covid-19 pandemic is front of mind, Brexit, and the implementation of the NI Protocol following the end of transition period on the 31<sup>st</sup> December 2020, continue to place significant uncertainty on NI's economic prospects. This was noted in the most recent Quarterly Economic Survey conducted by the NI Chamber of Commerce, which stated that only 18% of members understood the trading

<sup>45</sup> [Regional Gross Value Added \(Balanced\) by Industry: All NUTS level Regions; ONS \(2019\)](#)

arrangements to/from locations outside the UK<sup>46</sup>. These uncertain times of 'Brexit' and the impact of Covid-19 – causing unprecedented economic disruption on par to that of the 1918 Spanish Flu pandemic. Economic forecasters are grappling with Brexit and Covid-19 uncertainty. The Ulster University Economic Policy Centre (UUEPC) estimated an economic output decline of between 9.6%<sup>47</sup> to 12.7%<sup>48</sup> in 2020 because of Covid-19 impacts. The Danske Bank Quarterly Forecasts for Q3 2020 project that growth in 2020 will be -11%, with a return to growth in 2021 of 7%. This view is based on the lowering of restrictions and a return to some normality, a highly uncertain premise<sup>49</sup>.

## Total Employment

Since the start of the century, NI has seen significant labour market growth, with approximately 145,600 jobs added. The private sector has driven this growth, accounting for 76.2% (110,900 jobs) of all net new job creation between 2000-19. Since the end of the Great Financial Crash, the NI economy has showed considerable capacity for growth. Having shed just under 60,000 jobs between 2008 and 2012, NI has seen a substantial amount of job creation. Just over 104,000 jobs have been added since 2012. Figure A1.2, below shows the trend of total employment throughout NI between 2000 and 2019. What is noticeable from the below figure is that the total employment level in 2019 has far surpassed the previous peak level of employment in 2008.

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<sup>46</sup> [Economic Survey confirms stark impacts of Covid-19 and Brexit uncertainty on NI Businesses; NI Chamber of Commerce \(2020\)](#)

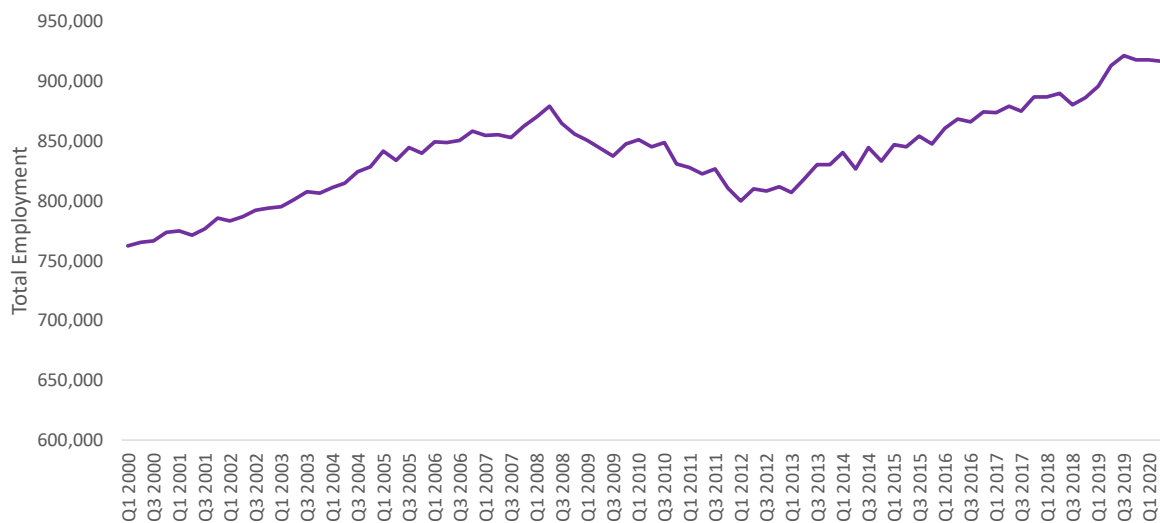
<sup>47</sup> [Potential Economic Consequences of Covid-19 in Northern Ireland: Revised estimates and a Council-level view; Ulster University Economic Policy Centre \(2020\)](#)

<sup>48</sup> [Economic Consequences of Covid-19 in Northern Ireland; Ulster University Economic Policy Centre \(2020\)](#)

<sup>49</sup> [Northern Ireland Quarterly Sectoral Forecasts; Danske Bank \(2020\)](#)



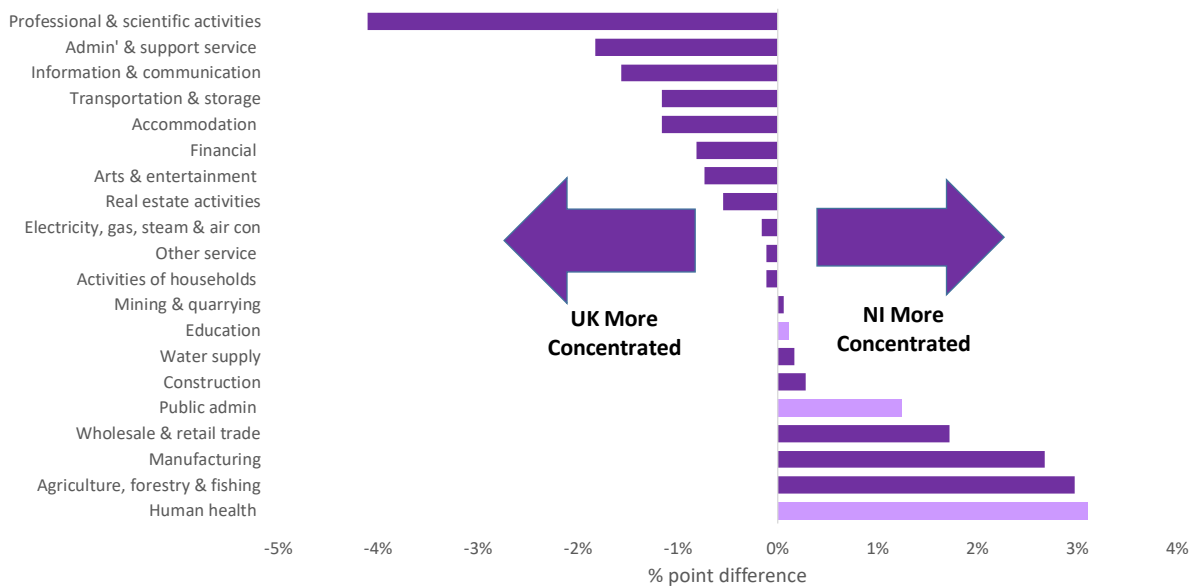
**Figure A.1.2 – Total Employment, NI, Quarter 1 2000 to Quarter 2 2020**



**Source:** NOMIS (Workforce Jobs) and Grant Thornton Analysis

Looking at the sectoral mix of Northern Ireland, what is noticeable is that a high proportion (41.8%) of Northern Ireland’s employment is concentrated within three sectors (Retail, Health and Social and Manufacturing). Of these three, retail is the largest employer accounting for 15.8% of total employment in Q2 2020. Northern Ireland’s sectoral mix is heavily public sector focused, with Northern Ireland being 4% points more concentrated than the UK in this sector. Northern Ireland has a higher concentration in lower-value added sectors such as agriculture, retail and health and social, whereas the UK is predominately more concentrated in those sectors deemed to have a higher value-added such as ICT and the financial services sectors. The NI ESF programme could aid to redress this imbalance through the encouragement of people into education/training with a focus on helping those in areas such as IT, etc.

