

LSC LONDON CENTRAL

EUROPEAN SOCIAL FUND

PROVIDER HANDBOOK 2005



EUROPEAN UNION
European Social Fund



Leading learning and skills

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1. ESF Co-Financing

The Learning and Skills Council London Central (LSCLC) was approved as a Co-Financing organisation in 2001. The aim of Co-Financing is to add value to government programmes through the allocation of European Social Fund (ESF), which enables additional activity that otherwise would not have been possible.

The ESF Programme is divided into Policy Fields (overall policy objectives) and more specific measures (areas of work). Under its *2005-2006 Objective 3 Co-Financing Plan*, the LSCLC is approved by Government Office for London (GOL) to fund activity that delivers against the following nine measures from the London Regional Development Plan:

Measure	Activity
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- | | |
|-----|---|
| 1.1 | Provide advice and guidance to enable people to develop active and continuous job search strategies and prevent them moving into long-term unemployment. |
| 1.2 | Improve the employability of the unemployed through targeted intervention to enhance vocational and other key skills and removing external barriers to labour market entry. |
| 2.1 | Widen access to basic skills provision through the development of innovative and effective ways of promoting and providing basic skills. |
| 2.2 | Provide help to improve the employability and remove barriers to labour market entry for those groups disadvantaged in the labour market. |
| 3.1 | Promote wider access and participation in lifelong learning (especially for those groups least likely to take part in lifelong learning activities). |
| 3.2 | Improve employability through directing and supporting lifelong learning provision so that it is responsive to the changing needs of employers. |
| 4.1 | To update and upgrade employees' vocational skills, including basic and key skills. |
| 4.2 | Identify and meet emerging skills shortages, including higher levels. |
| 5.1 | To improve access to learning and removing barriers to employment for women. |

Each of the LSCLC tender specifications in the *London Central LSC Co-Financed ESF Objective 3 Tender Prospectus* is funded through one of the above ESF measures. Your ESF Contract Manager will supply full details of the relevant measure and eligible beneficiary criteria will be stated in the Funding Agreement.

Match for the programme is provided from LSCLC mainstream funds at each measure level. If you are seeking to use ESF co-financed activity as match for other projects that you run, you will need to gain approval from the Development Funding team.

2. Eligibility

Beneficiary Eligibility

ESF Co-Financing targets key groups and sectors from within the London area. The groups differ between the tender specifications and measures and those that are eligible for your project are specified in the Funding Agreement in Appendix 1 and clause 2.1 (Financial Memorandum or Conditions of Funding) or clause 4.1 (Contract for Services).

However, some restrictions apply to certain categories of beneficiaries as detailed below.

Checking Eligibility

It is the responsibility of ESF Co-Financing providers to check the eligibility of all beneficiaries of ESF funding. Certain types of beneficiary groups have particular eligibility requirements, as specified below.

However, providers should ensure that they check that all beneficiaries are legally resident in the United Kingdom, which is an eligibility requirement that applies to all beneficiaries. This can be checked by viewing any of the following information from the beneficiary:

- For United Kingdom citizens, either their current United Kingdom Passport or National Insurance number; or
- For citizens of other European Union (EU) countries, their current EU state passport (see "EU Nationals" below for additional requirements for nationals of the EU accession states); or
- For non-EU citizens, documentation from the Home Office confirming their United Kingdom immigration status or a United Kingdom residence permit endorsed in their passport (see "United Kingdom Visa Holders" below for treatment of United Kingdom visa holders).

For more information on legal residence and the right to work in the United Kingdom, you should visit the Home Office Immigration and Nationality Directorate website at www.ind.homeoffice.gov.uk.

Providers must keep photocopies of any documentation relating to the status of individuals to demonstrate their eligibility, and eligibility checks will take place through project monitoring by ESF Contract Managers and Provider Financial Assurance audit visits (see Section 7 – Monitoring and Section 10 – Audit for more information).

When to Determine Eligibility

Please note that eligibility should be determined on the day before a beneficiary starts on the project. For instance, if a beneficiary is accessing a project funded under measure 2.2, they will be eligible if they are unemployed on the day before they start on the project, even if they subsequently move into employment while on the project or upon completing the project.

Eligibility and Provider Online

LSCLC will determine a beneficiary's eligibility for the project by reference to the details recorded on the beneficiary's Short Record (SR) or Individualised Learner Record (ILR) (see Section 11 – Beneficiary Records for more information on SRs and ILRs). So, for example, if a beneficiary must be an unemployed disabled person to be eligible to be supported under the project, then LSCLC will expect the beneficiary's SR or ILR to be completed with the appropriate codes.

EU Nationals

The expansion of the EU on 1 May 2004 has implications in terms of EU Nationals with a right to work in the United Kingdom. Nationals from the ten new accession countries can benefit from ESF from 1 May 2004 if they are legally resident in the United Kingdom, and fulfil the normal ESF eligibility requirements for the measure concerned.

Nationals from Cyprus and Malta have the same access to ESF programmes as nationals from the existing 15 EU member states. None of the existing member states, including the United Kingdom, imposed restrictions on the free movement of workers from Malta and Cyprus.

Nationals from the eight central and eastern European accession countries (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia) are legally resident in the United Kingdom (and therefore eligible for ESF) if they are:

- In work and registered under the Home Office Worker's Registration Scheme; or
- Seeking work and self-sufficient; or
- Not required to register.

Nationals from the eight accession countries do not have to register under the Home Office Worker's Registration Scheme if they:

- Have been working legally in the UK for an uninterrupted period of twelve months or longer; or
- Are self-employed; or
- Are living in the UK either as a full-time student, a retired person or a self-sufficient person.

If you are working with beneficiaries from the eight accession countries, you will need to ensure they have the appropriate evidence to confirm eligibility, which would either be:

- If the beneficiary is employed, either their Worker's Registration Scheme card or evidence they are exempt from the requirement to register; or
- If the beneficiary is unemployed, either a United Kingdom residence permit endorsed in their passport or a signed self-declaration or other evidence confirming they are self-sufficient (that is, not in receipt of public funds).

