

London's ESF Takes Shape

Local launch arrangements are falling into place, as the Mayor seeks final agreement with the European Social Fund Division of the Department for Work & Pensions on the London Regional Framework for the European Social Fund (January 2007-December 2010). The extracts below incorporate the summer Consultation.

In anticipation, LVSTC is setting up a 'partnership portal' on the website, for mid-November, to help voluntary & community sector providers seeking to form consortia, partnerships and alliances in preparation for the new rounds being planned by London's 4 Co-Financing Organisations.

CFO Bidding Timetable (subject to change)

DWP	
Invitation to tender published	3 December 2007
Delivery Commences	June 2008
London Councils	
Delivery Commences	14 November 2007
Participants start	April 2008
LDA	
Invitation to tender launched	Mid-November 07
Delivery starts	June 2008
LSC	
Invitation to tender issued	12 November 2007
Projects start	February+ 2008

Extracts from the near-final London ESF Regional Framework

1.1 The ESF Framework sets out the vision for the new programme for London, highlighting the region's key challenges and opportunities and

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the areas where resources are to be targeted.

- 1.2 The vision for the new programme is to enable greater access to sustainable employment, particularly for groups experiencing multiple barriers to the labour market, and to create a more skilled and adaptable workforce for the London economy.
- 1.3 The new ESF programme will fund 100% of the cost of new projects that support training, support human resource development, address economic exclusion, and promote employment opportunities and workforce development across the region. Half of project funding will be provided by ESF.
- 1.4 Although London will receive one of the largest ESF allocations in England, at £323m, the new ESF programme has been significantly reduced from the previous European programme's value of £520m.
- 1.5 Alongside this reduction in funding the number of priorities has been reduced to two, from five. There will also be two national Cross Cutting Themes (CCT); Diversity & Equality and Sustainable Development, with a proposed additional London Focus on Health as a CCT.
- 1.6 Given the funding constraints, the new ESF programme will be more focussed and will build on the 100% co-financing model from the last programme. It is now under the strategic direction of the Mayor and is being developed at the same time as other significant changes to the governance arrangements for skills and employment in London.
- 1.7 The Mayor expects all organisations funded through ESF to engage, and work collaboratively with, target groups and communities in the design and delivery of ESF funded programmes where appropriate.
- 1.8 The Mayor will also be working with the London co-financers to ensure clear linkages with related strategies, and to make sure that, where appropriate, the new regional contracting process contains requirements to sub-contract in an inclusive manner so that ESF Funds benefit the widest possible range of organisations and communities in London. Co-Financing Organisations will be monitored against this direction via the Programme Monitoring Committee.
- How we have consulted on the Framework**
- 1.29 The further development of the London ESF Framework is dependent on dialogue and engagement with stakeholders. However it was only feasible to incorporate a focussed consultation process within the tight timeline

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set by government. The development process for drafting the Framework drew from national documents that had already been through a consultation process⁶, and published.

1.30 The consultation on the London ESF Framework commenced on the 5th July and ended on the 31st July. This included a large conference event on the 18th July.

How we have the Framework

1.31 The LDA has collated all the responses and adapted the Framework where appropriate, finalising the document in consultation with the Mayor. A separate report on the comments and responses to the Framework will be available on the LDA website later in 2007.

1.32 The finalised Framework will be sent to DWP and placed on the LDA website soon after it has been agreed with them.

Links between the European Regional Development Fund (ERDF) and ESF in London

1.33 Both this ESF draft Regional Framework and the Mayor's draft ERDF Operational Programme support the Mayor's overall vision for London in the next 15-20 years. This vision is set out in the Mayor's spatial development strategy -, the London Plan - and in the objectives laid out in the Mayor's Economic Development Strategy and, where relevant, other Mayoral Strategies.

1.34 It will be important to align the two European programmes, so that where possible ESF will provide its beneficiaries with appropriate skills to access the job opportunities being directly and indirectly created through the ERDF programme. This is particularly important as the ERDF programme will concentrate its economic development activity so as to particularly benefit areas of deprivation. Making the links with other economic and skills development programmes will also be important.

