



# **SOUTH EAST ENGLAND DEVELOPMENT AGENCY**

## **EUROPEAN SOCIAL FUND CO-FINANCING PLAN**

**1<sup>st</sup> JANUARY 2008 – 31<sup>st</sup> DECEMBER 2010**



**European Union**  
**European Social Fund**  
Investing in jobs and skills

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# 1. Overview

## 1.1 Geographical Coverage

This Co-financing Plan, submitted by the South East England Development Agency (SEEDA), is for ESF funding to reduce the effects of social disadvantage and promote economic inclusion across the South East Region. As the lead strategic body for economic development in the region and with a remit for the entire region SEEDA will fund projects with a combination of focuses at sub-regional and/or regional level, as is appropriate to the activity, groups and sectors targeted and levels of need, as evidenced by strategic documents and research, such as the South East ESF Framework 2007-10, Evidence Base: A Review of Regional Skills and Employment Issues to Inform the Development of the South East ESF Framework, Regional Economic Strategy 2006-2016 and the Regional Economic Strategy 2006-2016 Evidence Base, and building where relevant upon the research and actions undertaken under the first two SEEDA Co-financing Plans, 2002-2003 and 2004-8.

Through this plan SEEDA will address social disadvantage by:

- promoting enterprise start-up and self-employment as a route into the labour market for unemployed and inactive individuals;
- improving the skills and adaptability of the workforce in priority sectors at intermediate and higher levels;
- improving the ability of managers to develop and grow their businesses and increase their productivity.

Particular attention will be paid to key target groups (disadvantaged groups), geographical areas (271 of the lowest Super Output Areas nationally fall within the South East<sup>1</sup>) and key sectors all of which are highlighted in the South East ESF Framework.

## 1.2 Objectives

SEEDA has five **statutory objectives** under the Regional Development Agencies Act 1998. These are:

- To further economic development and regeneration
- To promote business efficiency, investment and competitiveness
- To promote employment
- To enhance the development and application of skills
- To contribute to the achievement of sustainable development in the UK

SEEDA's published mission is to work with its partners to make the South East of England a 'world class' region. It seeks to facilitate sustainable development and an enhanced quality of life, as measured by economic prosperity, environmental quality and social inclusion.

The objectives and specifications for SEEDA's Co-financing Plan 2007-2010 reflect its regional priorities and key issues for action, as expressed in the Regional Economic Strategy 2006-2016 (RES), the RES Implementation Plan and SEEDA's Corporate Plan 2005-2008.<sup>2</sup>

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<sup>1</sup> The Profile of South East England, February 2006 (SEEDA), p.9.

The RES contains fourteen targets, of which three are relevant to ESF, and eight Transformational Actions, of which three are relevant to ESF:

- Target 5: Enterprise. Increase the business stock by 35% from 35 businesses per 1,000 inhabitants in 2003 to 44 per 1,000 inhabitants by 2016, including 10,000 new businesses run by women by 2010.
- Target 6: Skills. Maximise the number of people ready for employment at all skill levels, and ensure they are continually equipped to progress in the labour market.
- Target 10: Employment. Improve the productivity of the workforce and increase economic activity from 82% to 85% by bringing 110,000 net additional South East residents of working age into the labour market by 2016, as a step towards bringing up to 250,000 residents into the labour market by 2026.<sup>3</sup>

Transformational Actions:

- Skills Escalator
- Raising Economic Activity Rates to 85% by 2016
- Global Leadership in Environmental Technologies
- Science and Innovation Campuses

This plan has been developed in light of the South East ESF Framework 2007-10 document developed by a sub-group of the Regional Skills for Productivity Alliance. SEEDA fully supports the guiding principles articulated in section 3.3 of the Framework and will build these principles, which reflect strongly the lessons learnt from our evaluation of ESF projects which have concluded to date<sup>4</sup>, and links into the new regional ERDF Competitiveness programme<sup>5</sup> into the design of specifications.

Through the drafting of the specifications and tender form, tenderers to SEEDA for ESF funded projects will have to demonstrate how their proposal:

- a) Meets these regional objectives and therefore contributes to the strategic use of ESF resources in South East England.
- b) Meets the ESF regulations and requirements for Priority 1 and Priority 2.

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<sup>2</sup> SEEDA is currently entering a new corporate planning cycle to develop its plan for 2008-11. SEEDA's Co-financing Plan will contribute to the development of the SEEDA Corporate Plan.

<sup>3</sup> These three targets are underpinned by 20 actions, which have informed the development of this Co-financing Plan. The actions that are most pertinent are listed here:

Target 5: Enterprise: 5.1 Integrated business support; 5.2 Support for Women's enterprise; 5.4 Stimulate rural enterprise; 5.5 Support for home-based & micro-businesses; 5.9 Increase enterprise in under-represented groups.

Target 6: Skills: 6.1 Skills to meet business needs; 6.2 Improved skills brokerage; 6.3 Respond to Leitch Review of future skill needs; 6.4 Vocational & work-based learning opportunities; 6.5 Accessible community-based learning opportunities (all these feed into the Smart Growth principle of providing innovation skills for new technologies).

Target 10: Employment: 10.1 Support workplace training; 10.2 Encourage life-long learning; 10.3 ICT for flexible working; 10.4 Develop flexible and remote working policies which improve work-life balance; 10.5 Promote a diverse workforce; 10.6 Promote a healthy workforce.

<sup>4</sup> Michelle Spirit, Evaluation SEEDA ESF Co-Financed Programme, June 2004; & Evaluation of SEEDA Round 3 ESF Co-financed Programme, April 2007.