United Kingdom Visa Holders

In July 2005, we received advice from the Department for Work and Pensions (DWP) that people who are legally resident in the United Kingdom under a visa that states that they cannot access public funds while resident in the United Kingdom are not eligible for support under ESF.

This advice has subsequently been revised by DWP and they have now confirmed that such individuals will be eligible if they are legally resident in the United Kingdom and able to work. On the basis of this new advice, people resident in the United Kingdom under a visa will be eligible for support under ESF unless they are on a:

- Working holidaymaker visa (as such individuals should only undertake work incidental to their holiday); or
- Student visa, au pair visa or other visa that does not confer the right to take up full-time paid employment in the United Kingdom.

Providers should check the visa of all non-EU citizens to ensure they are eligible to benefit from ESF under the above requirements.

Asylum Seekers and Refugees

Asylum Seekers are individuals who are seeking permission to remain in the United Kingdom. **Refugees** are individuals who have already been granted that permission.

Home Office ministers have indicated that they are keen for asylum seekers to be able to engage in useful activities while awaiting Home Office decisions as to whether they will be given refugee status. They have therefore asked that asylum seekers be given access to certain activities funded under ESF Co-Financing.

It is necessary to bear in mind that asylum seekers do not have permission to work in the United Kingdom and it is therefore important that their participation in ESF projects **must not involve activities leading to access to the labour market**.

However, they might benefit from pre-vocational activities that may enhance their employability elsewhere in the world or in the United Kingdom if their application for refugee status is approved. Asylum seekers may therefore participate in ESF projects provided that provision is limited to **pre-vocational** activities (not vocational guidance). Allowable activities are:

- Initial English for Speakers of Other Languages (ESOL) and other Skills for Life (literacy, numeracy and IT) where they are not part of provision leading to employment;
- Orientation provision to raise awareness of the rights and responsibilities of asylum seekers and labour market needs, provision of information about further education and voluntary work in which they can participate, general advice about what awaits those given leave to remain in the United Kingdom (information about law, culture, housing, welfare, health, education and employment); and

- Involvement in voluntary activity within the asylum seeker community.

Unemployment

For ESF purposes, unemployment is a period where a person is not in paid employment. Periods of unpaid work (such as voluntary work) do not affect qualifying periods of unemployment and it is not necessary for beneficiaries to be registered for Jobseekers Allowance.

Part-time work of less than 16 hours a week in total will also not affect qualifying periods of unemployment, if the skills needed for the work will not lead to greater involvement in the labour market. Casual or temporary work of not more than four weeks will also not affect their status as unemployed for ESF purposes.

Employment

Following on from the above, for ESF purposes a person is employed if they are in paid employment for 16 or more hours a week. If a person is in casual or temporary employment, they must have been employed for four weeks to be classed as employed.

This definition is particularly an issue when determining if a beneficiary has moved into employment at the end of a project. In order to claim a beneficiary as having moved into employment, they must be expected to be employed for at least 13 weeks and working more than 16 hours a week if they move into permanent employment. However, if they move into temporary or contract work, the beneficiary must be expected to be employed for at least four weeks and working more than 16 hours a week.

Economically Inactive

Many of the tender specifications focus on the economically inactive. For ESF purposes, a person is economically inactive if they are:

- Of working age (aged 16 or over);
- Not employed (either full-time or part-time);
- Not self-employed (either full-time or part-time); and
- Not actively seeking work.

A person can be economically inactive even if they are claiming a state benefit, as long as they are not claiming Jobseekers Allowance, as that benefit requires beneficiaries to be actively seeking work.

Please note that if your project is working with economically inactive beneficiaries, they must complete and sign the **Economically Inactive Declaration Form** (see Section 11 – Beneficiary Records).

Public Sector

ESF funding must not be used to support activity for people working in the public sector. This does not include people working for private firms contracted to work for the public sector.

There is also an exception for Skills for Life teachers seeking to gain the teacher qualifications introduced as part of the Government's Skills for Life Strategy. ESF can be used to support existing staff reach the new standards because they are not mandatory for this group. However, as all new staff entering the profession are required to gain the qualifications, this means that new staff (meaning staff entering the profession on or after 1 September 2002) are not eligible for ESF funding.

Beneficiaries Aged Under 16 and NEET Beneficiaries

People under the age of 16 can only be supported under certain specifications under measure 2.2. In addition, only 13-15 year olds who are either socially excluded or in danger of being socially excluded can be supported by ESF.

If your project is supporting beneficiaries who are Not in Employment, Education or Training (NEET), they cannot be involved in any form of employment, education or training, including part-time employment (whether or not it is less than 16 hours a week) and part-time training.

Beneficiaries Aged Over 65

We have received advice from GOL that we cannot fund a project that is purely about working with people aged over 65. Therefore, anyone aged over 65 and funded through ESF must either be, or be planning to be, actively seeking work and the number of people supported aged over 65 should be kept to a minimum.

People in Prison

The value that vocational and other training can have on people while they are in custody is recognised, but ESF is primarily aimed at people who are available to work in the job market. The following eligibility criteria apply to people in custody:

- People sentenced to less than two years can access ESF at any point during their sentence;
- People sentenced to more than two years can only access ESF during the last two years of their sentence.

Skills for Life

If your project involves Skills for Life training, you should be aware that, since March 2001, all new entrants to the teaching profession who wish to specialise in teaching or supporting adult literacy, numeracy and ESOL learners are required to work towards Further Education National Training Organisation (FENTO) approved programmes that meet the requirement of the subject specifications at Level 4. This links to the Success for All Strategy of 2002, which is the government's commitment to reform the sector as a whole, and the aim that by 2010 all new and existing teachers should be suitably qualified. For more information about Skills for Life teacher training, please visit the LLU+ website at www.lsbu.ac.uk/lluplus

ESF beneficiaries undertaking literacy, numeracy and ESOL should work towards Skills for Life qualifications based on national standards. These external certificates should be offered by a national awarding body approved by the Qualifications Curriculum Authority (QCA).

If you require further information about Skills for Life, please visit the dedicated LSCLC Skills for Life web page at www.londoncentrallsc.gov.uk/partners/sflpartners.

Geographical Eligibility

You will have been asked about the geographical coverage of your project in your tender proposal. The breakdown provided in your tender proposal will form the basis of the geographical coverage for your project.

