



2007 - 2013 ACTION NOTE

Reference Number	036/10
Date Issued:	31 March 2010
Review date:	31 December 2013

Transition arrangements

WHO

Regional Managing Authority teams, London Development Agency (LDA) EPMU, ESF Co-financing Organisations (CFOs), National DWP and LSC ESF teams, Govt of Gibraltar

WHAT

This Action Note sets out the transition arrangements for the second half of the ESF programme from 2011 onwards. Relevant information issued in previous Action Notes is included to clarify the transition.

CLEARED

Ken Lambert, Head of Managing Authority

BACKGROUND

1. Most of the ESF programme delivery arrangements that began in 2007 or 2008 were for a period of three years and are therefore coming to an end either this year or next. This action note outlines the processes that organisations should follow in order to move to the second half of the ESF programme.
2. There is no specific 'end date' as such for the first period of programme and therefore no uniform start date for the second. However, there are a number of issues that need to be considered so that the programme is able to continue to deliver support.
3. These issues relate to six areas: Uncommitted DWP CFO funds; Regional Frameworks; CFO plans; CFO Funding Agreements/Memoranda of Understanding; CFO contracts with providers and non CFO provision.

Uncommitted DWP CFO Funds

4. There is £22m uncommitted from the DWP ESF budgets in the first part of the programme. These uncommitted amounts are as follows regionally: South Yorkshire (£4.4m); Merseyside (£6.3m); the North East (£1.5m); West Midlands (£6.5m), and the East of England (£3.3m).
5. These funds are uncommitted from Priority 1 and cannot be rolled over to the second half of the programme for decommitment reasons.
6. These funds should be offered up to other CFOs in the relevant regions and must be spent within Priority 1 by the end of 2011. Regional MAs should open up immediate discussions with other CFOs with a view to transferring the uncommitted funds.
7. Regional PMCs should clear these changes either at the next available meeting or by written correspondence.
8. If the funds cannot be spent in the region then ESFD will consider allocating them elsewhere apart from the two phasing in regions.
9. No action has yet been taken on the revaluation supplementary plans as new profiles have not been received yet. Once the complete DWP allocation position is clear then new profiles reflecting the new financial position will be provided by DWP in time for the May 2010 claims.
10. Regional MAs/LDA should accept this action note as ESFD permission to accept February 2010 claims from DWP without the reprofiling and process their claims in the normal way.

Regional Frameworks

11. Action Note 25 issued in August 2009 gave guidance on revising regional ESF frameworks. Revised regional frameworks have now been agreed by regional committees. Regional MAs/LDA need to ensure that the revised frameworks are formally endorsed by the chairs of regional committees and the relevant paper work forwarded to the central MA who maintain the audit trail.

CFO Plans

12. The regional frameworks inform the plans of the CFO's to ensure that their commissioning arrangements reflect regional employment and skills needs and complement domestic employment and skills funding. Action Note 24 issued in August 2009 gave guidance on developing CFO plans. All plans need to have been endorsed by regional committees by April 23 2010.

CFO Funding Agreements/ Memoranda of Understanding (MOUs)

13. There is no intention to have separate additional Funding Agreements / Memoranda of Understanding with the CFOs for the second half of the programme. Instead there will be a single updated consolidated agreement, reflecting the sum total of funding and targets/indicators for

- 2007-10;
- the addition revaluation funding for 2007-10 (for DWP this should initially be the full allocation but will need to change once the uncommitted amount has been moved to another CFO) ; and
- 2011-13

14. Following discussion with the European Commission, the original performance targets agreed for the whole of the 2007-2013 ESF programme will remain in place. The sum total of CFO targets (for 2007-10 + revaluation funding + 2011-13) will exceed the regional targets and indicators. Regions will be held accountable for the 2007-13 regional targets; CFOs will continue to be accountable for their share of the targets as was the case for the first half of the programme.

15. It should be noted that the agreement with the Skills Funding Agency will be a Memorandum of Understanding, as the organisation will be an Executive Agency of the Department for Business, Innovation and Skills rather than an NDPB – the Crown cannot contract with itself.