PRIORITY 1 – Extending Employment Opportunities

£215m ESF has been allocated to this Priority. This includes £10.7m (or 4.5%) regional flexibility. The majority of respondents to the consultation identified that a greater allocation of the regional flexibility should be distributed over to Priority 1.1 and 1.2. Respondents also noted the high unit costs associated with addressing the needs of those not in, or in danger of not being in, education, employment or training.

2.18 Additional resource is proposed to be added to the Community Grants programme above the national guidance rate of 2.5%. Following discussions with ESFD up to 1% of Priority 1, (within theme 1.1) is proposed to be ring fenced support for innovative projects up to the value of £25,000 for community and voluntary sector organisations that can deliver more “hard outputs” such as skills development and employment support, leading to more formal progression pathways for beneficiaries. The ESF regional committee will be asked to endorse this proposal as an “innovative element,”

2.19 This results in an additional £4.74m (or 2%) being allocated to Priority 1.1 and an additional £5.96m (or 2.5%) being allocated to Priority 1.2.

Priority 1.1 Improving the employability and skills of the unemployed and economically inactive people.

2.29 Parallel to other major labour market programmes and funding in London, the individuals who will require further additional targeting will be those who are furthest from the labour market and will require longer term support measures. ESF funding will be prioritised under this measure to help the groups set out below. These groups will often overlap and are not considered mutually exclusive.

- Those with parental and/or carer responsibilities (lone parents being a key group)
- Those with health problems (including people with mental health issues and those on incapacity benefit)
- Disabled people
- Those from black, Asian and minority ethnic (BAME) groups (including white minority ethnic groups), taking account of the variations in outcomes amongst these groups
- Recent migrants with the right to work
- Those aged 50+ with low or no qualifications
- Low income, single earner households with children where one parent is not working....

2.34 Based on the review of “What works in tackling Worklessness” the indicative activities that the London ESF Framework will look to support are:

- Community specific and area specific strategies and initiatives to tackle worklessness. The most effective method for targeting concentrations of disadvantage across London is through the use of community specific or area specific programmes for those not engaged by mainstream services. New initiatives should look to add value to the existing infrastructure (highlighted in paragraphs 2.33 and 2.34)

through targeting those communities where employment service provision is proving relatively unsuccessful, or extending those programmes which are proving successful.

- Active and preventative measures which ensure the early identification of needs including individual action plans and personalised support. New initiatives should look to build on best practice and develop personalised action plans with individuals at the first point of contact with the system, rather than after six months. This should include the testing and identification of appropriate Skills for Life and/or language support.
- Enhanced Job Search Help, Advice and Guidance. The evidence shows that many of the most effective programmes have tailored sign-posting towards work whether they are provided within or by communities, by peers or through mentoring opportunities. New projects should add value to support already provided.
- Skills for Life, including the basic skills of literacy and numeracy and English for Speakers of Other Languages, ICT skills and financial literacy skills. The evidence suggests that the greatest cost benefit ratios from funded training are for programmes that are strongly embedded in the workplace, including language learning that is vocationally relevant and linked to employer needs.
- Improving job brokerage to enable a better match between supply and demand. Applicants would need to demonstrate how they build on the current employment brokerage work such as the Employer Accord, the quality improvement activities in London and are linked to the new brokerage confederation.
- Activities to help lone parents, Job Seekers’ Allowance recipients with children/care responsibilities and other disadvantaged parents. Activities and new projects addressing this should add value to other forms of support already provided designed to meet the needs of individuals including extending holistic support for families and care for dependent people. Skills and Employment support developed with employers and trade unions, with holistic support for individuals getting into and already in work. The tailoring of support linked directly to employer needs and employment opportunities is highly effective, especially when coupled with additional support for the individual accessing and remaining in work. This could include the provision of work placements and additional support for priority groups.
- Extending Employment Opportunities through the provision of additional in work support for priority groups. Working with employers and ESF beneficiaries, projects that link with existing employment brokerage support (including both adults and young people who were formerly NEET) and provide additional peer support, work place advice & guidance and mentoring/“buddying”.
- Extending Employment Opportunities through social enterprises, enterprise start up and self employment. Projects that assist women entrepreneurs, young entrepreneurs, disabled

entrepreneurs and BAME entrepreneurs, particularly African and Caribbean men and Bangladeshi or Pakistani women, as these groups face specific barriers (such as access to finance) to setting up and developing a small businesses.