<sup>5</sup> South East England 2007-13 ERDF Competitiveness Operational Programme, Draft for Negotiation, June 2007.

### 1.3. Activities by Measure

SEEDA proposes to deliver activities under both priorities for the period of this Co-financing Plan.<sup>6</sup> Under Priority 1 SEEDA will use ESF to provide support to extend employment opportunities through enterprise start-up, self-employment and social enterprise. Under Priority 2 SEEDA will use ESF to provide training at levels 3+ to specific priority sectors in the form of enhanced 'packages' of support, aligned with specific industry skills needs that bring together mainstream provision with ESF support. These activities will meet both SEEDA's objectives and the strategic targets (1.2 above) and the objectives, outputs and results of the relevant Priorities.

### 1.4 Period of plan

This Co-financing Plan will fund ESF supported programmes from 1<sup>st</sup> January 2008 through to 31<sup>st</sup> March 2011.

The first opportunity for organisations to tender to SEEDA for ESF supported funding will be in Autumn 2007 and a second in Spring 2008, should any specifications not be let in the first round.

### 1.5 ESF funding applied for by measure

<b>Priority</b>	<b>ESF</b>
Priority 1	£999,969
Priority 2	£4,398,692
<b>TOTAL</b>	<b>£5,398,661</b>

## 2. Contribution to Implementation of the Operational Programme and Regional ESF Framework

### 2.1 Overview

SEEDA has worked closely with the other CFOs in developing this Co-financing Plan to ensure that the regional Framework and its guiding principles are implemented effectively and without any overlap of provision. On-going discussions have refined the different areas of activity and funding allocations to provide a coherent programme of support which complements and adds value to existing provision without duplication.

SEEDA will deliver activity under Priority 1 focused on helping those out of work through self-employment, business start up and social enterprise as routes out of worklessness or inactivity. In Priority 2, SEEDA will co-finance packages of support aligned with the needs of specific sectors at levels 3 and higher, including management and leadership skills. SEEDA will also support the themes of the ERDF programme through the provision supplied to environmental management and protection skills and in eco-friendly technologies, including

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<sup>6</sup> See section 2 below for full details of activity by priority.

training which supports renewable energy sectors, energy efficiency and recycling, which complements the ERDF programme's focus on sustainable consumption and production.

Funding and outputs and results indicators are detailed in Annex 1 at the end of this plan.

## 2.2 Priority 1

Activity to be supported	Target groups	Geographical targeting
Extending employment opportunities through enterprise start-up support and skills for self-employment and social enterprise (Framework, p. 14)	Unemployed / inactive beneficiaries who are unable to access business start-up support through existing programmes	Region-wide, but with a focus on deprived coastal, urban and rural areas, for example areas with the highest concentration of unemployed people include – Eastbourne, Canterbury, Rushmoor, Thanet, and Chiltern as well as the coastal fringe and in the inner urban areas. Inactive people have particular areas of concentration, namely: Medway Towns, Southampton, Oxford and Brighton & Hove. (Evidence Base, p.17)

SEEDA's activity under Priority 1 will very clearly complement the provision being offered by the other CFOs. SEEDA has a remit to fund business support within the region and the highly successful programmes of Enterprise Hubs and Gateways provide established routes to newly formed businesses and entrepreneurs looking for support to start-up. However, there is significant disparity within the region in terms of business start-up rates and ESF offers an opportunity to provide support to unemployed and inactive beneficiaries to help them use enterprise start-up and self employment, including the social enterprise model, as a route back into the labour market.

Both the LSC and JobCentre Plus/DWP have confirmed that this element of Priority 1 is not one in which they will deploy ESF. Beneficiaries receiving support under this priority through a SEEDA programme would be those who are not eligible to receive the limited support for test trading which is available under the New Deal programme, or as a progression route for those who require further support once that available under New Deal has concluded.

It is anticipated that there would be a small involvement from beneficiaries in the NEET or at risk of becoming NEET groups who aim to start their own enterprises. In order to ensure complementarity any members of the NEET group would be received on a referral basis, as enterprise start-up would be one of the options offered through the LSC funded provision and beneficiaries would be brokered to the SEEDA funded provision.

## 2.3 Priority 2

### Level 3

Activity to be supported	Target groups	Geographical targeting
Training at Level 3 qualifications for SMEs in priority sectors and targeting of priority groups in those sectors and occupational areas where they are under-represented at Level 3.	Priority sectors with a particular emphasis on targeting women, older workers, ethnic minorities and disabled people in those sectors and occupational areas where they are under-represented at level 3.	Region wide, with especial focus around concentrations of SMEs within each sector.
Enhanced 'packages' of support for priority sectors, aligned with specific industry skills needs that bring together mainstream provision with ESF support.	Priority sectors with a particular emphasis on SMEs.	Region wide, with especial focus around concentrations of SMEs within each sector.
Developing the skills of managers in SMEs with regard to improved utilisation of skills in the workplace and good practice in recruitment and retention, where not otherwise provided.	Managers working in SMEs in priority sectors, with a particular emphasis on targeting women, older workers, ethnic minorities and disabled people.	Region wide, with especial focus around concentrations of SMEs within each sector.

#### **Level 4 and above**

Training in environmental management and protection skills and in eco-friendly technologies, including training which supports renewable energy sectors, energy efficiency and recycling, linked to activities funded by the South East ERDF programme.	Priority sectors with a particular emphasis on small enterprises.	Region wide, with especial focus around concentrations of SMEs within each sector.
Management and leadership training, particularly with regard to innovation and knowledge transfer.	Priority sectors with a particular emphasis on small enterprises.	Region wide, with especial focus around concentrations of SMEs within each sector.