16. Action Note 24 outlined the process for appraising and endorsing CFO plans for 2011 – 2013. A copy of the pro forma that accompanied Action Note 24 is attached at annex 1. The attached appendices 1 and 2 should be used to consolidate the participant results and funding allocations for the rest of the programme.

17. The LSC will be novating their funding agreements to the Skills Funding Agency in the near future.

18. Profiles will need to be amended to reflect when the agreements/MOUs will come to an end. DWP MOUs should be profiled until March 2015 and those for the SFA until June 2015.

Contracting

Extending existing CFO contracts

19 It is possible for projects to be extended without extra funding but the 'N+2' implications of such actions must be considered. The regional MA/LDA will require assurances about the consequences of any changes in profiled expenditure and their impact upon the ability of the CFO to meet their share of the regional N+2 expenditure target. Where funds are not spent to profile by the CFO there is a risk of decommitment if N+2 targets are not achieved. In these cases, CFO ESF budgets in subsequent years are likely to be reduced by the amount of funding returned to the European Commission.

Increasing the value of existing CFO contracts

20. In some cases it may be possible for a CFO to award further funds to existing contractors where the current contract has been so let to allow for additional funding and is consistent with public procurement and contracting legislation.

Non-CFO Contracts

21. There are three types of non-CFO contracts:

- Innovation, Transnationality and Mainstreaming (ITM) projects;
- Technical Assistance projects; and,
- Direct bid projects in Merseyside and Cornwall

22. As these types of projects are funded using actual costs the rules regarding co-financing provision outlined above do not apply and it will be possible to fund additional provision from the existing providers. This must be agreed by the Regional ESF Committee.

23. There will not be a further round of ITM projects. The focus will be on developing the existing project activity and the thematic network groups.

24. For regional Technical Assistance projects it will be for regional ESF committees to decide whether to extend current provision taking into account of value for money, how the project has been delivered in the first half of the programme and other pertinent factors.

25. For direct bid projects, in Merseyside the six local authority projects are coming to an end this year though it is possible that some of the unspent DWP funds may be allocated to these projects, to be spent by the end of 2011. In Cornwall, the Higher Education projects are expected to continue and to be recontracted. Again, this is a decision for the regional ESF committee.

26. Whatever is agreed the N+2 implications must be considered. The potential impact is the most acute in Cornwall as the Convergence programme has a separate N+2 target.

Rolling forward unspent funds

27. As a general rule, unspent funds from the first half of the ESF programme cannot be rolled forward to the second half for the reasons outlined in paragraph 19 of this note. Alternative options, including the unspent funds being transferred to other CFOs to spend within existing timescales would need to be proposed by the regional MA/LDA and endorsed by the regional ESF Committee.

CONTACT

Steve Briggs
ESF Managing Authority: Delivery
Tel: 0114 267 7306
Steve.briggs@jiu.gsi.gov.uk

Region	
Objective	Regional competitiveness & Employment / Convergence*

* Delete as appropriate

Co-financing Organisation (CFO) details

Name of Organisation

Address

Contact name and Position

Telephone number

Email

Indicative contents

1 Background and contribution to delivery of the regional ESF Framework

- CFO background information
- Describe which elements of the framework the CFO will deliver
- For each Priority, set out
 - ◊ Activities to be supported
 - ◊ Target groups
 - ◊ Geographical targeting
- Complementarity with related nationally, regionally or locally funded provision
- How will activity complement other CFO ESF provision
- Complementarity with related regional and sub regional strategies
- Set out targets at Annex 1
- Set out any associated assumptions relating to the targets

2 Funding and Added Value

- Describe the added value of ESF
- Which domestic budgets will be used as match
- How will ESF and match funded activity complement each other and contribute to Priority activities
- At Annex 2:-
 - ◊ Set out ESF and match funding by Priority and year
- Provide a breakdown of planned administrative costs

3 Project Selection and Tendering Arrangements

If these arrangements remain unchanged from the 2007-10 plan and as set out for the Article 13 baseline review, say so here, otherwise describe the proposed changes.