- Funding up to a maximum of £25,000 for community and voluntary sector organisations that can deliver more “hard outputs” such as skills development and employment support, leading to more formal progression pathways for beneficiaries. The current Global Grants programme has been very successful in delivering hard outputs and we will seek to build on ‘good practice’. The tiered funding system will enable small community providers to develop links with mainstream ESF provision to enhance beneficiary progression as well as providing a stepping stone to build capacity and access other sustainable sources of funding. . . .

Priority 1.2 Employment and skills activities targeted at young people who are not in education, employment or training (NEET) or at risk of becoming NEET

2.44 Following the London consultation there were many responses articulating the need to increase the level of support to this measure, emphasising the need for more holistic/joined up provision and the identification of primary targets groups to help ensure that those young people most disengaged are supported.

2.45 The primary target groups are not an absolute list and it is recognised that for some young people they will have multiple issues to be addressed:

- The homeless and those at risk of homelessness;
- Young people leaving care;
- Young offenders and those at risk of offending;
- Young people with substance dependency problems;
- Young people with mental health problems;
- Young people previously excluded from mainstream education;
- Young refugees;
- Young people fleeing domestic violence and abuse;
- Young people with poor skills for life; and
- Young parents.

2.46 The broad areas of proposed activity are based on the areas for strategic interventions identified in the “What Works in Preventing and Re-engaging Young People (NEET) in London” report and are set out below. The What Works report has been widely shared with London stakeholders and discussed at a regional workshop convened by GOL and LSC on reducing London NEET 2008-12. Given the variety of local and regional agencies with a role and/or stake in NEET prevention and re-engagement work, the development of these activities listed below would involve cooperative action from a number of organisations:

- Linking with employers – projects that encourage or link employers offering work experience, Apprenticeships, Diploma placements with NEET/potential NEET group with additional support.

- Support for extended secondary schools and other services to address the NEET agenda – projects which work with the extended schools agenda to work, engage, and plan more directly with Connexions staff, for example ensuring that personal advisors are located regularly on school premises. Developments should maximise opportunities through the 'Toolkit for London Extended Schools – working with young people NEET' and other resources (including from the TDA and ContinYou for DCSF), to assist schools to embed preventative work in their extended schools programmes.

- Additional support for key disadvantaged groups - projects which look at providing innovative responses to the NEET and/or potential NEET group would be supported here. Examples of innovative activity could be preventative Key Stage 4 support via the virtual head teacher for looked after young people; flexible funding and support for young mothers going back into post 16 education and training; provision of flexible funding (bursaries work) to help develop individual solutions to help young people re-engage; recognise part time study and/or part time work as a paid outcome for this group as it is a step to re-engagement. There may also be opportunities to contribute funding towards skills development and employment readiness related activities for young people within wider programmes to engage with youth people such as proposals currently under discussion to develop a number of new youth clubs across London.

2.47 Following the consultation a number of specific activities were identified that need to be built into wider package of support that help address the complex array of problems that some young people experience e.g. a project that addresses mental health issues, substance dependency and involvement in offending behaviour. The projects that will be encouraged are those that incorporate a range of activities such as the following:

- Individual Needs Assessment and Personal Development Plans, along with intensive IAG and Careers Action Planning;
- Skills for Life support;
- One to one and key worker support;
- Young parents programmes;
- Specialist help in dealing with mental health issues;
- Specialist help in dealing with substance abuse;
- Health education (including education on alcohol, drugs, sex and depression);
- Work with young offenders and those at risk of offending;
- Mentoring programmes;
- Creative, Cultural and Sports based programmes to re-engage and provide an ongoing ladder of support;
- Work readiness and work experience;
- Money management; and
- Taster courses.

2.48 Discussion will be held between the GLA's Young People's Team, the Association of London Directors of Children's Services, Connexions and DWP on how best to support projects that include and contribute to integrated client tracking for London. Technical Assistance funds could be used to scope the integration of such a system and the

databases in use...

Priority 1.3 Community Grants Programme for those groups furthest from the labour market

2.50 The London Global Grants programme was one of the key features of the last regional ESF Objective 3 programme supporting hundreds of small community and 'grassroots' organisations and helping many people move towards finding employment. In recognition of this, it is proposed that up to 1% of Priority 1.1 will be ring fenced to help small and community grants organisations who lack the capacity to access larger funding sources but who have the capability to deliver ESF outputs.