SEEDA has conducted in-depth high level discussions with the LSC, the other CFO operating in this priority, to develop a mutually exclusive yet complementary structure for the provision to address the Framework's priorities under Priority 2. To ensure complementarity the two organisations have agreed to work in different sectors, matched both to the priority sectors of the CFO and the levels of skills need within these. Therefore the LSC will work in the following sectors: Construction & Building Services, Retail, Social Care, Children's Workforce, Hospitality, Tourism & Leisure, Sports, Logistics and Information Technology; at levels 2 and 3 and for basic skills as well as covering leadership and management provision of these sectors. SEEDA will work in these different sectors: Bio Science, Environmental Technologies, Aerospace/Space, Built Environment and Advanced Engineering; at levels 3 and 4 as well as covering leadership and management provision of these sectors.

SEEDA is seeking to use ESF to fund ongoing enhanced levels of support and Continuing Professional Development (CPD) activity. This is a clear link to the sustainable development needs of individuals and the needs and demands of SMEs in these high-technology knowledge based sectors. Following this model will allow clear access routes for beneficiaries and SMEs through the regional brokerage agencies (Train to Gain, Business Link Service Providers) in line with the Business Support Simplification agenda. Following this model ESF will be able to maximise its impact across key sectors within the region in support of existing provision, for example Train to Gain, Training Pools, Sector Consortia and Regional Resource Centres.

The Outputs and Results Indicators set out in Annex 1 reflect a proportion of the regional targets based on the funding allocations. ESF funding will be used to add value to existing programmes and should be aligned to the respective lead responsibilities of each CFO. Thus the LSC remit is to maximise participation through qualifications, whereas SEEDA's business support remit means a focus on CPD and skills solutions for business that generally could lead to a full qualification.

### 3. Funding and added value

#### 3.1 ESF and match funding tables

Priority 1	ESF funding	Match funding	Source of match <sup>7</sup>
2007	<b>£242,616</b>	<b>£242,616</b>	SEEDA single pot
2008	<b>£247,469</b>	<b>£247,469</b>	SEEDA single pot
2009	<b>£252,418</b>	<b>£252,418</b>	SEEDA single pot
2010	<b>£257,466</b>	<b>£257,466</b>	SEEDA single pot

Priority 2	ESF funding	Match funding	Source of match <sup>8</sup>
2007	<b>£1,067,227</b>	<b>£1,067,227</b>	SEEDA single pot
2008	<b>£1,088,572</b>	<b>£1,088,572</b>	SEEDA single pot
2009	<b>£1,110,343</b>	<b>£1,110,343</b>	SEEDA single pot
2010	<b>£1,132,550</b>	<b>£1,132,550</b>	SEEDA single pot

#### 3.2 Administration costs forecast

Description	2007	2008	2009	2010	2011
Head of European Programmes (0.5 FTE)	£2,908.01	£23,613.05	£24,321.44	£25,051.08	£3,177.66
Senior ESF Executive	£4,691.70	£30,436.00	£41,593.87	£42,841.69	£5,434.35
ESF Contract Executive		£28,941.42	£39,551.39	£40,737.93	£10,334.99
ESF Contract Executive <sup>9</sup>		£14,907.17	£30,261.55	£31,169.40	£7,907.51
European Programmes Assistant (0.5 FTE)		£7,000.00	£14,000.00	£14,000.00	£3,500.00
European Finance Support		£9,900.00	£14,400.00	£14,400.00	£4,600.00
Staff Recruitment		£2,000.00			
Staff training		£2,000.00	£2,000.00	£2,000.00	
Staff travel and subsistence	£1,650.00	£2,400.00	£2,400.00	£2,400.00	£1,650.00
Training and Networking support for Providers		£1,000.00	£1,000.00	£1,000.00	
Publicity	£ 250.00	£ 500.00	£ 500.00	£ 500.00	

<sup>7</sup> Match funding is anticipated to come from Enterprise Gateways and Business Links. However as the Corporate Planning cycle for 2008-11 has recently commenced more detail cannot be provided at this stage.

<sup>8</sup> Match funding is anticipated to come from Training Pools and the SEEDA single pot funding for Regional Resource Centres. However as the Corporate Planning cycle for 2008-11 has recently commenced more detail cannot be provided at this stage.

<sup>9</sup> Contract Executives salaries vary as one remains involved in closure of 2004-8 programme and because one has progressed significantly further within the salary band than the other.

Management and administration costs total	£512,930.21
Management and administration costs as percentage of programme:	4.75%

### *3.3 ESF Added Value and Complementarity to Match Funding*

3.3.1 Under Priority 1, ESF funding will be used to add value to the Enterprise Gateways programme by enhancing the level of support which can be offered and allowing the more in depth engagement with disadvantaged groups and areas which is vital to ensure that beneficiaries are engaged and fully supported through the process of enterprise start up. This provision will also add value to the limited test trading support available under the New Deal programme by supporting target groups which cannot access this or acting as a progression route for beneficiaries with higher support requirements once New Deal support ends. SEEDA will use ESF to add value to the support available to the NEET group by offering advice on business start-up and self-employment in partnership with Connexions and the LSC.

