

EUROPEAN SOCIAL FUND – ENGLAND & GIBRALTAR 2007-2013 OPERATIONAL PROGRAMME

Planning for 2011-2013

Introduction

1. This guidance covers the actions needed to implement the 2011-2013 phase of the 2007-2013 programme.
2. The guidance covers:-
 - a. the timetable
 - b. revising regional ESF frameworks
 - c. CFO plans
 - development
 - content
 - CFO collaboration
 - appraisal
 - endorsement
 - d. allocations
 - e. targets
 - f. funding agreements/memoranda of understanding
 - g. unspent funds from 2007-2010
 - h. CFO procurement of provision
 - i. Post LSC
 - CFO status
 - novation of funding agreements
 - novation of LSC contracts
 - j. partial closure

Timetable

3. A Gantt chart of the timeline is regularly sent to the regional managing authority (MA) / London Development Agency, but the key dates are:-
 - Revised regional ESF frameworks agreed by 31 December 2009.
 - CFO status for LSC successor body confirmed by 1 April 2010.
 - LSC funding agreements novated by 1 April 2010.
 - CFO plans endorsed by 23 April 2010.
 - Funding agreements/MOUs concluded by 28 May 2010.
 - Provision for 2011-2013 starts from 3 January 2011.

Revising regional ESF frameworks

4. Guidance on the revision of ESF frameworks is in Action Note **025/09**.

CFO plans – content and development

5. CFO plans describe the activities, outputs and results CFOs will procure to contribute to the employment and skills priorities in the Regional ESF Frameworks and the England Operational Programme. Plans will cover the three-year period from 2011-2013, noting that expenditure is eligible until the end of 2015, although it is envisaged that provision will be completed before the end of 2015.
6. The central ESF policy teams for the LSC and DWP CFOs will produce supplementary guidance for their respective regional CFO teams.
7. CFO plans normally operate at regional level. However, CFOs operating regionally in the South West will need to prepare separate plans for Convergence and Competitiveness and Employment funding. In the North West and Yorkshire and the Humber, CFO plans may cover the whole region, but must show separately the specific activities, financial profiles, target groups, outputs and results for phasing-in funding in Merseyside and South Yorkshire; although this funding will fall to the level of non phasing-in regions from 2011, the funding is still ring-fenced. Where a CFO will operate in two ESF Priorities, plans will cover planned activities in both priorities.
8. For the 2011-13 period, there will not be a separate and additional national allocation for the NOMS CFO. Instead, NOMS activity will be funded from within regional allocations, and the related NOMS outputs and results will contribute to the overall regional targets as set out in the regional ESF frameworks. NOMS therefore need to be closely involved in developing the revised regional frameworks and in any regional CFO working groups that look at how CFO plans collectively will deliver the regional framework as discussed below.
9. CFO expenditure, including match funding, will be eligible from the date the CFO plan is lodged with the regional managing authority (MA) or London Development Agency (LDA). For audit trail purposes, the regional MA/LDA must date stamp the CFO plan on receipt and acknowledge receipt.
10. Co-financing plans must cover all participants and activities, funded both through ESF and match funding, to demonstrate the totality of what CFOs plan to deliver.
11. Plans must show how activity will respond to the economic downturn (by helping disadvantaged jobseekers and the newly redundant as appropriate to the CFO priorities) and support recovery (by training people for new jobs, including green skills in a low carbon economy).
12. CFOs need to work together and with the regional MA/LDA in developing their plans to ensure that planned activities are complementary and avoid duplication. When put together CFO plans should be able to deliver or exceed the priorities, activities and targets in the regional ESF framework. The

regional MA/LDA will agree with each CFO the financial allocation by year and output and results targets for the period of the plan.

13. The model format for CFO plans is at Annex 1.

CFO plans – appraisal and endorsement

14. The appraisal of CFO plans enables the managing authority to confirm that plans:
- contribute to the implementation of the regional ESF framework and Operational Programme;
 - address regional financial allocations, spending requirements and output and results targets; and
 - cover the arrangements CFOs have in place to ensure effective implementation and delivery, if these have changed since the 2007-2010 plan.
15. Appraisal of CFO plans will be undertaken initially by the regional MA/LDA and then in conjunction with the central MA regional lead. The appraisal should be undertaken on the basis of the guidance and the appraisal pro-forma at Annex 2. Once agreed, plans must be endorsed by the regional ESF committee before funding agreements can be exchanged with CFOs.

Allocations

16. Funding allocations across all the CFO plans, including NOMS, should ensure that the regional allocation can be fully committed.
17. Euro denominated allocations have been set for the duration of the programme, but the volatility of the euro:sterling exchange rate has meant that setting a planning rate has been problematic. It is intended to set the final planning rate for 2011-2013 as late as possible, but not so as to interfere with the planning process.
18. The planning rate will have three stages:-
- a. *indicative* - planning rate to be used for regional allocations set out in the regional ESF framework guidance; this has been set at €1 = 78p.
 - b. *provisional* – set at the end of November 2009 for use in developing CFO plans.
 - c. *final* – set in mid March 2010 prior to appraisal of CFO plans. It is probable that different rates will be used for 2011-2 and 2013, with the option of revising the 2013 rate later in the programme.

Targets

19. Indicative regional outcomes and results targets have been issued with the regional ESF framework guidance, reflecting each region's "share"; these are unchanged since the start of the programme. As part of the development of revised regional ESF frameworks, regions have been invited to submit proposals to amend the targets to take account of the changed economic circumstances, for example to reflect the balance of funding between basic

skills, level 2 and level 3 in Priorities 2 and 5.