Projects may support beneficiaries from outside the London Central area (Camden, Islington, Southwark, Lambeth, Wandsworth, City of Westminster and the Royal Borough of Kensington and Chelsea) provided that the proportion of beneficiaries who live, work or train outside the area does not exceed 20%.

In the case of projects supporting organisations, at least 80% of the organisations supported must be based in the LSCLC area.

Small and Medium Sized Enterprises (SMEs) and Micro Enterprises

ESF funding that supports organisations can only be directed at Medium, Small, or Micro Enterprises. For ESF purposes, an enterprise is any entity engaged in economic activity, irrespective of its legal form. Therefore, organisations such as charities, social enterprises, partnerships or sole traders can be supported.

For ESF purposes, a Medium Enterprise is defined as an enterprise which:

- Employs fewer than 250 people at the time the application is made;
- Has either a balance sheet at their accounting date with assets, less liabilities, worth no more than 43 million Euros or an annual turnover of no more than 50 million Euros; and
- Is independent – that is, is not more than 25% owned by firms that do not qualify as SMEs under the above requirements.

A Small Enterprise is defined as an enterprise which:

- Employs 50 or less people at the time the application is made;
- Has either a balance sheet at their accounting date with assets, less liabilities, worth no more than 10 million Euros or an annual turnover of no more than 10 million Euros; and
- Is independent – that is, is not more than 25% owned by firms that do not qualify as SMEs under the above requirements.

A Micro Enterprise is defined as an enterprise which:

- Employs 10 or less people at the time the application is made;
- Has either a balance sheet at their accounting date with assets, less liabilities, worth no more than 2 million Euros or an annual turnover of no more than 2 million Euros; and
- Is independent – that is, is not more than 25% owned by firms that do not qualify as SMEs under the above requirements.

Organisation "Control" and Branch and Franchise Operations

Particular difficulties may arise in establishing whether or not an enterprise meets the above criteria when the enterprise is in some way controlled by another organisation, such as in branch or franchise operations. In this situation, the enterprise must be "autonomous" for the staff and financial information of only that enterprise to be taken into account. If any of the following situations apply, then the staff and financial information for the other organisation will also have to be taken into account when considering whether or not the enterprise meets the criteria:

- 25% or more of the capital or voting rights are held by the other organisation; or
- The other organisation has effective control over the enterprise (in terms of majority control of voting rights or to remove the board); or
- The other organisation has the right to exercise dominant influence over the enterprise pursuant to a contract.

Please note that all organisations for which training is provided should complete a **SME Enrolment Form** (see Section 11 – Beneficiary Records).

Determining Employment Status For Projects Supporting Organisations

A further issue arises in relation to employment status when individuals are supported as part of a project that primarily supports organisations. In this instance, the employment status of a beneficiary should be determined by reference to the organisation being supported.

So, for example, a beneficiary who is employed full-time for a large organisation also works as a part-time volunteer for a micro voluntary organisation. The voluntary organisation is supported through an ESF project. In this case, the beneficiary will be classed as unemployed, as they are a volunteer for the supported organisation (see "Unemployment" above for definition of unemployment for ESF purposes). Similarly, a provider should use the size of the voluntary organisation when determining the employer's size.

Eligible Expenditure

Eligible Expenditure

Co-Financing can support all costs relating to project activity as long they are eligible, were included in the tender proposal and are related to the project.

There are some costs that are not eligible:

- Loan and current account interest;
- Other financial charges;
- Consultancy fees for activities such as filling in application forms or management fees or commissions;
- Staff time spent on filling in applications;
- Buying items of capital equipment or buildings above the current threshold of £1,000;
- Costs of finance leases;

- Charging again for equipment that has previously attracted EU funding;
- Any expenditure that does not clearly support the project;
- Any expenditure that is not supported by written sources.

The list above is not exhaustive and if you are in doubt you should contact your ESF Contract Manager. Your project was assessed on the financial breakdown given in the tender proposal and this document forms the basis for negotiating the Funding Agreement.

If you have any questions or are unsure whether expenditure can or cannot be claimed you should get advice from your ESF Contract Manager or the Development Funding team.

Beneficiary Support

For projects that offer beneficiary support (such as contributions towards beneficiaries' childcare or travel costs or payment of an allowance), providers must ensure that they hold evidence of:

- The beneficiary's need for such support (such as evidence of the beneficiary's spend on travel or childcare or a policy demonstrating the eligibility criteria for payment of an allowance);
- Reimbursement by the provider to the beneficiary; and
- Payments to the beneficiary being linked to the beneficiary's ongoing participation on the project (so there should be evidence of attendance linked to payments).

3. State Aid Rules and Employer Contributions

What is State Aid?

State Aid Rules are in place to ensure that the member countries of the EU do not distort the single market by providing aid to organisations involved in commercial activity that gives them an unfair advantage compared with their European competitors.

A state aid is any form of aid to a commercial undertaking through "state resources" that distorts or threatens to distort competition within the EU.

In practice, it means that any ESF co-financed funding support given to enterprises that could be construed as giving them a competitive advantage over other enterprises in the EU will fall under the European rules regarding state aid.

There are two areas where state aid rules do not apply:

- Providing aid to individuals that improves their employability in the labour market (for example, New Deal or Apprenticeships), as there are no direct benefits for enterprises;
- Supporting public or non-profit making organisations (voluntary, charitable and cultural bodies), **unless** they are involved in commercial activities or compete with commercial organisations.

Where either of these circumstances applies, you will be required to declare your exemption from state aid requirements in writing to your ESF Contract Manager.

However, if your project is supporting organisations that carry out commercial activities (including public or non-profit making organisations), then state aid regulations may apply. Likewise, elements of the LSCLC programme that support individuals in employment may also have state aid implications if their employers are receiving support towards the costs for that training.

It is the responsibility of ESF Co-Financing providers to satisfy themselves that state aid rules do not apply to their project or to particular beneficiary organisations. In particular, if a beneficiary organisation is seeking to exempt itself from state aid rules on the basis that they are not involved in commercial activities or compete with commercial organisations, the provider should to seek a signed statement from the organisation confirming that they do not undertake any activity for which there is a market for their goods or services, and keep this on file.