3.3.2 Under Priority 2, ESF funding will be used to support the priority sectors identified in the RES and South East Framework as those which have intermediate and higher level skills needs and which provide the greatest opportunity for the region's economy in terms of current and potential growth. Specifications will be designed to work alongside the Regional Resource Centres, Training Pools and sector consortia to provide support in areas of market failure where mainstream provision is not available. SEEDA aims to use ESF to provide coherent packages of support to the specific sectors identified above which will supplement the existing provision and fill any gaps. Thus not only will support be targeting underrepresented groups and specific sectoral needs, but will enhance the existing offer to SMEs and present them with a coherent offer accessible through the regional brokerage mechanisms. This approach offers added value and complementarity at a level beyond links with existing provision, as ESF is being used to deliver part of the regional vision of straightforward access to provision for SMEs fully in line with the Business Support Simplification agenda.

## **4. Project selection and tendering arrangements**

### *4.1 Objective appraisal criteria*

In order to achieve consistency and openness and to meet the requirements of ESF, SEEDA has co-operated with the Learning and Skills Councils and JobCentre Plus in the South East to develop common processes and systems over the course of the 2000-6 programme. SEEDA intends to continue to use this system as the LSC and DWP move to a centralised e-tendering process. The process includes objective assessment and appraisal criteria and a prospectus jointly developed by all the CFOs, which will include information on ESF and the priorities of each CFO, alongside annexes providing CFO-specific information about the co-financing process, the eligibility of organisations to be ESF providers, and the tendering and assessment procedures.

Tender proposals will be assessed against the specification to ensure that they meet the minimum requirements sought. The arrangements put in place by SEEDA meet the requirements for open and competitive tendering, as given in Annex 4.3 of the Co-financing

Consolidated Guidance. SEEDA is complying with the recommendations in the following ways:

Advertising	SEEDA gives wide notice of its co-financing procedure, timetable and draft priorities and uses a range of media, including direct presentations at meetings, website, etc. in order to achieve this. The invitation to tender will be mailed out to our database and published on our website
Activities	The activities for which SEEDA is seeking proposals are consistent with the Co-financing plan and prospectus, developed in partnership with the LSC and Job Centre Plus. All the activities meet the strategic objectives of SEEDA and provide additionality as required by ESF.
Appraisal and selection criteria	The published criteria used by all Co-financers are objective and subject to independent scrutiny.
Timetable	There is a clear timetable for the receipt of proposals and selection of providers. The time limit between publication of the Invitation to Tender and their return will be in excess of 20 working days
Publication of results	The results of the contracting process will be made public on the SEEDA, LSC, JobCentre Plus and <a href="http://www.futureesf-se.org.uk">www.futureesf-se.org.uk</a> websites.
Feedback	All applicant organisations will receive feedback on their proposals. Initially a letter will be sent to inform them of the decision, and detailed feedback will be available following the contracting process.

Each tender proposal will comprise two parts, an eligibility section addressing issues around Equality of Access, Health and Safety, Quality Standards for the provision being procured, Management Systems etc. and a second section setting out the proposed provision which the applicant seeks to deliver. These documents will be aligned against the LSC and DWP PQQ documents to ensure that the same standards are applied across the entire programme.

An assessment of each provider's quality standards and commitment to continuous improvement forms a crucial part of the assessment and appraisal of tenders. SEEDA will require all providers to be performing at the appropriate quality standard, aligned with the requirements of the LSC, to ensure that provision within the region is of the same high quality. The ALI inspection report for ESF funded provision in the South East identified three key areas for improvement: initial assessment of learners' additional needs; weak target-setting and progress reviews; and a wide range of approaches to quality improvement.<sup>10</sup> In response to these, SEEDA will look for the following from its providers:

- An initial assessment to back up whatever has been carried out as part of the entry route to the project. It is anticipated that primary access routes will be through the Business Link network and Train to Gain, which involve assessments of learner needs. Projects will be supported to refer beneficiaries to additional relevant provision, be it ESF or mainstream, while they are participating on the project.
- Target setting and progress reviews will be crucial to the success of these projects which face challenging targets within challenging timescales. Specifications will require target setting and review processes to be in place in order to ensure that beneficiary progress is adequately mapped and recorded and that providers' progress towards achieving targets can be adequately monitored.

<sup>10</sup> *Inspection Report European Social Fund – South East 13 October 2006*, Adult Learning Inspectorate, pp.6-7.

- Clearly articulated processes for continuous improvement, including quality assurance processes involving regular reviews and which take full account of learner feedback. These quality improvement systems will be reviewed during the Monitoring Visits.

#### *4.2 Arrangements for publication of Invitation to Tender (ITT)*

It is SEEDA's current intention that the first Invitation to tender under the 2007-11 Co-financing Plan should be published on or shortly after the 11<sup>th</sup> September 2007.<sup>11</sup> This will be emailed to all providers on the ESF database and published on the SEEDA, LSC and JobCentre Plus websites as well as at [www.futureesf-se.org.uk](http://www.futureesf-se.org.uk). A press release will also be issued to alert organisations of the publication of the ITT.

#### *4.3 Assessment of tenders*

Tenders will be opened together and logged by an independent representative from SEEDA's Procurement Team.

Tenders will be assessed according to the assessment Framework and criteria set out in the SEEDA specific annex to the prospectus. Each tender will be assessed by two SEEDA staff working together and will be quality control checked by an adjudicator from within the ESF Team to ensure full feedback is included and ensure consistency and objectivity. Assessors will be required to sign a Declaration of Interest and Confidentiality Agreement and will be required to disclose any conflict of interest in the tender being assessed prior to commencing assessment. If any conflict is declared an assessor would not be permitted to assess that tender. All assessors will receive training to ensure a consistent approach.

Each tender proposal will be assessed against the specification criteria identified for each element of the proposal. Each section of the tender will be rated and a final rating for the tender will then be provided.