**Figure A.1.3 – Sectoral Concentrations, NI vs UK, Quarter 2 2020**



**Source:** NOMIS (Workforce Jobs) and Grant Thornton Analysis

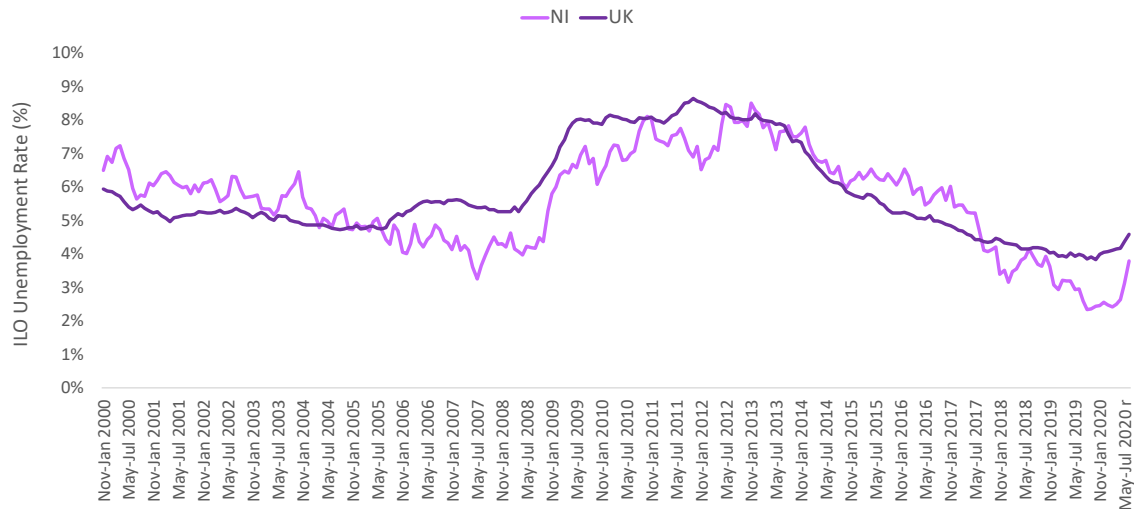
## Unemployment

The level of job creation and expansion in the Northern Ireland economy over the recovery period (years) translated through to a decreasing level of unemployment (16-64). Prior to the Covid-19 outbreak, unemployment fell to record lows, with the unemployment rate reaching 2.3% in August-October 2019<sup>50</sup>. To put this into perspective, the unemployment rate peaked at 8.2%<sup>51</sup> in May-July 2012 following the financial crisis (Figure A1.4). It is also evident the NI unemployment rate has fallen below the UK rate. Currently, there are around 26,000 people aged 16-64 unemployed throughout Northern Ireland, approximately one quarter of the peak unemployment number from 1995 when 80,000 people aged 16-64 were unemployed. As such, the importance in targeted programmes that aids those who may or potentially may lose their job due to the pandemic will become even more reliant on the types of programmes that guide and aid individuals back to work. This highlights the potential importance of Priority 1 projects to the betterment of NI and in terms of the recovery from the economic scarring bore from the pandemic.

<sup>50</sup> [Labour Force Survey Time Series Data November 2020; NISRA \(2020\)](#)

<sup>51</sup> [Labour Force Survey Time Series Data November 2020; NISRA \(2020\)](#)

**Figure A.1.4 – Unemployment Rate (Percentage), UK and NI, January 2000 to August 2020**



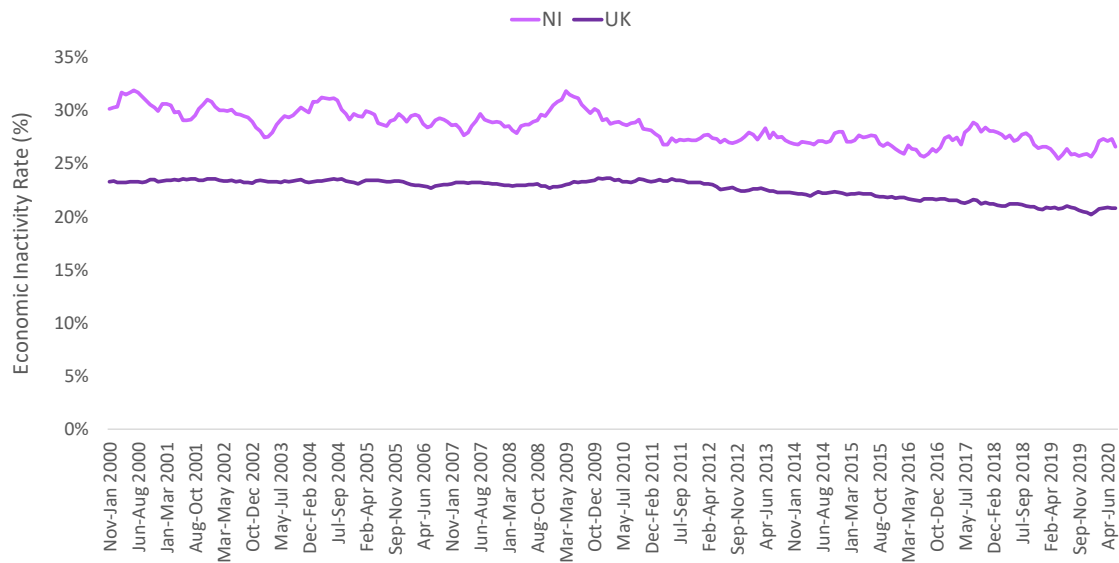
**Source:** Labour Force Survey and Grant Thornton Analysis

## Economic Inactivity

Whilst the unemployment rate has reached unprecedented and historic low levels, Northern Ireland still maintains a high level of Economic inactivity. This element of the Northern Ireland labour market has remained persistently high, irrespective of fluctuations in the economic cycle. Since the 1980's, inactivity has remained within the 25%-32% range. In the latest statistics, (Jun-Aug 2020) inactivity rates for those aged 16-64 was 26.6%, significantly higher than the UK average rate of 20.8%, and the highest of the twelve UK regions<sup>52</sup>. Figure A1.5 below shows the economic inactivity rates from January 2000 to July 2020 for both the UK and Northern Ireland. Overall, the level of inactivity has varied very little throughout NI and has always remained above the UK economic inactivity rate. This context supports the rationale for Priority 1 in the advancement of helping those back into work or into education.

