

# European Social Fund and the Skills Funding Agency

Successes and Achievements

August 2012

Of interest to providers, employers and stakeholders



# Introduction from Kim Thorneywork, Chief Executive (interim) of Skills Funding

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It is a privilege for the Skills Funding Agency to be the main European Social Fund (ESF) Co-financing Organisation, with the remit to deliver skills provision throughout the 2007-13 programme. We take this responsibility seriously and I hope you will enjoy reading about our ESF achievements here.

We are improving and extending our work with stakeholders so that we can ensure that a wide range of local partners are involved in determining what we purchase with ESF funds. By giving providers more freedom they can be more innovative in the design and delivery of ESF provision, and they will have more flexibility to offer tailored solutions that address local issues and needs.

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**Chief Executive (interim) of Skills Funding**

**Skills Funding Agency**  
**A partner organisation of**  
**the Department for Business,**  
**Innovation and Skills**

The Skills Funding Agency is working with the European Social Fund (ESF), which is responsible for promoting employment opportunities for all, to deliver this project/initiative. For further information on the ESF visit their website at [www.dwp.gov.uk/esf](http://www.dwp.gov.uk/esf)

# 2007-13

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## Introduction

1. The European Commission recently praised the England and Gibraltar European Social Fund Convergence, Competitiveness and Employment Programme as “one of the strongest performing in the European Union”.
2. With the Skills Funding Agency managing the delivery of £1.53 billion, approximately 60 per cent, of the £2.59 billion fund, it is an ideal opportunity to provide some further detail as to what works well, and why, and to reflect on what this means on the ground, for individuals, for communities, and for businesses.

## Approach

3. The Agency can achieve this scale of provision and delivery of European Social Funding (ESF) as a single national organisation with streamlined, nationally consistent processes and structures, including, for example, procurement and contracting.
4. Area-based Relationship Teams support providers delivering in those areas and engage with stakeholders to facilitate interactions between them and providers.
5. Freedoms and flexibilities provide the opportunity for providers to ensure and demonstrate to their local partners and stakeholders that they

are responsive to local needs, without the need for the Agency to prescribe what or how they should operate in order to achieve their contractual objectives.

## Procurement

6. Recent ESF procurement has been based on a nationally consistent specification, (aggregating the most frequently occurring core local and regional priorities and themes), and tendered on the basis of units of procurement reflecting Co-Financing Plan regions.
7. Evaluation criteria enabled tenders to reflect an understanding of Local Enterprise Partnership priorities where they exist (or other local strategies where they do not), to ensure that local responsiveness played a key part in the selection of successful providers, influencing which organisations were offered contracts. So within a national specification, local responsiveness was very much taken in to account.

## Delivering for Other Organisations

8. We also successfully deliver the current 14-19 NEET (Not in Education, Employment or Training) programme on behalf of the Education Funding Agency (previously the YPLA). Using smaller local units of procurement, in this case individual

local authority areas, we funded fewer successful providers per unit, although this makes management of both under- and over-performance more difficult. This is because procuring to fixed funding and participant targets, and tight cohort definitions at this level can restrict the ability of training organisations to respond flexibly to changes in demand and/or requirements, (for instance as a result of emerging or changing priorities), as funding is 'locked in'. Procuring at a larger geographical unit, but with a focus on the priorities at each smaller local unit, can resolve this issue.

9. Our approach means providers can concentrate on what they do best: delivering effective quality provision for individuals, whether seeking employment or up-skilling to further their careers. The administrative burden of: match funding; audit; IT systems for financial and data management; and so on, is borne by the Agency.

## Achievements

10. To November 2011, approximately half way through the spend period for the programme, the Agency is on target for spend nationally. ESF provision of £721 million has been contracted, delivered, spent and claimed within the 2007- 2013 programme, across England.
11. Furthermore, our robust contract management processes and output related funding models ensure that we pay for quality outcomes that make a difference to individuals over and above the ESF programme targets. It's our providers who deliver this for us, and the success of the programme is due to their quality provision supporting those in need.
12. Through the first half of the

programme to November 2011, the Agency has already exceeded targets:

### Priority 1 and 4

- double the number of overall participants
- 68 per cent above target for engaging unemployed individuals
- engaged double the number of 14-19 NEET individuals and more than double the number of NEET to Education Employment and training (EET)
- exceeded the engagement target for people from ethnic minority groups.