#### *4.4 Appraisal of tenders*

All tenders which have been assessed as "meets requirements" or above will proceed to appraisal. The Appraisal Panel will be formed of key experts on activity areas from SEEDA and external representatives from key regional stakeholders, for example Government Office, other Co-financing Organisations, etc. All Appraisal Panel members will receive training to ensure consistency of approach. SEEDA's Executive Director, Smart Growth will chair the panel with secretarial support provided by the ESF Team. The role of the appraisal panel is to ensure that the tender providing most added value is approved to support the priorities outlined in SEEDA's Co-financing plan and any relevant negotiation issues are identified.

The Appraisal Panel will consider issues of value for money, complementarity and duplication. Tenders will be rated in the following bands in terms of how well they meet the criteria:

Significant risk

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<sup>11</sup> The exact date for the Autumn 2007 ITT will be confirmed by the end of August, following discussions with other CFOs to try to co-ordinate our tendering rounds and guidance on links to the national launch.

Risk  
 Meets requirements  
 Added Value  
 Significant Added value

Tenders will then be short listed according to their overall rating and ranked.

#### 4.5 Post-Tender Negotiation

The ESF team will oversee the management of Co-financed projects and will provide extensive support for successful providers, from Post-tender negotiations through the delivery of their projects through the allocation of a named Contract Executive, who will look after the project from approval stage, through to delivery, to ensure consistency for the provider and project. The Contract Executive will be the main source of advice and support for the provider from approvals stage. They will be responsible for liaising with the provider throughout Post-tender negotiations, then work intensively with them to develop a realistic and achievable delivery plan and payment profile.

#### 4.6 Feedback arrangements

Comparative feedback will be available to tenderers who were not selected by the Appraisal Panel during a 10 day holding period in accordance with the new European Tendering Statutory Instrument which came into force in England and Wales as of 31<sup>st</sup> January 2006.

Following the Post-Tender Negotiations and contracting process, unsuccessful tenderers will then be provided with full written feedback. The feedback will provide a summary of the assessor's comments and those of the appraisal panel. We will endeavour to provide written feedback within 20 working days of receipt of the final signed contract resulting from that tendering round. Face to face feedback will then be available if requested.

As this is an Open and Competitive Tendering process there is no appeals process. In the event that a provider feels that the assessment of their Tender has been mis-managed, they can follow the complaints procedure for the ESF Co-financing Programme, aligned with the SEEDA organisational complaints procedure, which is published on our website at: [http://www.seeda.co.uk/europe/european\\_social\\_fund/index.htm](http://www.seeda.co.uk/europe/european_social_fund/index.htm). This procedure will not overturn any decision made by the Appraisal Panel but may feed in to future tendering rounds where this is appropriate.

#### 4.7 Timetable for submission of tenders, appraisal and selection

The draft tentative timetable for the submission of tenders will be:

15 <sup>th</sup> October 2007	Invitation to tender.
30 <sup>th</sup> November 2007	Deadline for receipt of tenders.
3 <sup>rd</sup> December 2007	Logging of tenders
3 <sup>rd</sup> – 13 <sup>th</sup> December 2007	Assessment of tenders
17 <sup>th</sup> – 21 <sup>st</sup> December 2007	Appraisal panel
14 <sup>th</sup> – 18 <sup>th</sup> January 2008	Decisions communicated to tenderers/ Post-Tender Negotiations for successful tenders/Contracts issued
11 <sup>th</sup> February 2008	Project activity commences
29 <sup>th</sup> February 2008	Feedback provided to unsuccessful tenderers

#### *4.8 Tendering for match funding provision*

Match funding provision from SEEDA's single-pot funding stream will adhere to SEEDA's tendering processes. SEEDA is governed by Dti/Public Sector and European directives regarding the procurement of goods, services, and works and is compliant with national RDA requirements and is subject to NAO audits. Formal training on procurement is provided to SEEDA staff by Business Management Support as part of the Project Manager's Foundation Course.

In particular, the rules and procedures applying to tenders are quite strict, and the following thresholds apply:

- Contracts expected to be £10,000+ must go through the standard Competitive tender procedure;
- Service contracts over £140,000 must go through the European tender procedure;
- Works contracts over £3,600,000 must go through the European tender procedure.

Competitive tenders and European tenders follow formal procedures which are managed by SEEDA's Procurement Team.

SEEDA's project manager submits a signed Approval to Tender Form to the Procurement Team prior to commencing tendering activity to confirm that budget has been allocated in accordance with SEEDA's project appraisal procedures. Procurement will arrange an advertisement in the Official Journal of the European Union of a forthcoming tendering round, where this is applicable (see thresholds given above) for expressions of interest.

The project manager completes a specification template, Form of Offer, Terms & Conditions of Contract and establishes the evaluation criteria and process. Evaluation is designed to establish best overall value for money by balancing quality, performance, risk and cost. Tenderers are made aware of the criteria to be used.

Tender documentation is compliance-checked by Procurement, allocated a tender reference number and issued to tenderers with a return date of no less than three weeks. Receipt of tenders, formal opening and logging is undertaken by an independent representative within the Procurement Team. Tenders are then evaluated in accordance with pre-determined evaluation criteria and evaluations are checked for consistency and compliance with published guidance. Tender evaluations are summarised and a memo drafted with recommendation of approved supplier.

## **5. Provider funding and monitoring**

### *5.1 Payment arrangements for providers*

SEEDA reimburses ESF providers using contract costs, which are divided between outputs and milestones.