<sup>52</sup> [Labour Force Survey Time Series Data November 2020; NISRA \(2020\)](#)

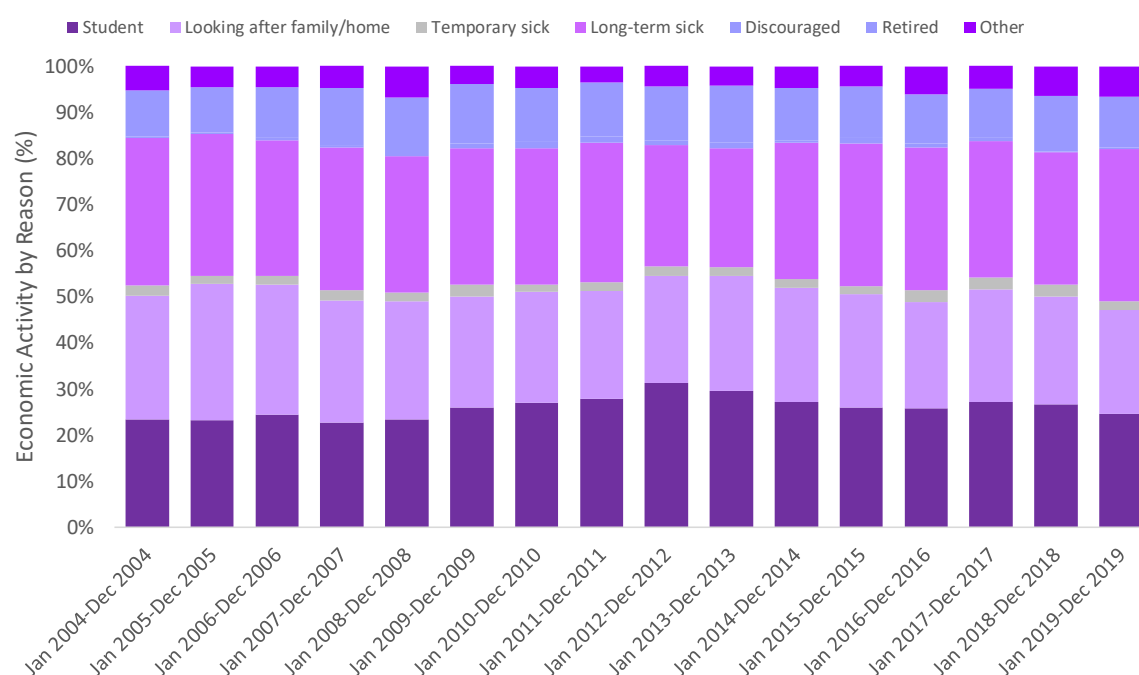
**Figure A.1.5 – Economic Inactivity Rate (Percentage), UK and NI, January 2000 to August 2020**



**Source:** Labour Force Survey and Grant Thornton Analysis

To understand the disparity in economic inactivity levels, the reason for inactivity becomes important. Using data from the Labour Force Survey reveals that one third of economic inactivity (33.1%) is due to long-term sickness. Just under a quarter (24.3%) are students, and just under a fifth (19.0%) are looking after family/home. Compared to the UK average, Northern Ireland’s long-term sickness rates are 9.8% higher, whereas the UK average has a relatively higher concentration of students (2.1% points). This high proportion of people who are classed as long-term sick poses a significant challenge for policy makers when aiming to bring inactivity levels down.

**Figure A.1.6 – Economic Inactivity Rates, January 2004 to December 2019**



**Source:** Labour Force Survey and Grant Thornton Analysis

As highlighted previously, the analysis of the reasons behind NI’s higher economic inactivity levels identified those with long-term illness as the main reason for being economically inactive. In the 2018-19 period 59.3% of people aged 16-64 with a disability were inactive, compared with 17.8% economically inactive without a disability. This was the highest of all the UK devolved regions, with the second highest being Wales (46.6%), which was 12.7% points less than that of Northern Ireland.

## Skills and the Economy

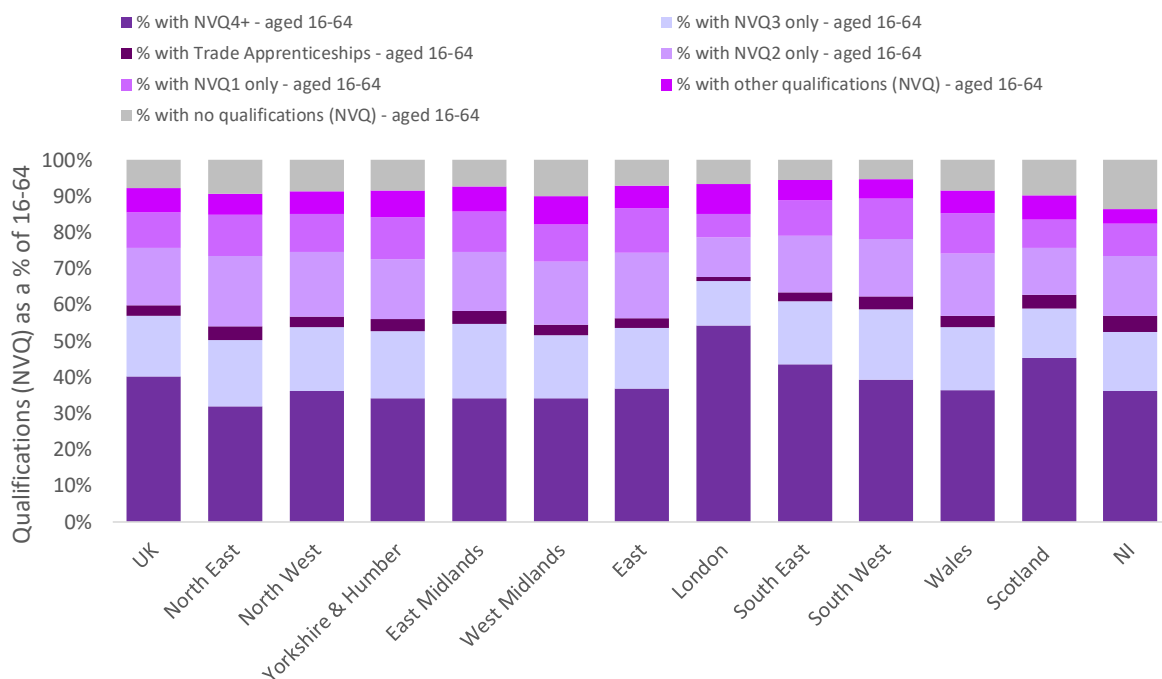
Northern Ireland’s skill profile varies compared to the rest of the UK, with Northern Ireland having the highest proportion of working age people with no qualifications (13.6%) and one of the lowest number of citizens possessing an undergraduate degree or above (NVQ 4 or above, 36.2%). In 2018, of those employed, 23% were qualified to 5 GCSE (A\* to C) level or below (NVQ level 2), down from 32% in 2001<sup>53</sup>, highlighting the shift in recent years between high and low skilled jobs. This shift was highlighted by research conducted by the Ulster University Economic Policy Centre (UUEPC) Skills Barometer, which stated that only one in every ten job vacancies would be accessible for those with an NQF level 2, or below compared to one in three for those with an undergraduate degree<sup>54</sup>. Research by NEVIN (2017)

<sup>53</sup> [Northern Ireland Skills Barometer: Summary Report; Ulster University Economic Policy Centre \(2019\)](#)

<sup>54</sup> [Northern Ireland Skills Barometer: Summary Report; Ulster University Economic Policy Centre \(2019\)](#)

showed that the Northern Ireland economy displays characteristics of operating in a low-skilled equilibrium context. A low-skill equilibrium impacts the whole economy through lower levels of investment and lower levels of productivity. As such, raising the overall educational attainment has become an important pillar of future policy planning in NI, with the Industrial Strategy stating that by 2025 it aimed to have 380,000 qualifications at level three and above. ApprenticeshipsNI forms a key plank of the strategy to increase the educational attainment of apprenticeships with targets set for level 2 and 3 achievements.

**Figure A.1.7: Breakdown of Employment Skill Level (Percentage of Total), UK Regions, January 2019 to December 2019**



**Source:** Annual Population Survey and Grant Thornton Analysis

While this issue will affect the overall economy through potentially lower levels of productivity, innovation, etc. it will also impact at an individual level through their wages. Examining the individual wage levels for each of the skill levels across UK regions, it can be seen NI ranks near the bottom across all skill levels, but the gap in wages becomes more pronounced the higher up the skill band. As a result, the median earnings are affected, with the median gross annual wage for NI in 2020 £28,000, compared with the UK average of £31,000<sup>55</sup>.