2.51 To ensure that the good practice and experience is not only captured from the previous programme, but built in as a performance improvement measure for the new programme, the LDA commissioned Rocket Science to evaluate the grants programme. The evaluation has been used to inform the design and refinement of the new programme arrangements.

2.52 The funding demand from small and community groups can never be satisfactorily met by the limited resources that are available from European and other funding sources. The revised Community Grants programme will aim to be more strategic and make greater linkages to other sources of funding to help create a sustainable funding model for organisations. This will be supported by a simple and open application process. The existing 'light touch' reporting arrangements will be maintained, with a greater focus on the intermediary body working with projects and other third sector networks in relation to evaluation and promotion, and provision of access to wider structures of support for capacity building & networking.

2.53 The new programme will have at its core the following principles;

- Grants will be allocated to small community and grassroots organisations via a single regional 'Intermediate Brokerage' mechanism. However, to ensure there is close engagement with London's diverse communities, this service will be required to engage partners including organisations led from within London's diverse communities which have proven credibility and delivery expertise where these can add value and reach.
- Grants will be allocated to small community and grassroots organisations who have a focus on outreach and engagement, along with the ability to help those furthest from the labour market move towards employment
- The new programme will operate within a framework that can capture 'soft outcomes' along with any possible 'hard outcomes'
- Funding will be increased to up to £12,000 with a separate allocation of up to £25,000 included with Priority 1.1. Discussions are underway to establish the acceptability of this approach to DWP.
- Where appropriate, linkages will be made to the London Employment and Skills Taskforce for 2012 (LEST) Action Plan, which sets out how the London 2012 Olympic and Paralympic Games will link people, work and training, specifically the Pre Volunteer Programme (PVP).

- The new programme will be overseen by a new strategic partnership. This partnership will have the remit of assessing the 'Intermediate Brokerage' performance, encouraging greater linkages with local strategic partnerships and the existing support infrastructure, programme promotion and evaluation, and creating enhanced networking and capacity building arrangements.

2.54 The new ESF Community Grants programme will be worth approximately £10.7m in total over the life of the new programme. This will be 100% co-financed by the LDA, subject to final approval, with a proposed additional £4.6m ring fenced within Priority 1.1.

2.55 Following the consultation and the positive evaluation of the previous Global Grants programme, the maximum grant amount has been increased from £10,000 to £12,000.

2.56 This is in recognition of the higher operating costs base that community organisations in the capital face, the significant diversity of London's communities and as a further mechanism to support the Mayor's vision for greater social and economic inclusion for all Londoners.

2.57 A maximum of 20% for administration is allowable for the support of the 'Intermediate Brokerage' mechanism via Technical Assistance. Building on the lessons learnt from the previous programme, applications will be assessed against a range of measures and in particular the value for money they offer....

PRIORITY 2 – Creating a Skilled and Adaptable Workforce

2.60 £104m ESF has been allocated to Priority 2. This includes £2.1m still to be allocated to specific measures within Priority 2.

2.61 The national objective of Priority 2 is to develop a skilled and adaptable workforce to increase productivity, innovation and competitiveness, but also focus on those who lack basic qualifications to increase sustainable employment and social inclusion.

2.62 This national objective is complemented by the Mayor's economic development strategy objective of Improving the skills of the workforce through:

- Improving the standard and accessibility of training and enterprise support
- Supporting training for those returning to work and promoting skills progression routes for those in employment
- Ensuring London enterprises are fully engaged in identifying skill needs and developing provision and initiatives to address them.

2.63 It is important that the limited resources available are targeted at those in greatest need. Potential projects under this Priority will need to provide support to increase the employability of those at most risk of being in unsustainable employment.

2.64 CFOs and ESF supported projects will need to be aware of their responsibilities in relation to working with employers and the European State Aid regulation. Further details of these requirements are at; <http://www.esf.gov.uk/>

2.65 The rationale for targeting specific groups is set out in Section 3 'Priority Targeting'. CFOs will be encouraged to make the maximum link between priorities and programmes, in recognition of the complex and multi dimensional nature of the issues to be addressed, as well as to create a more coherent and holistic service for beneficiaries.

Priority 2.1 Increasing the number of employees with improved basic skills levels, including English for Speakers of Other Languages (ESOL) needs.