- Describe the methods of tendering to be used
- How will procurement comply with national legislation

4 Provider Funding and Monitoring and management information

If these arrangements remain unchanged from the 2007-10 plan and as set out for the Article 13 baseline review, say so here, otherwise describe the proposed changes.

- Describe how contract costs will be formulated
- Payment arrangements for providers
- Any plans to reimburse project providers using actual costs (in exceptional circumstances)
- Arrangements for monitoring ESF providers covering:
 - Project delivery and outcomes
 - Quality standards including how OFSTED recommendations will be addressed
 - Financial performance
 - Audit

5 Cross-Cutting Themes

If these arrangements remain unchanged from the 2007-10 plan and as set out for the Article 13 baseline review, say so here, otherwise describe the proposed changes.

- How will the CFO promote equality and diversity and build equal opportunity into implementation
- As part of building equal opportunities into implementation and following the policy of “rural proofing”, the plan should indicate what actions will be taken to alleviate the difficulties faced by people in rural communities in accessing provision (for regions which have rural communities).
- How will the CFO support approaches to sustainable development, including environmental sustainability
- Equal opportunities and sustainable development policies need to be reviewed annually, so the plan should confirm that this will continue to happen

Appendix 1 Targets

Appendix 2 ESF and Match Funding Expenditure by Year

Appendix 3 Starts and Results profiles

Appendix 4 Tendering and contracting milestones

Declaration

I confirm that this Co-Financing Organisation intends to deliver the activities, outcomes and results set out in the plan set out above and has the required match funding as set out in Annex 2.

Signature

Name

Official Position

Date

When you have completed this form you should send it to the ESF managing authority at the Government Office in your region, or in London to the London Development Agency European Programmes Management Unit.

Planned participants and results – Priorities 1 and 4 (Cornwall only)

Target	Quantification			
	2007-10	2007-10 supp	2011-13	2007-13 Total
Outputs				
Total number of participants				
1.2 Number and % of participants who are unemployed				
(a) Number				
(b) Percentage				
1.3 Number and % of participants who are inactive				
(a) Number				
(b) Percentage				
1.4 Number and % of participants age 14 to 19 who are NEET or at risk of becoming NEET				
(a) Number				
(b) Percentage				
1.5 % of participants with disabilities or health conditions				
1.6 % of participants who are lone parents				
1.7 % of participants aged 50 or over ¹				
1.8 % of participants from ethnic minorities				
1.9 % of female participants				
Results				
1.10 Number and % of participants in work on leaving				
(a) Number				
(b) Percentage ²				
1.11 Number and % of participants in work six months after leaving				
(a) Number				
(b) Percentage				
1.12 Number and % of economically inactive participants engaged in jobsearch activity or further learning				
(a) Number				
(b) Percentage				
1.13 Number and % of 14 to 19 year old NEETS or at risk in education, employment or training on leaving				
(a) Number				
(b) Percentage ³				
1.14 Regional target(s) ⁴				

¹ Percentage of unemployed and inactive participants (1.2 + 1.3) aged 50 or over. Excluded from participant total all NEET participants (1.4)

² Percentage of total completed Priority 1 participants in work on leaving

³ Percentage of completed NEET participants (i.e. 1.4) in education, training or employment

⁴ Must be based on participant data that CFOs already collect

Planned participants and results – Priority 2

Target	Quantification			
	2007-10	2007-10 supp	2011-13	2007-13 Total
Outputs				
2.1 Total number of participants				
2.2 Number and % of participants with basic skills needs				
(a) Number				
(b) Percentage				
2.3 Number and % of participants without level 2 qualifications				
(a) Number ⁵				
(b) Percentage				
2.4 Number and % of participants without level 3 qualifications				
(a) Number ⁶				
(b) Percentage				
2.5 % of participants with disabilities or health conditions				
2.6 % of participants aged 50 or over				
2.7 % of participants from ethnic minorities				
2.8 % of female participants				
Results				
2.9 Number and percentage of participants gaining basic skills				
(a) Number				
(b) Percentage ⁷				
2.10 Number and % of participants gaining level 2 qualifications				
(a) Number				
(b) Percentage ⁸				
2.11 Number and % of participants gaining level 3 qualifications				
(a) Number				
(b) Percentage ⁹				
2.12 Regional target(s) ¹⁰				