<sup>55</sup> [Northern Ireland Annual Survey of Hours and Earnings; NISRA \(2020\)](#)

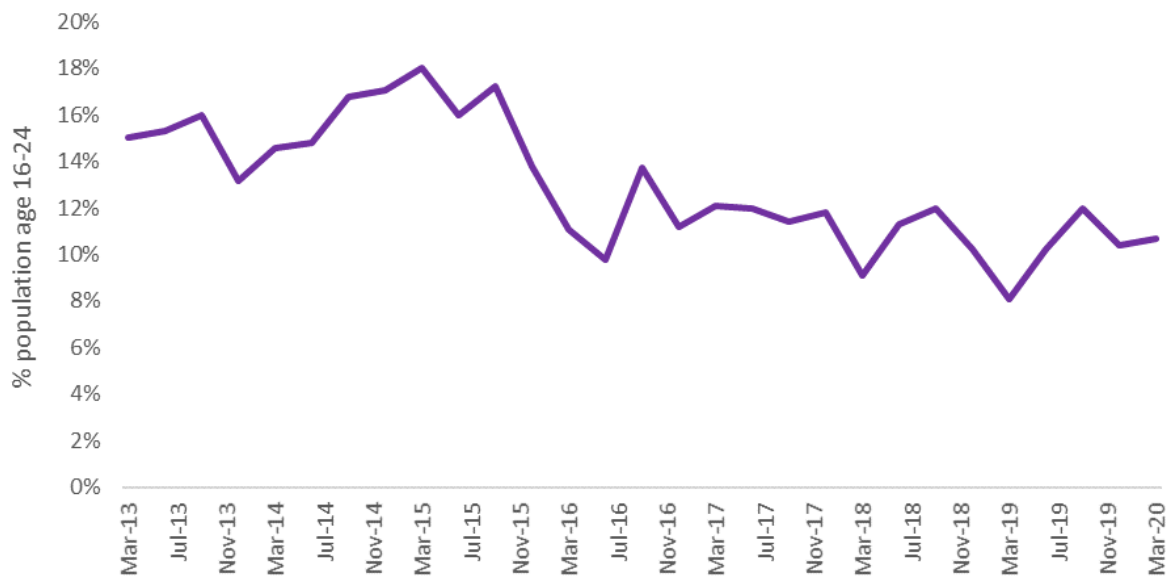
**Table A.1.1: Breakdown of Weekly Average Earnings by Skill Level, UK Regions, 2019**

UK Region	Below NQF Level 2	NQF Level 2	Trade apprentice	NQF Level 3	NQF Level 4-5	NQF Level 6	NQF Level 7-8
North East	£370	£352	£451	£427	£548	£568	£698
North West	£370	£404	£476	£438	£593	£621	£755
Yorkshire and Humberside	£366	£382	£496	£438	£525	£604	£707
East Midlands	£368	£375	£468	£429	£531	£648	£727
West Midlands	£375	£420	£496	£433	£543	£627	£742
East of England	£452	£439	£539	£508	£604	£778	£827
London	£473	£506	£592	£530	£803	£859	£962
South East	£452	£463	£566	£495	£679	£787	£837
South West	£473	£375	£474	£446	£555	£616	£709
Wales	£453	£340	£490	£395	£521	£581	£707
Scotland	£364	£417	£560	£492	£534	£659	£753
<b>Northern Ireland</b>	<b>£354</b>	<b>£348</b>	<b>£460</b>	<b>£386</b>	<b>£514</b>	<b>£576</b>	<b>£698</b>

**Source:** Labour Force Survey Database and Grant Thornton Analysis

According to the latest Labour Force Survey for the period January to March 2020, 21,000 people were registered as not in education, training or employment, accounting for 10.7% of all young people aged 16-24. This figure is up on the same period the previous year by 2.6%. Northern Ireland also has the highest proportion of inactive aged 16-64 with no qualifications (28.1%) as well as the lowest which possess undergraduate degrees or above (6.6%).

**Figure A.1.8: Young People Not in Education, Employment or Training, Quarter 1 2013 to Quarter 1 2020**



**Source:** Annual Population Survey and Grant Thornton Analysis

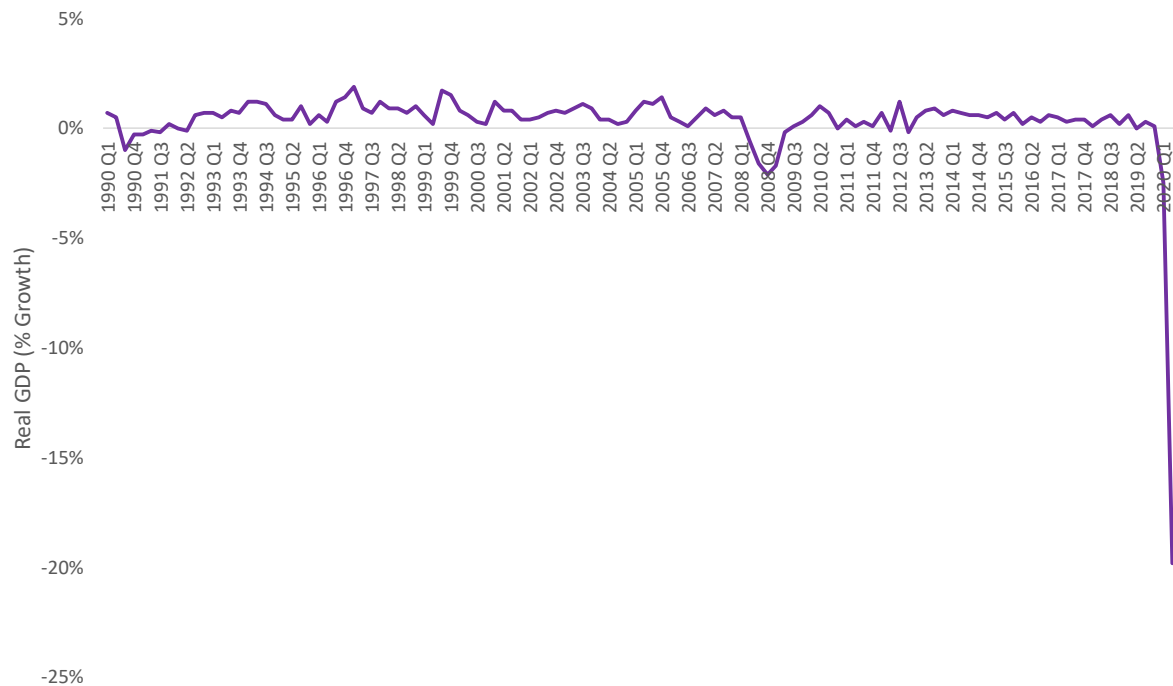
## The Current Economic Environment

The Covid-19 pandemic saw the UK Government (and NI Executive) enact widespread lockdown measures to help slowdown the rate of infection. These lockdown measures included the closing of businesses as well as restricting the movement of individuals. The impact of Covid-19 is likely having a significant and potentially lasting effect on both the UK and the NI economies through job losses, unemployment and lost economic output. The outbreak of Covid-19 at the end of Q1 2020 stopped labour market progress instantly and reversed progress both the UK and NI has achieved over the last 6 to 10 years. Figure A1.9, below shows the quarterly economic growth for the UK and the devastating impact Covid-19 has had in recent quarters. The UK has recovered somewhat in the last couple of months with economic growth being 18% since April 2020. However, growth has started to tail off more recently with September economic growth being 1.1%<sup>56</sup>.