Milestones account for 23% of the contracted amount, specific percentages are allocated to activities such as Audit, Evaluation, Quarterly Progress Reports, Equality of Impact Project Plan and Equality of Impact Assessment. Unit costs for outputs are calculated in relation to their importance to the programme. Higher unit costs are attached to the primary

outputs which we are seeking to buy with the specification as these come from the output indicators in the ESF Framework and link directly to the measure level plan targets.

SEEDA appreciates that the effect of this is to weight the payment profile towards the back end of the project, so we offer providers the facility to request advance payments, which will not exceed 30% of the first year's profiled project costs. Advance payments are recovered over the last four quarters of a project.

Each quarterly claim is paid in three monthly instalments – two paid in advance (30% of quarterly total each) and the final paid in arrears on satisfactory reconciliation of the quarterly claim (40% of the quarterly total). These payments are derived from the quarterly totals set out in the current version of the contract payment profile. All payments are dependant upon full reconciliation of previous claims. Any outstanding issues will result in payment being delayed until a satisfactory resolution is agreed.

## *5.2 Arrangements for Monitoring ESF Providers*

All new providers will receive support reach SEEDA's project management standards and meet their targets. During contract negotiation, all providers receive a comprehensive document containing advice and guidance on how SEEDA expects a Co-financing project to be delivered; from publicity to delivery plans, evaluation and management information, along with a copy of the standard SEEDA ESF Co-financing Contract.

After contracts have been issued, Provider Networking Meetings are organised by SEEDA for providers. At these the ESF team make presentations on the co financing processes and project management requirements, and providers have a chance to meet the ESF team, have their questions answered, and make contact with the other approved providers and learn about each others' projects.

Providers will be subject to in-house monitoring by their Contract Executive, via structured monitoring visits, who will inspect their records. These visits are usually carried out quarterly, supplementing the quarterly claims process and informal contact such as regular phone calls and updates. A significant section of the visit is to review the secondary evidence of project activity kept on-site and to cover issues such as publicity activity, evaluation and sustainability. Should a provider fail to produce secondary evidence of outcome achievement, SEEDA will claim back the funding attached to the outcome. The Contract Executive will also seek to view project activity annually.

Four working days after the end of each quarter, each provider is required to submit a Quarterly Progress Report (a paid project milestone) stating achievement against outputs and supported by evidence demonstrating output delivery, in accordance with their contract. Annex 5 (Evidence Requirements) details the primary evidence to be sent to SEEDA with the Quarterly report, e.g. Learner Record forms, and the secondary evidence to be retained on site for inspection at the Monitoring Visits. To avoid any confusion or misinterpretation the Evidence Requirements annex also includes a clear definition of what is meant by each output and milestone.

This process has been designed to ensure minimum if any slippage in the anticipated project delivery. In the event that a subcontractor is not meeting its profiled targets in any one quarter and can provide sufficient justification for the slippage, a recovery plan will be agreed or the project may be subject to re-profile. In the very unlikely event of severe slippage, which is deemed non-recoverable by the Contract Executive or ESF Manager, any

remaining targets and funding may be reallocated to another provider, in line with the recent guidance on virement between providers.

Financial performance for providers is monitored as a direct result of the use of contract costs. Recovery for areas of underspend is demonstrated in the recovery plan for delivery as when outputs are delivered they are paid for. Projects are also required to carry out an audit inspection for each year of operation. This inspection examines the eligibility of spend, accuracy of outputs reported and the robustness of their systems for capturing and reporting outputs and must be carried out by an independent external auditor.

If there are any concerns regarding the project a more regular monitoring regime may be adopted. This would involve monthly reporting and reconciliation to enable closer supervision of the project.

### *5.3 Provision of management information*

SEEDA has developed robust systems for providing management information about spend, beneficiaries and outputs. These systems feed into the interim claims and enable SEEDA to produce breakdowns of progress to date at any point during the programme. These systems combine SEEDA's electronic project management and financial systems (PMS and Agresso) with bespoke Excel based spreadsheets (capturing data from a suite of beneficiary Learner Records and Company Enrolment Forms with Data Protection Act compliant wording). We will continue to explore the option of an Access database for beneficiaries and companies.

## **6. Cross cutting themes**

### *6.1 Equality and Diversity*

SEEDA fully supports the South East Equal Opportunities Mainstreaming Plan 2004-8 and has sought to embed the approach advocated by this into its own Co-financing programme. SEEDA will administer this Co-financing Plan in the Framework of its own Disability Equality Scheme 2006-9, Gender Equality Scheme 2007-10 and Race Equality Scheme 2005-8.<sup>12</sup>

The ESF Team includes a SEEDA Diversity Champion and one member of the team is designated as the specialist in equality and diversity. The team specialist attends GOSE led Equalities group and all SEEDA ESF staff have undertaken Equalities training. All providers and their partners are required to have in place an appropriate operational Equal Opportunities policy at tender stage (this is an eligibility criteria) and providers are required to supply SEEDA with a copy of this document at the Post-Tender Negotiation meeting. Providers which do not already possess their own Disability Equality Scheme are required to commit to the provisions of SEEDA's scheme. SEEDA also requires providers to demonstrate that they have sufficiently robust processes in place to monitor and evaluate their projects' contribution to equal opportunities and this is reviewed at the Monitoring Visits.