The Training Aid Exemption

There are a number of exemptions to the state aid rules. However, due to the evidential complexities involved in complying with many of these exemptions, LSCLC only uses the **Training Aid Exemption**. Under this exemption, ESF funding can be used to contribute to the costs of training, but the organisations supported must

also make a cash contribution to a proportion of the costs. This proportion depends on a number of factors.

Training Aid rules can be applied to any enterprise and allow aid up to €1,000,000. However, a contribution must be provided by the organisation receiving the aid. Contribution rates vary according to the size of the enterprise and the type of training being offered. The maximum percentages of ESF funding that can be contributed to a project are listed in the table below.

	Specific Training	General Training
Large Enterprises (250 or more employees)	25%	50%
Small and Medium Sized Enterprises (up to 250 employees)	35%	70%

Please note that all LSCLC ESF funding supporting organisations must be directed at SMEs.

General and Specific Training

General training is provision that is not only applicable to assisting the employee's present or future position in the firm, but provides qualifications that are transferable to other firms or areas of employment and substantially improves the employability of the employee concerned.

For training to be considered as **general**, it must be recognised, certificated or validated by public authorities or by other bodies with the necessary powers. An example would be training that leads to a National Vocational Qualification (NVQ).

Conversely, **specific training** is where the training provided is principally applicable to the employee's present or future position in the assisted organisation and provides qualifications that are not transferable.

We would expect that most ESF-funded provision would involve general, rather than specific, training to employees from SMEs.

Disadvantaged Workers

Where the worker is disadvantaged, the aid can be increased by 10%.

A **disadvantaged worker** is:

- Any young person under 25 who has not previously obtained their first regular paid employment;
- Any person with serious disabilities which result from physical, mental or psychological impairments and yet are capable of entering the labour market;
- Any migrant worker who moves or has moved within the EU or becomes resident in the EU to take up work and who needs professional and/or language training;

- Any person wishing to re-enter working life after a break of at least three years, and particularly any person who gave up work on account of the difficulty of reconciling their working life and family life, for the first six months after recruitment; or
- Any person older than 45 who has not attained an upper secondary educational qualification or its equivalent.

Establishing the State Aid Contribution

As we would expect most ESF-funded provision to involve general training to employees from SMEs, we would expect organisations supported through projects to make a cash contribution of **30% of the direct training costs** for the employee (subject to the case of disadvantaged workers). However, the baseline contribution required will be established during contract negotiations.

Once this baseline contribution has been established, the provider will need to work out the total direct training costs element of the overall project budget. Again, this should be established with your ESF Contract Manager during contract negotiations. Direct training costs are those associated directly with training the beneficiary. The following can be used as a guide to calculate the direct training costs, but please note that this is given by way of example only. Some of the examples given may or may not be direct costs given the nature of a particular project, and each project should establish the components of the direct training costs for their project and retain a copy of the workings used to establish this cost on file:

- Direct costs are project costs that have a link to the beneficiary. Examples of direct costs are:
 - Tutors;
 - Assessors;
 - Other staff costs relating to project delivery, such as administrator, project manager, project director (non-direct cost elements such as planning, research, reporting and evaluation should be excluded);
 - Verification and certification;
 - Course materials;
 - Material design, contact time and client-centred work from start to completion of training;
 - Beneficiary materials;
 - Other beneficiary costs identified in the proposal (such as childcare or travel);
 - Room hire.
- Examples of indirect costs are:
 - Overhead;
 - Recruitment of staff and beneficiaries;
 - Research;
 - Evaluation;
 - Marketing;
 - Advertising;
 - Promotion;
 - Capital costs.

Once the direct training costs have been established, this should be divided by the total number of individual beneficiary starts profiled for the project to establish the direct cost per individual beneficiary.

If there are different elements to a project, these can be costed differently. So, for example, if a project offers both a workshop programme and a NVQ programme, these two elements can be costed differently. Assuming that all beneficiaries will participate in the workshops and only some of these will move on to the NVQ, then:

- The direct cost for each beneficiary on the workshops will be established by dividing the total direct training costs for the project other than those costs attributable to the NVQ (such as costs associated with assessment, verification and certification) by the total number of beneficiaries;
- The additional direct cost for each beneficiary undertaking the NVQ will be established by dividing the total direct cost associated with the NVQ (i.e. the element that was taken away from the total direct training costs figure for the workshops) by the total number of beneficiaries undertaking NVQs. The total direct cost for each beneficiary undertaking the NVQ will therefore be the sum of the direct cost for each beneficiary on a workshop and the direct cost for each beneficiary undertaking a NVQ.

This way, the additional element of the NVQ programme is reflected in the additional cost, and therefore the additional price charged to organisations supported by the project.

The actual contribution to be paid by each organisation to the provider will be established as they are involved in the project. Each organisation supported will need to complete a **SME Enrolment Form** and, if relevant, the **LSCLC Disadvantaged Worker Declaration Form** (see Section 11 – Beneficiary Records). The provider will then be able to use this information to complete a **Training Aid Exemption Worksheet** for each organisation supported. The “Company Actual” column in that Worksheet will show the amount the organisation must pay for each individual and the overall total of contribution required to be paid to the provider.

If a project is subject to state aid rules, the ESF funding received from LSCLC will pay for two elements of the total project budget:

- All of the indirect costs; and
- A percentage of the direct costs, depending on the contribution paid by beneficiary organisations.

The remaining amount is the amount to be paid from the state aid contributions. State aid rules cannot be manipulated to give the provider a profit, so the evidence should demonstrate that the total project budget has been met by the correct proportions of ESF and state aid contributions. As a project progresses, if it appears that the amount of the ESF contribution provided by LSCLC is in excess of what is required given the amount of state aid collected (or due), then this can be used to

fund support to additional organisations (as essentially the amount available for project spend will be increasing). Alternatively, LSCLC will claw back the excess funds at the end of the project so that the total project budget has been met by the correct proportions of ESF and state aid contributions.

Please note that the LSCLC does not accept "in-kind" state aid contributions – all contributions must be **cash** i.e. there should be evidence of funds going through the provider's bank account. Cash contributions should be made by the organisation supported directly to the provider.