<sup>56</sup> [GDP monthly estimate, UK: September 2020; Office for National Statistics \(2020\)](#)



**Figure A.1.9: Quarterly Economic Growth (GDP Percentage), UK, Quarter 1 1990 to Quarter 2 2020**

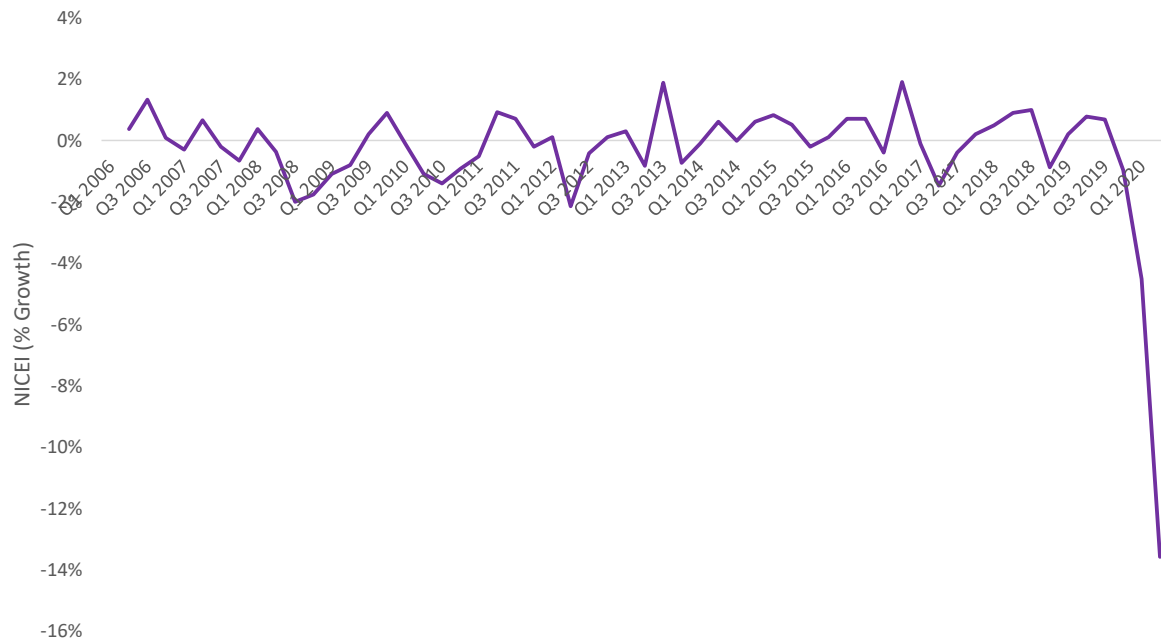


**Source:** ONS and Grant Thornton Analysis

All UK regions have experienced a similar decrease in economic output with the NI economy shrinking by as much as 17.8% in Q2 2020 according to the NI Composite Economic Index. Across the year, NI economic activity shrank by as much as 20.6%<sup>57</sup> due to these lockdown measures.

<sup>57</sup> [NICEI publication and tables Q2 2020; NISRA \(2020\)](#)

**Figure A.1.10: Northern Ireland Composite Economic Index (NICEI Percentage Growth), NI, Quarter 1 1990 to Quarter 2 2020**



**Source:** NISRA and Grant Thornton Analysis

The uncertainty of the current environment has shown the difficulty of economic forecasting. The Ulster University Economic Policy Centre (UUEPC) has gone some way to modelling the impact of Covid-19 on the NI economy; estimating economic output in 2020 will contract by 12.7%<sup>58</sup> or at best 9.6%<sup>59</sup>. The Ulster University Economic Policy Centre (UUEPC) estimates are based upon the expected fall of domestic consumption levels through the furloughing of 249,600 employees, and the closure of the Accommodation and Food services sector. The Ulster University Economic Policy Centre (UUEPC) calculated the economic impact of Covid-19 across each of the eleven council areas. They estimate the impact will vary across councils with the largest impact being in Mid Ulster (16.3%), while Lisburn and Castlereagh will see the smallest impact (9.3%).

<sup>58</sup> [Potential Economic Consequences of Covid-19 in Northern Ireland: Revised estimates and a Council-level view; Ulster University Economic Policy Centre \(2020\)](#)

<sup>59</sup> [Economic Consequences of Covid-19 in Northern Ireland; Ulster University Economic Policy Centre \(2020\)](#)

**Table A.1.2: Estimates of Economic Impact (Percentage), NI Councils, Quarter 2 2020 and 2020**

	Percentage Decline in GVA	
	Quarter 2 2020	Full Year (2020)
Mid Ulster	-38.2%	-16.3%
Mid and East Antrim	-38.0%	-15.2%
Causeway Coast and Glens	-32.2%	-13.3%
Newry, Mourne and Down	-30.2%	-12.0%
Fermanagh and Omagh	-30.4%	-11.9%
Antrim and Newtownabbey	-27.6%	-11.5%
Belfast	-26.4%	-10.6%
Ards and North Down	-26.3%	-10.6%
Armagh City, Banbridge and Craigavon	-25.9%	-10.6%
Derry City and Strabane	-23.6%	-9.5%
Lisburn and Castlereagh	-21.4%	-9.3%

**Source:** OBR, HMRC and Ulster University Economic Policy Centre (UUEPC)

In response to the potential economic impacts the UK Government and NI Executive have gone some way to counteract and protect against job losses and lost economic output through the Coronavirus Job Retention and Wage Subsidy Support schemes. Under the Coronavirus Job Retention Scheme a total of 9.6m jobs are currently furloughed across the UK at a cost of £41.4bn to the HM Treasury<sup>60</sup>. Table A.1.3, below shows the sectors most exposed to Covid-19 impacts – using Office for Budget Responsibility (OBR) analysis<sup>61</sup> – as well as the current furlough levels by sector for the UK and NI.

<sup>60</sup> [HMRC Coronavirus \(Covid-19\) Statistics; UK Government \(2020\)](#)

<sup>61</sup> [Coronavirus Analysis; Office for Budget Responsibility \(2020\)](#)