SEEDA requires all providers to produce an "Equality of Access Project Plan", detailing how Equal Opportunities considerations will be integrated into every aspect of project design and

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<sup>12</sup> Documents available from SEEDA's website:

[www.seeda.co.uk/Work\\_in\\_the\\_Region/Social\\_Inclusion/Equality\\_&\\_Diversity/](http://www.seeda.co.uk/Work_in_the_Region/Social_Inclusion/Equality_&_Diversity/)

Disability Equality Scheme finalised December 2006; Gender Equality Scheme consultation document released April 2007; Race Equality Scheme currently under review.

delivery, sets specific targets to support Equality of Access and states how these will be monitored and evaluated. The targets must be both quantitative and qualitative and, towards the end of their project, the provider is expected to produce an impact assessment of their plan, assessing progress on implementing the plan and stating achievement against targets. The impact assessment also identifies any difficulties experienced in implementing the plan and identifies good practice that can be disseminated. Both form paid milestones of the project.

Under this Co-financing Plan, each specification will explicitly state priority groups for each project including disabled people, Black and Ethnic Minority communities and gender balance. In line with the ongoing experience in the South East, SEEDA will be actively seeking to increase the participation of disabled people and the quality of interventions for disabled people, in its co-financed projects 2007-2011.

## *6.2 Sustainable Development*

SEEDA is a regional organisation with a strategic overview and the CFO Plan is devised from and reflects the strategic objectives as outlined in the South East ESF Framework and the RES. The RES sets out the goal of “global competitiveness through smart growth and sustainable prosperity.”<sup>13</sup> In working to deliver these objectives, SEEDA is seeking to support activities through its Co-financing Plan that will deliver economic growth and sustainable development in the South East region in the following ways:

- Expand the knowledge economy by focusing on world class working practices and increase the levels of productivity;
- Provide learning opportunities and mentoring within SMEs to improve management and leadership skills;
- Ensure high and stable levels of employment for people to benefit from the economic growth of the region;
- Raise educational and achievement levels across the region and develop opportunities for people to acquire the skills required to find and remain in work;
- Further develop an understanding between the business community and the FE & HE sectors to improve skills throughout the region;
- Encourage the development of an enterprise society, through promoting enterprise creation and self employment as routes out of unemployment / inactivity.

In this way SEEDA aims to meet both the regional objectives and the objectives for sustainable development, in the areas of activity under the two priorities which this Plan covers.

SEEDA will use ESF to support environmental sustainability by aligning provision with the activity under the South East ERDF programme, which focuses around sustainable production and consumption,<sup>14</sup> and through building environmental technologies into the provision which is funded. Not only would ESF be used to support individuals in the Environmental Technology sector itself, but these sustainable techniques will be shared across the other sectors which are supported. At a very basic level, SEEDA will encourage environmental sustainability through flexible delivery at locations across the region to minimise travel.

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<sup>13</sup> RES 2006-2016, p.4.

<sup>14</sup> South East 2007-13 ERDF Competitiveness Operational Programme, pp.64-72.

Sustainable development has been taken into account for each Priority. Approaches to sustainable development as described above are embedded in the Co-financing plan objectives and therefore in the activities in the detailed tender specifications against which organisations will tender, thus ensuring all approved projects will, by default, contribute to sustainable development. This lies at the heart of this Co-financing plan. For example, enterprise start-up provides an ideal route into sustainable employment for someone moving out of unemployment / inactivity, who may face barriers to mainstream employment and in this way can work in a way and manner which suits them.

All activities detailed in this plan aim to deliver progress which recognises the needs of everyone and maintain high and steady levels of economic growth and employment. This Co-financing Plan will deliver this in various ways: in terms of access to training, through engagement with hard to reach groups; the specifics of the provision, through the focus on skills at levels which individuals and SMEs need and demand; and clarity of the regional offer, through close alignment of SEEDA's ESF provision with both mainstream provision and that Co-financed by the other regional CFOs in line with Business Support Simplification. The skills provision which SEEDA will support with ESF under Priority 2 at levels 3+ represent exactly those which businesses and beneficiaries need and demand and which, in the priority high-growth sectors which SEEDA will focus on, represent the strongest opportunity to maintain high and stable levels of economic growth and employment.

## 7. Implementation

### 7.1 Key milestones for the first year of the plan

Year 1	2008			
Quarter	1 (Jan-Mar)	2 (Apr-June)	3 (July-Sept)	4 (Oct-Dec)
Milestone 1	Contracts issued to approved providers and projects commence			
Milestone 2	Training/networking event for new providers			
Milestone 3	Providers to return MI/reports	Providers to return MI/reports	Providers to return MI/reports	Providers to return MI/reports
Milestone 4	First payments to providers	Payment and reconciliation	Payment and reconciliation	Payment and reconciliation
Milestone 5		Monitoring visits to providers	Monitoring visits to providers	Monitoring visits to providers
Milestone 6		First participant starts reported		
Milestone 7	Advance claim	First interim claim	Interim claim	Interim claim
Milestone 8				Reassess provider contracts against original milestones and targets

### 7.2 Planned participants and results by Quarter for the first year of the plan

#### 7.2.1 Priority 1

Year 1	2008			
Quarter	1 (Jan-Mar)	2 (Apr-June)	3 (July-Sept)	4 (Oct-Dec)
1.1 Total number of participants		50	100	100
1.2 Number of participants who are unemployed		21	42	42
1.3 Number of participants who are inactive		17	34	34
1.4 Number of participants aged 14 to 19 who are NEET / at risk of NEET		2	4	4

1.5 % of participants with disabilities or health conditions		22%	22%	22%
1.6 % of participants who are lone parents		12%	12%	12%
1.7 % of participants aged 50 or over		18%	18%	18%
1.8 % of participants from ethnic minorities		11%	11%	11%
1.9 % of female participants		51%	51%	51%
1.10 Number of participants in work on leaving				10
1.11 Number of participants in work six months after leaving				
1.12 Number of inactive participants engaged in job search / further learning				20
1.13 Number of 14 to 19 year old NEETs or at risk of NEET				2