⁵ Excludes participants with basic skills needs (i.e. 2.1)

⁶ With a Level 2 qualification but without a Level 3 qualification

⁷ Percentage of completed participants without basic skills (i.e. 2.2) who gained basic skills

⁸ Percentage of completed participants without Level 2 (i.e. 2.3) who gained Level 2 qualification

⁹ Percentage of completed participants with Level 2 but without Level 3 (i.e. 2.4) who gained Level 3 qualification

¹⁰ Must be based on participant data that CFOs already collect

Planned participants and results – Priority 5 (Cornwall Convergence only)

Target	Quantification			
	2007-10	2007-10 supp	2011-13	2007-13 Total
Outputs				
5.1 Total number of participants				
5.2 Number and % of participants with basic skills needs				
(a) Number				
(b) Percentage				
5.3 Number and % of participants without level 2 qualifications				
(a) Number ¹¹				
(b) Percentage				
5.4 Number and % of participants without level 3 qualifications				
(a) Number ¹²				
(b) Percentage				
5.5 Number and % of participants without level 4 qualification				
(a) Number ¹³				
(b) Percentage				
5.6 Number participating in research qualifications (Masters/PhD)				
5.7 Number of graduate placements				
5.8 % of participants with disabilities or health conditions				
5.9 % of participants aged 50 or over				
5.10 % of participants from ethnic minorities				
5.11 % of female participants				
Results				
5.12 Number and percentage of participants gaining basic skills				
(a) Number				
(b) Percentage ¹⁴				
5.13 Number and % of participants gaining level 2 quals				
(a) Number				
(b) Percentage ¹⁵				
5.14 Number and % of participants gaining level 3 quals				
(a) Number				
(b) Percentage ¹⁶				
5.15 Number and % of participants gaining level 4 quals				
(a) Number				
(b) Percentage ¹⁷				

¹¹ Excludes participants with basic skills needs (i.e. 5.1)

¹² With a Level 2 qualification but without a Level 3 qualification

¹³ With a Level 3 qualification but without a Level 4 qualification

¹⁴ Percentage of completed participants without basic skills (i.e. 5.2) who gained basic skills

¹⁵ Percentage of completed participants without Level 2 (i.e. 5.3) who gained Level 2 qualification

¹⁶ Percentage of completed participants with Level 2 but without Level 3 (i.e. 5.4) who gained Level 3 qualification

¹⁷ Percentage of completed participants with Level 3 but without Level 4 (i.e. 5.5) who gained Level 4 qualification

5.16 Number and % of participants gaining level 5 quals				
(a) Number				
(b) Percentage ¹⁸				
5.17 Number and % of graduates placed with SMEs who gained employment				
(a) Number				
(b) Percentage ¹⁹				
5.18 Regional targets ²⁰				

¹⁸ Percentage of completed Post Grad participants (i.e. 5.6) who gained Level 5 or above

¹⁹ Percentage of completed Grads placed within SME (i.e. 5.7) who gained employment

²⁰ Must be based on participant data that CFOs already collect

ESF and Match funding allocation by year to December 2013

Priority 1/4 - delete as appropriate

Calendar Year	ESF (£)	Public Match (£)	ESF and Match (£)
2007			
2008			
2009			
2010			
2007 supp			
2008 supp			
2009 supp			
2010 supp			
2011			
2012			
2013			
TOTAL			

Priority 2/5 – delete as appropriate

Calendar Year	ESF (£)	Public Match (£)	ESF and Match (£)
2007			
2008			
2009			
2010			
2007 supp			
2008 supp			
2009 supp			
2010 supp			
2011			
2012			
2013			
TOTAL			