**Table A.1.3: OBR Sector Exposure and Furlough Numbers, UK and NI**

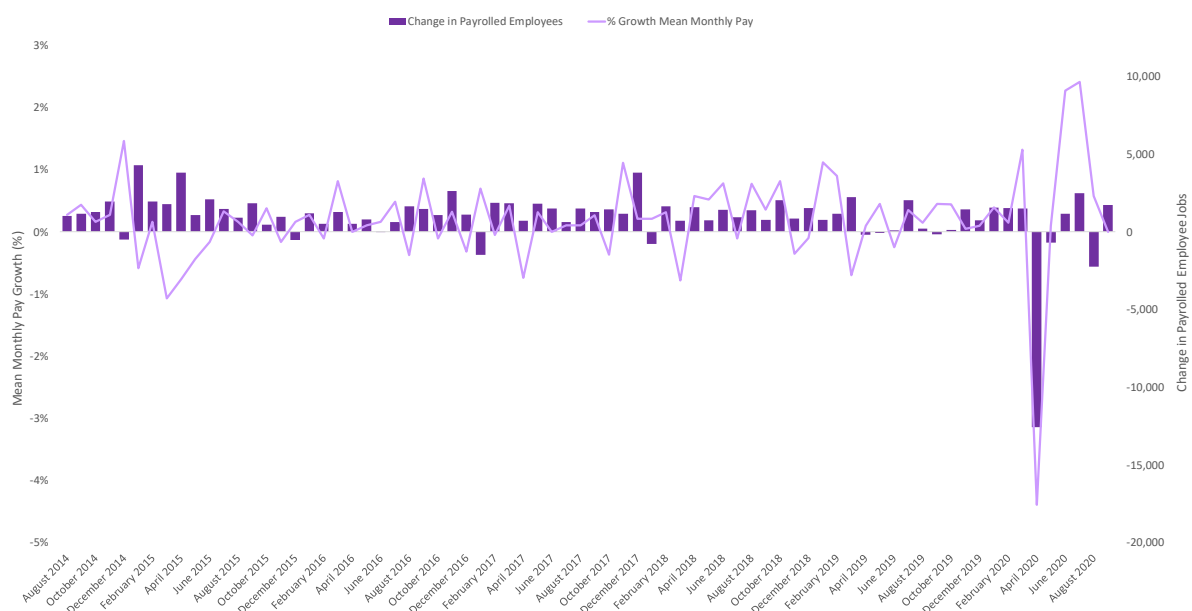
	Effect on UK output relative to baseline	Furlough Numbers (August 2020)	
		UK	NI
Agriculture	0%	36,600	1,000
Mining, energy and water supply	-20%	79,300	2,600
Manufacturing	-55%	1,021,500	42,400
Construction	-70%	769,300	24,100
Wholesale, retail and motor trades	-50%	1,906,100	56,200
Transport and storage	-35%	424,100	7,400
Accommodation and food services	-85%	1,693,600	41,500
Information and communication	-45%	227,500	4,000
Financial and insurance services	-5%	76,800	2,000
Real estate	-20%	157,800	2,400
Professional, scientific and technical activities	-40%	632,900	13,000
Administrative and support activities	-40%	890,500	15,500
Public administration and defence	-20%	20,400	2,500
Education	-90%	341,700	3,000
Human health and social activities	50%	423,200	12,300
Other services	-60%	900,700	19,700
<b>Whole economy</b>	<b>-35%</b>	<b>9,602,000</b>	<b>249,600</b>

Source: OBR, HMRC and Grant Thornton Analysis

These schemes have gone some way to protecting jobs and postponing any potential job losses. However, not all jobs could be protected, as since the beginning of lockdown, 1,380 jobs were lost, with the majority (1,235) of these being in Q2 2020.

Using data from the ONS and the HMRC on monthly PAYE data, which records the number of payrolled employees as well as their mean monthly pay, we can examine the immediate impacts of Covid-19. Figure A.1.11 below, shows that across Northern Ireland the number of payrolled employees fell by 10,100 between March and September. Likewise, wage levels fell by 4.4% between March and April, because of the job losses. However, the mean wage has started to recover with current mean monthly wage being 0.8% higher than March 2020.

**Figure A.1.11: Change in Payrolled Employees and Mean Monthly Pay Growth (Percentage), NI, July 2014 to August 2020**

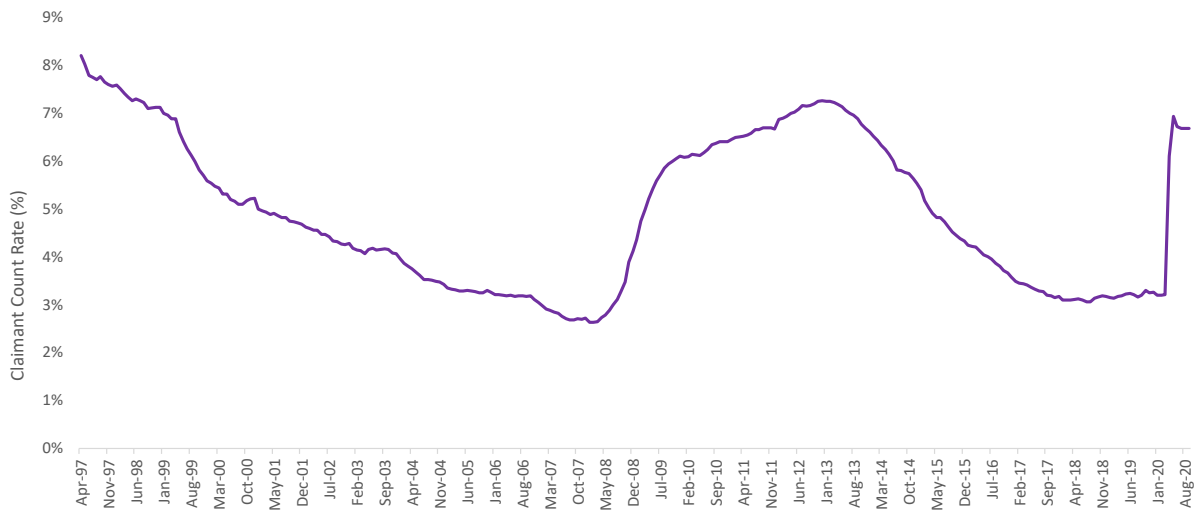


**Source:** ONS (HMRC PAYE Real Time Database) and Grant Thornton Analysis

Figure A.1.12 below, shows the claimant count rate from April 1997 through to August 2020. Despite the significant buffering the Furlough scheme has provided, unemployment has increased dramatically. Claimant levels are almost reaching January 2013 levels. The increased level of reduced working hours for low paid workers and unemployment due to Covid-19 and the subsequent lockdown<sup>62</sup> has led to an increase in the level of claimants throughout Northern Ireland, with the number of claimants increasing by 32,000 new claimants between March and September.

<sup>62</sup> [Northern Ireland Labour Market Report: NISRA \(2020\)](#)

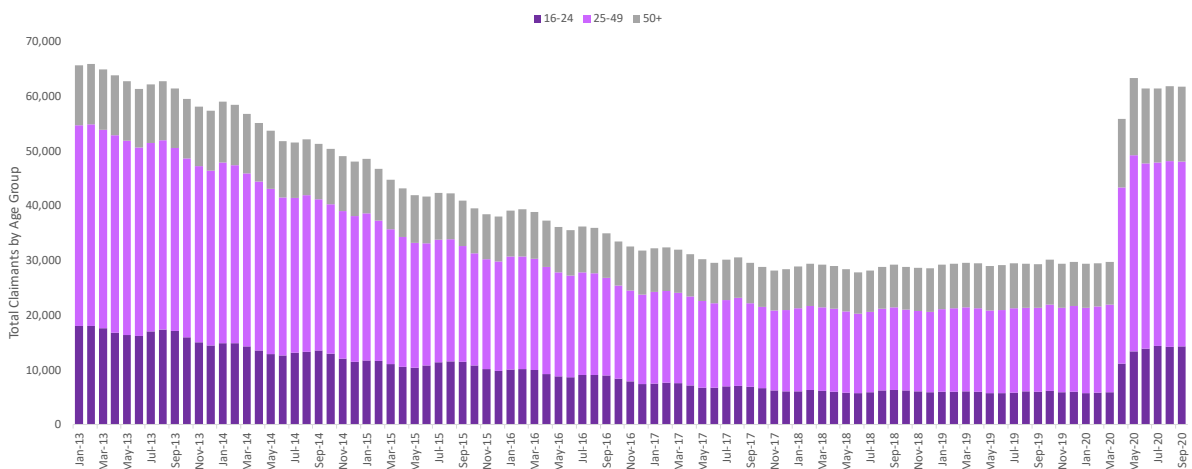
**Figure A.1.12: Claimant Count Rate (Percentage), NI, April 1997 to September 2020**



**Source:** NISRA and Grant Thornton Analysis

This rapid level of uptake has led to the claimant count rate more than doubling from 3.2% in March 2020 to 6.7% in September 2020. The main driving force behind much of this increase has been the increased number of new claimants aged 16 to 24 (8,300) and 25 to 49 (17,800) – showing those in the lower age bands are more susceptible to being furloughed or laid-off. This finding was backed up by the Ulster University Economic Policy Centre (UUEPC), which found that 40% of those aged under 25 had been furloughed or laid-off<sup>63</sup>.