This is a complex area and if you require information or are unsure of the levels of contribution that should be made, please contact your ESF Contract Manager or a member of the Development Funding team. It may be necessary for them to ask the DWP or the European Commission, so please allow sufficient time for an answer.

4. Marketing and Publicity

Marketing Your ESF Project

When you plan to produce marketing and publicity material for your project you should talk to your ESF Contract Manager, who will need to clear the content before it can be issued.

You should have been supplied with new LSC and ESF logos – these must both be used on all publicity and marketing materials, including web media. The ESF logo and brand guidelines can be downloaded from www.esf.gov.uk/publicity/how.asp.

In cases where you cannot include the ESF logo, you need to refer to the fact that the project receives ESF funding by including the following statement – ‘This programme is part funded by the European Union through the European Social Fund’.

The LSC logo and brand guidelines can be accessed at <https://brand.lsc.gov.uk/>. To access the website:

- Once in the website, go to “Request access” on the left-hand side of the page;
- You will be asked to complete a form with your details and to give your LSCLC contact's name and email, which will be your ESF Contract Manager;
- Click the “Request access” button;
- Your LSCLC contact will then receive an automated email to approve the access request and you will get a confirmation that this has happened;
- Once your LSCLC contact approves the request, you will get access.

Copies of the final versions of all publicity and marketing materials should be sent to your ESF Contract Manager.

You must also ensure that all learners and other beneficiaries (including organisational beneficiaries) are made aware of the support your project receives from ESF.

Press Releases

Press releases should refer to the fact that the project is supported by ESF. Copies should be kept on file and final content should be approved by LSCLC. When speaking to the media, the fact that the funding has come through ESF should be stated clearly.

Case Studies and Examples of Good Practice

LSCLC is required to send details of publicity, events and good practice to GOL and DWP each quarter. If you are planning any events, launches or VIP visits, you are required to forward details of such events to your ESF Contract Manager **prior to**

the event. You may be contacted by GOL or the LSCLC for information about publicity.

Please inform your ESF Contract Manager of any interesting stories or case studies about your project that you believe would be of benefit to the LSCLC by completing the last section of your Monthly Narrative Report (see Section 7 – Monitoring).

Plaques

Permanent plaques should be displayed in buildings where ESF funding has supported a project. Commercial business premises must display a commemorative plaque for at least one year.

Plaques and fixing kits are free to ESF projects please contact the company below quoting ESF001:

Corporate Document Services
7 Eastgate
Leeds, LS2 7LY
Email: orderline@cds.co.uk
Telephone: 0113 399 4040

GOL Project Directory

LSCLC are required to provide details of all ESF-funded projects to GOL for inclusion in their project directory (which is available through the GOL website at www.go-london.gov.uk/european_structural_funds/objective_3/information_on_projects.asp).

The GOL Project Directory is a useful way for providers to find out about other ESF-funded projects running in London, as well as allowing individuals and organisations to view details of training projects that could assist them. The Directory contains details of all ESF-funded projects in London, including those funded by other London Co-Financing Organisations, and allows searches of projects by a range of criteria.

The information we forward to GOL is based on information you provide to us. Therefore, please advise your ESF Contract Manager of any changes to your contact details, location or other relevant information about your ESF project.

5. Funding Agreement

Types of Funding Agreement

The LSC uses three basic types of funding agreements with providers.

The table below sets out the range of funding agreements and the provider categories to which they apply:

Funding Agreements	Providers
Contract for Services (Education and Training provision)	Non-public sector providers External Institutions Directly funded UfI Hubs
Financial Memorandum	FE Colleges
Conditions of Funding Agreement (grant)	Local Authorities Government Departments HE Institutions

Contract for Services

The Contract for Services is used for funding learning provision at all providers other than FE colleges and public bodies, including voluntary sector organisations, charities and not-for-profit companies.

Financial Memorandum

The Financial Memorandum is the closest form of relationship between the LSC and a provider and only applies to FE Colleges.

Conditions of Funding

The Conditions of Funding Agreement is more loosely defined than the Financial Memorandum and is used for public sector bodies (including local authorities and all government agencies) and higher education institutions. Providers receiving grant funding cannot normally apply the funds to other purposes. Providers also must spend the money in a way expected of public servants.

Structure of Funding Agreements

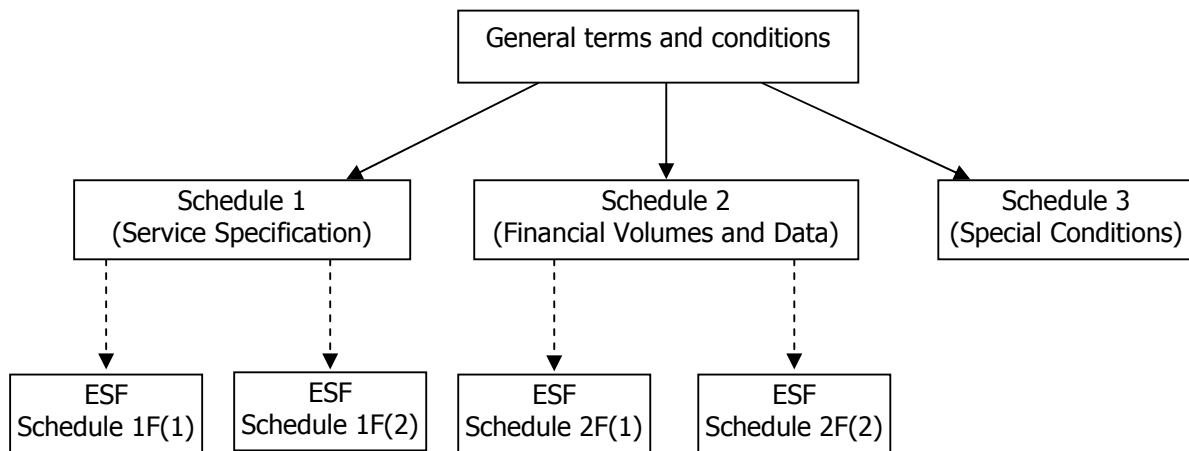
The Funding Agreement will take the form of an overarching contract containing general terms and conditions, with one or more schedules containing terms particular to the ESF project. The LSC will only sign one overarching contract with an organisation each year. So, if your organisation has already signed a Funding Agreement with the LSC for the academic year, the ESF Schedule will be attached to a variation letter amending the Funding Agreement. If not, the ESF Schedule will be attached to an overarching contract.