### 7.2.2 Priority 2

Year 1	2008			
	1 (Jan-Mar)	2 (Apr-June)	3 (July-Sept)	4 (Oct-Dec)
2.1 Total number of participants		200	350	350
2.2 Number of participants with basic skills needs				
2.3 Number of participants without level 2 qualifications				
2.4 Number of participants without level 3 qualifications		66	115	116
2.5 % of participants with disabilities or health conditions		15%	15%	15%
2.6 % of participants aged 50 and over		20%	20%	20%
2.7 % of participants from ethnic minorities		9%	9%	9%
2.8 % of female participants		50%	50%	50%
2.9 Number of participants gaining basic skills				
2.10 Number of participants gaining level 2 qualifications				
2.11 Number of participants gaining level 3 qualifications				

2 . 1 2  N u m b e r  o f  s m a l l  e n t e r p r i s e s  e n g a g e d  • < 10 employees • < 50 employees • <250 employees				
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## Annex 1 - Finance and targets

### Priority 1<sup>15</sup>

Finance - Priority 1	ESF funding	Match funding	Source of match <sup>16</sup>
2007	£242,616	£242,616	SEEDA single pot
2008	£247,469	£247,469	SEEDA single pot
2009	£252,418	£252,418	SEEDA single pot
2010	£257,466	£257,466	SEEDA single pot

Outputs and Results Indicators – Priority 1 <sup>17</sup>	2007- 2010 quantification
1.1 Total number of participants	656
1.2 Number & % of participants who are unemployed	a) 276 b) 42%
1.3 Number & % of participants who are inactive	a) 223 b) 34%
1.4 Number & % of participants aged 14 to 19 who are NEET / at risk of NEET	a) 26 b) 4%
1.5 % of participants with disabilities or health conditions	22%
1.6 % of participants who are lone parents	12%
1.7 % of participants aged 50 or over	18%
1.8 % of participants from ethnic minorities	11%
1.9 % of female participants	51%
1.10 Number & % of participants in work on leaving	a) 144 b) 22%
1.11 Number & % of participants in work six months after leaving	a) 171 b) 26%
1.12 Number & % of inactive participants engaged in job search / further learning	a) 100 b) 45%
1.13 Number and % of 14 to 19 year old NEETs or at risk of NEET	a) 12 b) 45%

SEEDA does not anticipate any participants being employed or self-employed under Priority 1. The breakdown mirrors that in the Regional ESF Framework and hence provides minimum targets for these groups. We anticipate that the balance of 131 participants, not identified as unemployed or inactive above, will be either unemployed, inactive or NEET. Self-employed participants would not be eligible for the SEEDA funded provision, which is around moving into self-employment and business start-up.

<sup>15</sup> SEEDA has committed to Co-financing the remaining balance of ESF funding under Priority 1 (c.£1.4m) and a supplement to this Co-financing Plan will be submitted to address this.

<sup>16</sup> Match funding is anticipated to come from Enterprise Gateways and Business Links. However as the Corporate Planning cycle for 2008-11 has recently commenced more detail can be provided by January 2008.

<sup>17</sup> The Outputs and Results Indicators set out in Annex 1 reflect a proportion of the regional targets based on the funding allocations.

Priority 2

<b>Finance - Priority 2</b>	ESF funding	Match funding	Source of match <sup>18</sup>
2007	<b>£1,067,227</b>	<b>£1,067,227</b>	SEEDA single pot
2008	<b>£1,088,572</b>	<b>£1,088,572</b>	SEEDA single pot
2009	<b>£1,110,343</b>	<b>£1,110,343</b>	SEEDA single pot
2010	<b>£1,132,550</b>	<b>£1,132,550</b>	SEEDA single pot

<b>Outputs and Results Indicators – Priority 2<sup>19</sup></b>	<b>2007- 2010 quantification</b>
2.1 Total number of participants	5,597
2.2 Number & % of participants with basic skills needs	a) 0 b) 0%
2.3 Number & % of participants without level 2 qualifications	a) 0 b) 0%
2.4 Number & % of participants without level 3 qualifications	a) 1,828 b) 33%%
2.5 % of participants with disabilities or health conditions	15%
2.6 % of participants aged 50 and over	20%
2.7 % of participants from ethnic minorities	9%
2.8 % of female participants	50%
2.9 Number & % of participants gaining basic skills	a) 0 b) 0%
2.10 Number & % of participants gaining level 2 qualifications	a) 0 b) 0%
2.11 Number & % of participants gaining level 3 qualifications	a) 548 b) 30%
2.12 Number of small enterprises engaged <ul style="list-style-type: none"> <li>• &lt; 10 employees</li> <li>• &lt; 50 employees</li> <li>• &lt;250 employees</li> </ul>	SEEDA is committed to supporting achievement towards the SME output indicator. The RSPA has established this indicator to capture the value of support for SMEs and a significant proportion of this will be achieved through brokerage and alignment of the Priority 2 programme to Train to Gain.

The number of participants here reflects the minimum anticipated for the programme and the actual figures here will be higher. Other participants will, for example, lack relevant level 4 qualifications, for which there is no output indicator.

<sup>18</sup> Match funding is anticipated to come from Training Pools and the Regional Resource Centres. However as the Corporate Planning cycle for 2008-11 has recently commenced more detail can be provided by January 2008.

<sup>19</sup> The Outputs and Results Indicators set out in Annex 1 reflect a proportion of the regional targets based on the funding allocations.