**Figure A.1.13: Number of Claimants by Age Group, NI, January 2013 to September 2020**



**Source:** NISRA and Grant Thornton Analysis

<sup>63</sup> [Labour Market Implications of Covid-19: Ulster University Economic Policy Centre \(2020\)](#)

Table A.1.4 below shows the current number of claimants by each council area as well as their current claimant count rate (%) in addition to the change in the number of claimants from the previous year.

**Table A.1.4: Claimant Count (Level, Rate and Change), NI Council Areas, September 2020**

<b>Claimant Count (Sep-20)</b>			
	<b>No. of Claimants</b>	<b>Rate (%)</b>	<b>Change Over Year</b>
Antrim and Newtownabbey	3,895	4.4%	2,065
Ards and North Down	4,595	4.7%	2,415
Armagh City, Banbridge and Craigavon	6,270	4.7%	3,490
Belfast	14,730	6.6%	8,460
Causeway Coast and Glens	4,845	5.4%	2,285
Derry City and Strabane	6,910	7.2%	2,450
Fermanagh and Omagh	3,120	4.3%	1,385
Lisburn and Castlereagh	3,470	3.8%	2,095
Mid and East Antrim	4,115	4.8%	2,000
Mid Ulster	4,085	4.4%	2,465
Newry, Mourne and Down	6,215	5.6%	3,635

**Source:** NISRA and Grant Thornton Analysis

On average, the number of claimants across the council increased by 2,977 since September 2019 – with Belfast City and Armagh City, Banbridge and Craigavon seeing the biggest increase. Table A.1.5, below shows number of Furloughed employees in August 2020 for each of the Northern Ireland Council areas. Belfast has seen the highest number of furloughs (44,100) of all the council areas – this potentially explains the higher level of new claimants. In terms of take-up, Mid Ulster has seen the highest level of take up (36%) relative to the Northern Ireland average (32%).

**Table A.1.5: Furlough and Take-up Rate (Percentage), NI Council Areas, August 2020**

<b>Coronavirus Job Retention Scheme (CJRS)</b>		
	<b>No. of Furlough Employees</b>	<b>Take-up Rate (%)</b>
Antrim and Newtownabbey	20,900	32.0%
Ards and North Down	19,700	30.0%
Armagh City, Banbridge and Craigavon	28,800	30.0%
Belfast	44,100	30.0%
Causeway Coast and Glens	18,200	34.0%
Derry City and Strabane	17,000	29.0%
Fermanagh and Omagh	14,400	32.0%
Lisburn and Castlereagh	19,800	30.0%
Mid and East Antrim	19,400	33.0%
Mid Ulster	23,100	36.0%
Newry, Mourne and Down	24,300	34.0%
NI	249,600	32.0%

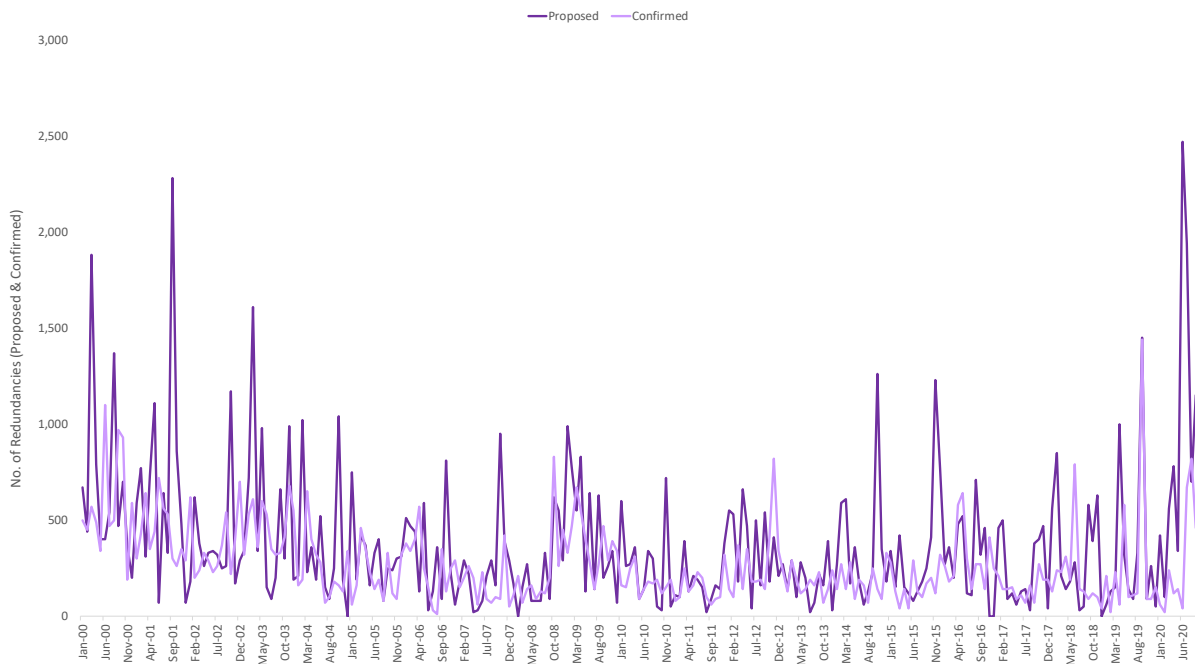
**Source:** HMRC and Grant Thornton Analysis

**Note:** Totals published by the HMRC have been rounded to the nearest 100 and so may not sum to total

Even with the Coronavirus Job Retention scheme in place, redundancies have still taken place. In total, the level of proposed redundancies in August 2020 (700) were more than double those of August 2019 (330). Similarly, the number of confirmed redundancies (820) in August 2020 were 7 times higher than August 2019 (120).