2.66 Given the current achievement rates and needs of communities in inner, and some parts of outer, London, and the current direction of mainstream funding for adults, ESF will increasingly need to be linked to employability skills (as demanded by the employer) and complement the major regeneration opportunities (such as the 2012 Olympics).

2.67 ESF funding will be directed towards ensuring that people can get to Level 1 standards in basic skills, linked to employment requirements, and can then progress to mainstream Level 2 and Level 3 support. It will be critical that ESF support fits into a clear and tailored progression route with learning routes tied to the employment focus.

2.68 To maximise the impact of ESF funding, it is essential that funding does not duplicate but rather adds value to the development of the LSC Mainstream College Allocations, the Apprenticeship programme and Train to Gain. Links should also be made to Trade Unions and the Union Learning Fund.

2.69 Indicative activities likely to be supported are;

- Skills for Life (SfL) including basic skills of Literacy, Numeracy and English for speakers of another language, embedded within the workplace.
- Embedded SfL provision within vocational training, in particular those who need literacy, numeracy and ESOL support within training programmes away from the workplace.
- Support progression from foundation level up to Skills for Life level 3
- Initiatives by the social partners (e.g. trade unions) to promote lifelong learning and skills in the workplace

- Initiatives to support an increase in the supply of people with lower level skills relevant to employer needs
- New activities and gaps in areas of support identified by the ESOL review planned on behalf of the LSC and the LDA in the summer 2007
- Pathways into Learning
- Enhanced support to help young people who are formerly NEET and those who have recently come through employment support programmes remain and progress in employment.

Priority 2.2 Increasing the number of employees with improved level 2 skills.

2.71 There is already much infrastructure and budget support in place to deliver against the priority of increasing level 2 skills, primarily through the LSC Train to Gain programme.

2.72 Train to Gain is a national programme delivered by the Learning and Skills Councils (LSC) which provides free training to help employees gain their first level 2 qualification and Skills for Life first numeracy and literacy qualification, wage compensation for companies with less than 50 employees and funded programmes for Apprenticeships and Advanced Apprenticeships.

2.73 Indicative activities likely to be supported are;

- Purchase of second "level 2's" through Train to Gain.
- Targeted support for employees within disadvantaged communities and/or experiencing gender under representation/ segregation.
- Re-skilling or up-skilling employees through increased take up of training within SMEs (250 staff or under) going through industrial change.
- Projects that target skills gaps identified in Sector Skills Agreements (SSA) and that are supported by the relevant Sector Skills Council (SSC).

Priority 2.3 Increasing the number of employees with improved level 3/4 skills.

2.75 There is already much infrastructure and budget support in place to deliver against the priority of increasing higher level skills. Any projects supported will have to demonstrate added value to the LSC Train to Gain (higher level pilot) and the LSC Adult Apprenticeships programme. A greater focus will be given to target groups or communities which are achieving a lower than average proportion of higher level qualifications.

2.76 Indicative activities likely to be supported are;

- Activities that support the promotion of level 3 and 4 qualifications;
- Activities that stimulate employers to spend more on higher level skills and management and leadership specifically in SMEs;
- Activities that support the energy efficiency and renewable technologies sector;
- Programmes to facilitate highly qualified employed migrants with qualifications that are not recognised in the UK to obtain recognised UK higher level qualifications;
- Activities that enhance and encourage the take up of Apprenticeship programmes;
- "Training the trainer" support particularly in relation to lower skills areas and ESOL;
- Improving the quality of skills provision at these levels;
- Activities that add value to the Aim Higher programme, particularly where there are geographic/low community levels of HE entry;
- Projects that target skills gaps identified in Sector Skills Agreements (SSA) and that are supported by the relevant Sector Skills Council (SSC).....

PRIORITY 3 – Technical Assistance and Capacity Building

2.78 Unlike the current ESF Objective 3 Programme for 2000 - 06, there is no requirement in the new Programme to allocate 5% of programme funds to capacity building. The general expectation is that organisations selected to run projects should have the necessary expertise in place. Where additional support is required this will be provided through Technical Assistance or by allocating extra funds to particular providers for this, as part of contract negotiations.

2.79 TA is funding for up to 50% of costs, for managing the effective delivery of projects and promoting the benefits and achievements of the ESF Programme.

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