Contract for Services

The Contract for Services has two general schedules for ESF:

- The service specification (schedule 1); and
- Financial volume and data (schedule 2).

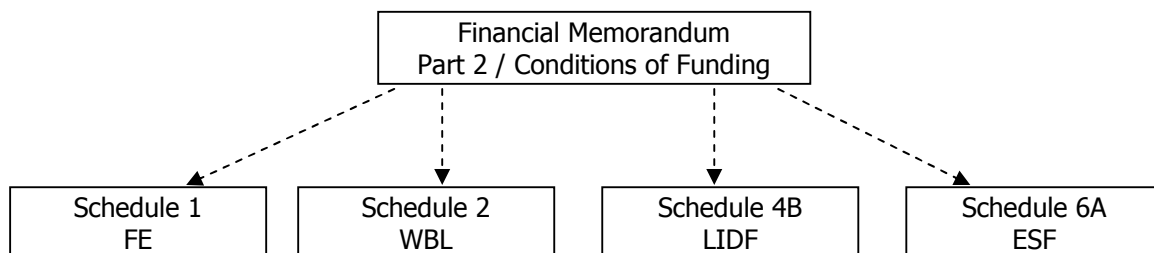
All funding streams, except FE and WBL, have been locally allocated an identifying letter. The identifying letter is the same for that funding stream over both schedules. ESF funding will be identified as Schedule 1F(1) and Schedule 2F(1). If a provider has multiple ESF projects funded by the LSC, each individual project will have its own identifying number. So, for example, a second ESF project with the same provider as above will be identified as Schedule 1F(2) and Schedule 2F(2).



Financial Memorandum and Conditions of Funding

The service specification and the financial specification for the Financial Memorandum and the Conditions of Funding are contained within one schedule.

As for the Contract for Services, all funding streams, except FE and WBL, have been locally allocated an identifying letter. The FE and WBL schedules to the Financial Memorandum Part 2 and Conditions of Funding are fixed as Schedule 1 for FE and Schedule 2 for WBL. All other schedule numbers are locally defined (taking into account any lead arrangements). ESF funding will be identified as Schedule 6A. If a provider has multiple ESF projects funded by the LSC, each individual project will have its own identifying number. So, for example, a second ESF project with the same provider as above will be identified as Schedule 6B.



6. Contract Negotiation

Contracting

As part of agreeing a Funding Agreement, we will seek to ensure:

- That any issues arising from the assessment and moderation process are resolved;
- Value for money;
- That all projects have clear, measurable outputs, outcomes and milestones linked to the project, according to the *LSC London Central 2005 List of Agreed Activities*;
- Where applicable, state aid rules are followed;
- That projects have arrangements in place for evaluation of the project;
- Details of any partners and their role in the project have been set out in a partnership agreement signed by all partners, including the lead organisation;
- Confirmation that beneficiaries are not being funded via other Co-Financing organisations or other public funds;
- That equality and diversity and sustainable development are embedded both within the project to be delivered and is actively promoted within your organisation.

Please note that LSCLC is not liable for any commitments (financial or otherwise), entered into by a provider prior to satisfactory completion of the contractual arrangements.

Please note that the content of your Funding Agreement will be based upon your tender proposal. Any changes to the tender proposal must be approved by Development Funding before they will be incorporated into the Funding Agreement, as such changes may breach EU rules regarding open and competitive tendering.

Appendix 1

Appendix 1 sets out the beneficiary eligibility criteria for your particular project. The information in Appendix 1 is based on the information that you provided in your tender proposal. All beneficiaries under the project have to be eligible under the measure and under the criteria specified in Appendix 1. Disadvantaged groups are indicative, and it is expected that your project gives priority to those groups most disadvantaged.

Profiling

The purpose of profiling is to identify the key delivery points against which your Funding Agreement can be measured.

The important aspects of profiling are establishing:

- The outputs, outcomes and milestones for the project;

- The agreed unit prices attached to each of the outputs, outcomes and milestones; and
- The timetable and sequence for the delivery of each of these activities.

Your ESF Contract Manager will use these profiles as a way of measuring the way your project is performing.

Each ESF schedule has three different types of profiles:

- Delivery profile;
- Monitoring return;
- Payments profile.

Delivery Profile

Appendix 2, the Delivery Profile, is the most important of the three appendices, as it forms the basis for the other appendices.

As part of your tender proposal, you were asked to complete a table setting out the outputs, outcomes and milestones for your project and the quarterly periods during which each activity was to be delivered. During contract negotiations you and your ESF Contract Manager will use this as a basis for finalising an agreed delivery profile, by establishing a monthly delivery profile and agreeing unit prices for each payable output, outcome and milestone. In addition, evidence of acceptable proof of delivery of each activity will be agreed.

The *LSC London Central 2005 List of Agreed Activities* contains guidance about which outputs, outcomes and milestones should be used for particular types of projects. Please note that, depending on the tender specification you applied under and the beneficiaries your project is aimed at, some activities are mandatory.

All outputs, outcomes and milestones, and the associated evidence requirements, must be those specified in the *LSC London Central 2005 List of Agreed Activities*. If you think you need to use an output, outcome or milestone that is not in this list, you may, but these will need to be agreed to by the Development Funding team before the Funding Agreement is approved. The evidence requirements for each activity are a **minimum**. They can be added to if your ESF Contract Manager believes it appropriate, but all the evidence specified in the list must be included to verify a claim for a particular activity.

In calculating the delivery profile, you need to consider whether the targets can be met within the time scale set down. This might be based on evidence from the delivery of other contracts or on other sources of local knowledge. You will need to take into account factors that might affect the delivery such as the effect college holidays might have on recruitment to training courses or the need for marketing campaigns to reach your target groups.