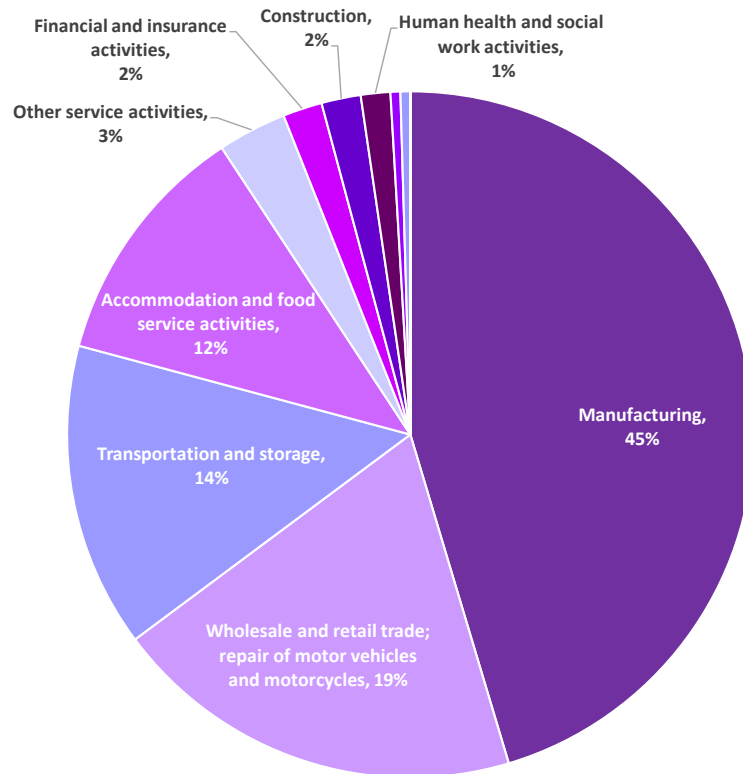
**Figure A.1.14: Proposed and Confirmed Redundancies, NI, January 2000 to September 2020**



**Source:** NISRA and Grant Thornton Analysis

Figure **A.1.15**, below shows the proportion of confirmed redundancies between March 2020 and September 2020 by sector with most of the redundancies occurring in the Manufacturing sector (45%) and other sectors most exposed to Covid-19 impacts.

**Figure A.1.15: Confirmed Redundancies by Sector as a Percentage of Total, NI, March 2020 to September 2020**



**Source:** NISRA and Grant Thornton Analysis

The above has only highlighted the initial impacts of Covid-19 has had on the economy and labour market. These initial impacts may only be part of the ‘true’ impacts. Businesses, who may have been able to retain staff thanks to the Government provided subsidy, may have to undertake some rollbacks once these schemes are closed. Currently, the Northern Ireland Unemployment Rate (%) sits at a 2.9%<sup>64</sup>; however, this will likely increase once the job retention schemes close, with some initial estimates suggesting unemployment could exceed 100,000<sup>65</sup>.

This period of uncertainty and the potential economic impact could point towards a continued need for the NI ESF Programme. As highlighted through the consultation process, many of the consultees feel that given the current uncertainty and the potential impacts of Covid-19 the need for NI ESF could prove more important than ever in helping young people back to work.

Research by the Ulster University Economic Policy Centre (UUEPC)<sup>66</sup> outlined the typical characteristics of furloughed/laid-off employees. Their analysis showed that young people are more susceptible to being furloughed/laid-off, with their estimates suggesting youth unemployment will increase from 8% to 26% – the highest on

<sup>64</sup> [Northern Ireland Labour Market Report; NISRA \(2020\)](#)

<sup>65</sup> [NI Unemployment could exceed 100,000 by the end of the year – minister; Belfast Telegraph \(2020\)](#)

<sup>66</sup> [Labour Market Implications of Covid-19; Ulster University Economic Policy Centre \(2020\)](#)

record. To highlight the disproportionate impact of Covid-19 on young people, the UUEPC calculate that over two-fifths of all workers aged 25 and under have been furloughed/laid-off, compared to around 25% of those aged 45-54.

The UUEPC also calculate those with an educational attainment Below NQF level 2 are more susceptible to being furloughed/laid-off. Their estimates suggest that 49% of workers with a Below NQF Level 2 qualification have been furloughed/laid off compared to 25% of those with an NQF level 4 or higher. They suggest this disproportion impact is due to the potential for home working, with those with an NQF4 or higher able to perform their role from home compared to those with an NQF 2 or below.

Therefore, the economic conditions within which the NI ESF Programme currently operates are in complete contrast to the economic environment in which the NI ESF Programme was implemented. When it was first implemented, the NI ESF Programme helped Northern Ireland through its recovery and into a new state of 'economic success', surpassing previous peaks in output and employment and record lows of unemployment. However, the current environment could not be more distinct with Covid-19 significantly impacting economic output across both the UK and Northern Ireland<sup>67</sup>. As the economy starts to recover and adjust, the NI ESF programme will operate in a very different environment to the one implemented.

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<sup>67</sup> Economic Output in Q2 2020 in the UK fell by 19.8% and by 3.2% (Q1 2020) in Northern Ireland

# Annex 2 – Guidance for Consultees

## Project Background

The NI ESF programme 2014-20 aims to combat poverty, to enhance social inclusion by reducing economic inactivity, and to increase the skills base (Department for the Economy, 2020). The NI ESF 2014-20 programme contributes and forms a key part of the Europe 2020 programme which promotes smart, sustainable inclusive growth across the European Union (Department for the Economy, 2020). In order to achieve the aims of ‘combating poverty and enhancing social inclusion’ the NI ESF has set out four investment priorities to ensure they meet this aim. They are:

1. **Priority 1:** Access to employment – Projects that support long-term unemployment and economic inactive participation and access to employment, education or training;
2. **Priority 2:** Social Inclusion – Projects that support people with a disabilities participation and access to employment, education or training;
3. **Priority 3:** Skills for Growth – ApprenticeshipsNI projects which aim to provide participants with the knowledge and skill base to be able to engage in a higher level occupation within their chosen field; and
4. **Priority 4:** Technical Assistance – Managing and implementation of the NI ESF programme.

The Managing Authority manages and monitors the implementation of the NI ESF throughout Northern Ireland. The Department for the Economy act as the Managing Authority. As part of the running and monitoring of the NI ESF programme, the Managing Authority commissioned Grant Thornton to undertake an impact evaluation over the period 2014-20. As part of the evaluation Grant Thornton will evaluate the impact on ‘hard outcomes’, ‘soft skills’, expenditure and participant, project manager views, etc. In order to understand the impact the NI ESF has had on Northern Ireland and aiding those across each of the investment priorities.

### **Who are we engaging?**

As a key component of the running of NI ESF funded projects, we are conducting consultations with stakeholders including project managers across each of the investment priorities to gauge their views and expertise. Interviewees have been selected with the aim of capturing a comprehensive set of insights from a broad range of stakeholders.

### **What will we discuss?**

Each consultation will provide an opportunity for stakeholders to set out their views and recommendations as to how the Managing Authority and the NI ESF

Programme has performed over the period 2014-20, as well as outlining whether it has met its objectives in terms of outcomes. It will allow stakeholders to outline whether there are any areas for improvement within the NI ESF Programme. In particular, we seek your expertise and insights upon the following:

1. Tell us about the process for applying for funding in terms of ease/complexity, transparency etc.
2. What is the current governance arrangements between your project and the Managing Authority or the wider NI ESF?
3. How has the engagement with the programme been since implementation?
4. How has the programme performed relative to its 2018 milestone and its 2023 targets – indicators, results and costing?
5. Do the ‘hard’ metrics fairly reflect the achievements of your project?
6. In your opinion has the programme set out what it was intended to do?
7. Has your project or the NI ESF delivered the desired impact you had hoped?
8. Do you see a need for the continued running of this project and the NI ESF programme in terms of interventions (i.e. LT unemployed, etc.)?
9. Do you think the programme would have run without the support of the NI ESF’s funding/management?
10. To what extent, if any, is there partnership/collaboration between project managers?
11. Are there any particular features of the NI ESF that you feel have performed well in terms of aiding in the delivery of your project?
12. Is there anything that you feel could be improved (i.e. management, funding, collaboration, etc.)?

**How will this information be conveyed in the final report?**

All records and reporting of stakeholders’ inputs will be kept fully anonymised, and any statements you make will not be traceable to you in the final report.