20. The proposed amended regional targets should be used when appraising CFO plans to ensure that collectively they add up to or exceed the regional targets.
21. Particular care should be taken when calculating those targets that are expressed in terms of a percentage. Footnotes to the plan pro-forma (Appendices 1a – 1c) explain how the calculations need to be made.

Funding agreements/memoranda of understanding (MOUs)

22. Funding agreements and MOUs can be signed only after the CFO plan has been endorsed by the regional ESF committee.
23. The date for eligible expenditure against the plan is the date that the plan was lodged with the regional MA/LDA.
24. Separate funding agreements/MOUs are required in the South West to cover the Convergence and Regional competitiveness and employment objectives. Separate agreements are also needed in North West and Yorkshire and the Humber to cover the Phasing-in and non Phasing-in sub regions.
25. There will need to be separate funding agreements/MOUs for 2007-10 and 2011-13 allocations.
26. Although there will be separate regional plans for NOMS, there will be a single funding agreement that will be managed by the central MA. This is because prisoners are regularly moved between prisons and regions, so separate regional funding agreements would lead to an artificial increase in the number of participants (leaving and starting separate projects). NOMS will be able to report on progress against their regional CFO plans.

Unspent funds from 2007-2010

27. In principle the allocations for 2007-2010 do not have to be spent until the end of 2012, but CFOs plan to finish activity well before then. However, this means that there will be overlap between the two “halves” of the programme, so any underspends for 2007-2010 will not be finally known until well into 2011-13.
28. Once the picture becomes clear, likely to be in 2011, the central managing authority will review the extent and nature of the unspent funds and consider what action to take. Any funds decommitted by the European Commission under the “N+2” rule cannot be re-allocated. Unspent funds cannot be carried forward automatically.
29. If it is decided to reallocate any unspent funds these may be used to develop supplementary CFO plans and subsequently be added to 2011-2013 funding agreements/MOUs. Any reallocated funds will be regarded as being recycled rather than new money; this means that CFOs will be able to add funds to existing contracts where contracts legally allow.

CFO procurement of provision

30. The totality of ESF and match funded provision secured by CFOs should

ensure that they are able to deliver their CFO plans and hence the regional ESF framework.

31. Providers for ESF and match funded activity can be selected either through competitive tendering or, as a new simplification, by means of a grant if the providers are funded by means of flat rate costs calculated by application of standard scales of unit costs (see Manual 1.9.10 – 1.9.22). At present the latter applies only to the LSC.
32. In order to ensure that there is no duplication in the provision secured by CFOs, the CFOs in each region must share with each other and with the regional managing authority/LDA their Pre-Qualification Questionnaires (PQQs) and Invitations to Tender (ITTs) and/or calls for grant as they are being developed. This must be done before the call is made public, and as such the CFOs must respect confidentiality.
33. Although Pre Qualification Questionnaires (PQQs) can be issued before the CFO plan has been endorsed by the regional ESF committee, ITTs cannot be published until the CFO plan has been endorsed.
34. As noted above at para 18c, exchange rate volatility may affect the amount of sterling funds available, especially for 2013. In order to have as much flexibility as possible as the programme reaches closure, CFOs should be encouraged to have contracts with their providers that will enable recycled funds to be added to the contracts without contravening public procurement legislation. This will obviate any need to have further tendering rounds late in programme for what could be provision lasting only a year.

Post LSC

35. From 1 April 2010, the responsibilities of the Learning and Skills Council will pass to two new bodies, the Skills Funding Agency (SFA) and the Young People's Learning Agency (YPLA). At that point the LSC will cease to exist. The SFA will act as a CFO for adult provision and a CFO as a shared service on behalf of the YPLA for 16-19 year old provision. The detailed work on the transition is being done by the LSC and central MA.
36. As the SFA is taking over the work of the LSC as a CFO, and systems and most staff will transfer, the SFA will not need to apply for CFO status; rather, the CFO status conferred on the LSC for the life of the programme will pass to the SFA. However, the central MA will work with the LSC national office to confirm that processes and procedures will continue to support the work of the SFA as a CFO. It is also foreseen that the central MA and regional MA/LDA will hold updated baseline reviews with the regional SFA CFOs to confirm the continuity of CFO arrangements. Separate guidance will be issued on this transfer process.
37. As part of the orderly transition, all funding agreements with LSC CFOs will need to be novated to the SFA CFOs. The central managing authority will issue guidance later in the year as to how this should be done. It is however a straightforward procedure that has already been done with a local authority CFO to cater for local authority reorganisation.

38. The LSC will also need to novate all its provider contracts to the SFA.

Partial closure

39. Article 88 of the general regulation 1083/2006 allows for partial closure. In short, operations completed during the period up to 31 December can be closed in the period up to 31 December the following year. An operation is deemed to have completed when all activity has finished and all corresponding expenditure has been paid. The advantage with partial closure is that documents on closed operations have to be retained only for three years, and so cannot be subject to audit by the Commission or European Court of auditors thereafter. It should also make final closure more straightforward.
40. The managing, certifying and audit authorities have agreed in principle to make use of partial closure. It is expected that operations that completed before the end of 2010 will be partially closed during 2011. Again, guidance will be produced regarding any action that the regional MA/LDA needs to take.

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