Establishing Unit Prices

The *LSC London Central 2005 List of Agreed Activities* also contains guidance which outputs, outcomes and milestones are payable and, if they are payable, the

proportion of the budget that should be allocated towards them. Please note that unit prices for activities under ESF schedules will not necessarily reflect national LSC funding rates for particular activities – for instance, the unit price for achievement of a NVQ may be higher under an ESF schedule than the national funding rates for the same qualification. To some extent, this can reflect the additional costs associated with ESF beneficiaries accessing and completing training.

Although your ESF Contract Manager will establish the unit prices for your Delivery Plan with you during contract negotiation, the following can be used as a rough guide for establishing unit prices for particular activities.

1. Start with your total project budget e.g. £200,000.
2. Subtract the value of any milestones and other relatively “fixed cost” activities (such as Research OP8, Beneficiary Support OP10) e.g.

Code	Activity	Budget
MS1	Project Start (10% of schedule value)	£20,000
MS3	Recruitment of Staff	£3,000
MS4	Interim Project Progress Report	£1,000
MS5	Final Evaluation Report	£1,000
MS8	Marketing	£5,000
MS10	Sustainable Development Seminars	£4,000
OP10	Beneficiary Support (100 travel vouchers for £60)	£6,000
Total		£40,000

3. The remainder is the “delivery budget” e.g. £160,000.
4. If your project has two or more delivery elements, you should first split the overall delivery budget accordingly e.g. if your project is going to engage 1,000 beneficiaries on information, advice and guidance sessions, and then go on to offer 100 of those 1,000 NVQ Level 2 qualifications, you should split your overall delivery budget between these two elements (such as allocating 40% of the delivery budget on the information, advice and guidance element and 60% on the NVQ Level 2 element).
5. You should then split the delivery budget, or the parts of the delivery budget for each delivery element, according to the guidance contained in the *LSC London Central 2005 List of Agreed Activities* e.g. for a project engaging 100 beneficiaries, with 80 of those 100 to achieve NVQ Level 2 qualifications and 40 to move into employment at the end of the project, the budget would be split as follows:

Code	Activity	Budget
OP1	Individual Beneficiary Starts	£40,000
OP4	Beneficiaries Accessing Learning	£40,000
OC2	Beneficiaries Achieving a NVQ Level 2	£40,000

OC6	Beneficiaries Taking Up Employment	£40,000
Total		£160,000

6. The unit price for each activity is then simply established by dividing the budget for each activity by the number of beneficiaries or activities e.g.

Code	Budget	Number	Unit Price
OP1	£40,000	100	£400
OP4	£40,000	100	£400
OP10	£6,000	100	£60
OC2	£40,000	80	£500
OC6	£40,000	40	£1,000
MS1	£20,000	1	£20,000
MS3	£3,000	1	£3,000
MS4	£1,000	1	£1,000
MS5	£1,000	1	£1,000
MS8	£5,000	1	£5,000
MS10	£4,000	2	£2,000
Total	£200,000		

You should ensure you keep a record of how you have established the unit price for each payable activity on your project file.

Monitoring Return

The information from the delivery profile forms the basis for Appendix 3, the Monitoring Return, where the provider reports progress on delivering the agreed profile. Each month the provider will need to enter the actual outputs, outcomes and milestones delivered and evidenced in the period through the Co-Financing Monitoring Return (CMR), which must be returned within five working days of the end of the month through Provider Online (POL). Please note that the CMR is an online document and there is no paper copy of the CMR as part of the Funding Agreement (see Section 7 – Monitoring for more information on using the CMR).

Payments Profile

Agreed profiles and unit prices are transferred from the delivery profile to the first part of Appendix 4, the Payments Profile. Formulae built into the appendix allow the calculation of payments against each output, outcome and milestone. These are then totalled and give the schedule of payments. These will be paid into your bank account as detailed in Section 8 - Payments.

7. Monitoring

Aims and Objectives

The aim of monitoring is to ensure that all ESF providers are meeting the terms and conditions of their Funding Agreement with the LSC. A formal monitoring procedure will be agreed. This monitoring will review achievement against the agreed outputs, outcomes and milestones and review progress against soft targets and the cross-cutting themes of equality and diversity and sustainable development. Evidence will be examined to substantiate the expenditure and the delivery of targets.

The objectives of monitoring are:

- To check all outputs, outcomes and milestones are achieved against targets agreed in Appendix 2 of the schedule;
- To ensure that documentary evidence is held by the provider to support these claims;
- To agree with the provider any remedial action needed to correct under or over performance in the delivery of the schedule, including, if necessary, reprofiling the outputs, outcomes and milestones;
- To review progress against soft targets and the cross-cutting themes of equality and diversity and sustainable development.

Monthly Reviews

As part of the monitoring process, providers must submit monthly monitoring returns to the LSCLC by the fifth working day after the end of the relevant month. These returns will consist of:

- The **CMR**; and
- A **Monthly Narrative Report**.

Payment on the 18th working day of each month is dependent on satisfactory submission of the CMR and the Monthly Narrative Report.

CMR

The **CMR** is submitted online through POL. The CMR is automatically populated with the numbers of each output, outcome and milestone profiled for the contract for the month and for the contract as a whole (based on your Delivery Profile). Providers must enter the number of each output, outcome and milestone actually achieved in the previous month in the relevant boxes (note that there are separate tabs for "Outputs", "Outcomes" and "Milestones").

The CMR will calculate the variance between the agreed targets and the actual delivery. Where the difference between profile and delivery for any activity is more than 10% for the month, a narrative box will automatically appear in the CMR and the provider will need to explain the reason for the variance and identify any action that will be taken to remedy it.

Providers will also need to complete the information under the "Monitoring" tab in relation to:

- The number of hours beneficiaries have been on the project;
- Support provided to disabled people; and
- Support measures provided to beneficiaries.

Please note that even where activity is not profiled, you are still required to submit a 'nil return'.

The CMR is not connected to the submission of Short Records or ILRs on POL. However, all information relating to beneficiary numbers in the monitoring return **must match** the Short Record or ILR data entered through the Provider Online system.