### Priority 2 and 5

- exceeded the participation engagement target by 140,000 individuals
- exceeded the target for individuals without a Level 3 by 106,000
- exceeded the engagement target for people from ethnic minority groups
- exceeded the targets for individuals achieving a Level 2 and Level 3

13. The Agency is also on target to meet or exceed:

### Priority 1 and 4

- the number of participants in work on leaving
- proportionate engagement of individuals aged 50+ and those with disabilities

### Priority 2 and 5

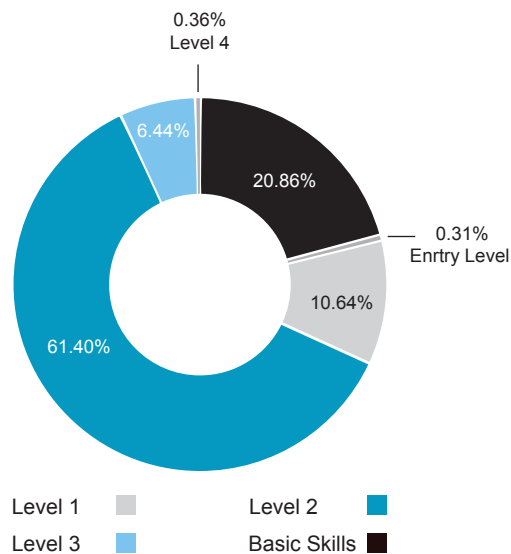
- engagement of individuals without a basic skills qualification or without a Level 2
- proportionate engagement of individuals aged 50+ and female

participants

- individuals gaining a basic skills qualification.

14. This last statistic is a good example of the added value of the Agency's ESF projects. Of those individuals supported by ESF who have no prior qualifications, we are currently under the full programme target of 44 per cent achieving a basic skills qualification. This is because, whilst only 20 per cent have achieved a basic skills qualification, a further 11 per cent achieved a Level 1 qualification and 61 per cent achieved a Level 2; significantly exceeding the intent of the programme target.

### Levels of achievements in Priorities 2 and 5 for ESF participants without previous qualifications



15. The [ESF-Works](#) website demonstrates how the funded learning translates into people's lives in the community. The website provides real case studies of ESF projects, which demonstrate how providers work with their partners and stakeholders to respond to very local needs and priorities for individuals in their communities. These case studies can be searched and selected on the basis of Co-financing Organisation, such as Skills Funding Agency Co-

Financing Plan region; theme; and target group, allowing you to see very real and very local examples of provision on your patch.

### Ongoing improvements

16. The Agency recognises that, together with its successful management of the current programme, more can be done to ensure that:
- providers are engaging with their local stakeholders
  - partners can input to and influence the extent to which their priorities are taken into account in the procurement process
  - and that we continue to maximise the efficiencies, and minimise any unintended consequences of our national structures and processes.
17. Our next and final significant tranche of ESF funding in this programme, for Priority 2 and 5 workplace and Apprenticeships provision, is being designed with further flexibilities and stakeholder engagement in mind.
18. A new national External Advisory Group is looking specifically at ESF; where the broad content of the new specification will be discussed to ensure it will be responsive to local needs, while continuing to support the broadest policy intent of BIS skills policy. Terms of reference for the group are available on the [Agency's website](#).
19. Allied to this is an expansion of the prospectus approach the Agency is developing through the second half of the 2007-13 ESF programme. This will entail asking providers to deliver the broad outcomes and targets, but without restricting or defining how they should go about achieving this. Payments will continue to be focussed on achievement of outcomes, but on a

less restrictive basis.

wish to suggest.

20. This, and work to receive and incorporate Local Enterprise Partnership (LEP) and other local strategic priorities directly into the selection criteria (subject to conflict of interest protocols), will allow greater flexibility to respond to local priorities and identified needs, while still being procured through an efficient single national specification.
21. Other issues and barriers to effective local delivery will be explored and resolved before the publication of the Invitation to Tender. The External Advisory Group will also provide an opportunity to share and exchange issues and ideas between national provider representatives and stakeholder groups. For example, the group is exploring the possibility of piloting units of procurement at Core City or LEP level.
22. It will also consider how local authorities, LEPs and other strategic partners could seek to bid for provision themselves as the lead organisation of a partnership consortium that would deliver the provision. This would enable them to more closely direct the delivery of provision through a sub contractor network, without having to source their own match funding.
23. Further work is also being undertaken on data and management information at local authority or LEP level; the former is available from ESF Division, but we are working to make available a report that can be defined at any combination of Local Authority levels, to provide up-to-date ESF data at Core City or LEP levels.
24. Alongside these actions, your local Relationship Team will be seeking your views on this document and further improvements that you might

# 2014-20

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25. Work has already started on both the content and delivery options for ESF in the 2014-20 Programme. On the strength of its performance and achievements; together with its successful management of the current programme; and in conjunction with the further improvements proposed; the Agency is working with ESF Division and other partners to explore the options for how it can engage with the new programme.
26. We are in a strong position to provide established administrative systems to deliver locally in response to local needs and priorities. We can do this while reinforcing stakeholder engagement lost with the closure of Government Offices, but without adding bureaucracy or affecting the ability of providers to continue to meet the programme objectives.
27. We see opportunities for greater strategic alignment with the European Regional Development Fund; particularly, but not exclusively, for the growth agenda. We are working positively with the Department for Communities and Local Government to look at reinforcing the approaches that are proven to work and reduce bureaucracy.
28. We also recognise and welcome the involvement of Core Cities, Local Enterprise Partnerships and Local Authorities in the development of the Partnership Contract, the Operational Programmes, and Co-Financing Plans, ensuring that they are involved at both strategic and operational levels to help maximise the effective and efficient use of ESF.

For further information, or to feed in comments or suggestions, please contact your local area Relationship Director at the relevant [Agency office](#).

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