Monthly Narrative Report

In addition to the CMR, providers must also complete a **Monthly Narrative Report**. The Monthly Narrative Report must be emailed to your ESF Contract Manager within five working days of the end of the relevant month, and will include details of:

- How the project is progressing against targets and what has been achieved during the specific period, including details of progress against soft outcomes and equality and diversity targets;
- Any problems the project is facing, particularly any issues that may affect the delivery of the project in the next period, and how these problems will be overcome;
- Any ESF press or publicity that has taken place; and
- Any success stories or examples of good practice associated with the project.

The Monthly Narrative Report is available on the LSCLC website at:

www.londoncentrallsc.gov.uk/partners/LCLSCApprovedESFLIDFProviderInformation.

Desk Review

On receipt of the **CMR** and the **Monthly Narrative Report**, your ESF Contract Manager will undertake a desk review to check the following:

- The return has been received on time as agreed in the schedule (five working days after the end of the previous month);
- All sections of the CMR and the Monthly Narrative Report have been completed;
- Where there is a discrepancy of more than 10% in the achievement of outputs, outcomes and milestones, an explanation has been given on the CMR and any remedial action that is needed has been outlined.

Following this review, your ESF Contract Manager will establish the overall variance between what you have been profiled to achieve to date and what you have actually achieved. Depending on the outcome of this calculation, LSCLC may take remedial

action (see Section 8 – Payments and Section 9 – Reprofitting and Contract Non-Compliance for more information about the action that may be taken).

Quarterly Reviews and Reconciliation

At agreed quarterly intervals, a full on-site review will be carried out. The dates for these reviews will be agreed in writing with your ESF Contract Manager within a month of the Funding Agreement being signed. These dates then become part of the funding agreement. The purpose of these reviews will be to reconcile the claims submitted to the LSC over the previous three months. In addition to looking at those aspects of contract delivery made on the monthly return, the following additional action will be completed:

- Checking that evidence is held to substantiate the monthly statements of achievement of outputs, outcomes and milestones;
- Reprofitting of outputs, outcomes and/or milestones if necessary.

Your ESF Contract Manager will also review progress against any agreed objectives and targets in relation to equality and diversity and sustainable development and other matters requiring attention in relation to these areas (see Section 14 – Equality and Diversity and Section 15 – Sustainable Development for further information on the areas that will be reviewed). Your ESF Contract Manager will also, if necessary, review health and safety and self-assessment procedures.

Following the visit, a report will be prepared setting out the findings, any action required and the deadlines for such action to be completed.

Timetable of Returns

The table below sets out the timetable for receipt of monitoring returns to LSCLC:

Month	CMR and Monthly Narrative Report due
January 2005	7 February 2005
February 2005	7 March 2005
March 2005	7 April 2005
April 2005	9 May 2005
May 2005	7 June 2005
June 2005	7 July 2005
July 2005	5 August 2005
August 2005	7 September 2005
September 2005	7 October 2005
October 2005	7 November 2005
November 2005	7 December 2005
December 2005	9 January 2006
January 2006	7 February 2006
February 2006	7 March 2006
March 2006	7 April 2006

April 2006	8 May 2006
May 2006	7 June 2006
June 2006	7 July 2006
July 2006	7 August 2006
August 2006	7 September 2006
September 2006	6 October 2006
October 2006	7 November 2006
November 2006	7 December 2006
December 2006	8 January 2007
January 2007	7 February 2007
February 2007	7 March 2007
March 2007	10 April 2007
April 2007	8 May 2007
May 2007	7 June 2007
June 2007	6 July 2007

8. Payments

Profile Payments

ESF schedules are paid on the basis of payment profile, rather than invoices. This payment profile will be agreed with your ESF Contract Manager during your contract negotiations and will form Appendix 4 of the ESF schedule. Most ESF providers will be paid monthly, although in some exceptional cases, payments will be made on a quarterly basis.

In order to be paid by the LSC, you need to have completed a **Payment Details Form (BACS Form)**, specifying details of the bank account into which payments are to be made. This should be done before signing your Funding Agreement – if you do not think you have completed this form, please contact your ESF Contract Manager.

You also need to have a UPIN (Unique Provider Identification Number). This will be arranged by the LSC and should appear on the Appendices to your ESF Schedule. This number is very important, as it is necessary for payment, and for inputting your Short Record or ILR information through Provider Online. Each organisation should have only one UPIN Number, and if you have had a contract with the LSC in the past, you should be using the same UPIN number as you have previously. However, your ESF Contract Manager will confirm your UPIN number before you sign your Funding Agreement.

The amount of payment you receive each month will directly correspond with the outputs, outcomes and milestones you are profiled to achieve for that month and the unit price for those outputs, outcomes and milestones. So, for instance, if you are profiled to achieve 10 OP1 outputs at an agreed unit price of £100 each and 5 OC1 outcomes at a unit price of £200 each for a particular month, your payment for that month will be £2,000. This is worked out as follows:

10 OP1 x £100	£ 1,000
5 OC1 x £200	£ 1,000
Total Payment	£ 2,000

The total payment you should receive for each month will be shown on Appendix 4 of the schedule.

Once the Funding Agreement has been signed and delivery under the schedule has started, you will be paid in each month in which a payment is due based on the payment profile. This payment will be made on the 18th working day of that month. If for any reason a payment is not made in the month it is profiled to be made (for instance, if delivery under the schedule begins before the Funding Agreement is signed), all amounts due for those periods will be paid in the subsequent month, in addition to any payment for that month. If you believe you have not received your due payment for a particular month, you should contact your ESF Contract Manager immediately.

If your organisation has more than one ESF project with the LSC, please be aware that you will only receive one payment made up of all payments due under all ESF schedules that month.

Payment Dates

Your payments will be due on the following dates:

Month	Payment to Provider
January 2005	27 January 2005
February 2005	24 February 2005
March 2005	24 March 2005
April 2005	26 April 2005
May 2005	26 May 2005
June 2005	24 June 2005
July 2005	26 July 2005
August 2005	24 August 2005
September 2005	26 September 2005
October 2005	26 October 2005
November 2005	24 November 2005
December 2005	28 December 2005
January 2006	26 January 2006
February 2006	24 February 2006
March 2006	24 March 2006
April 2006	28 April 2006
May 2006	25 May 2006
June 2006	26 June 2006
July 2006	26 July 2006
August 2006	24 August 2006
September 2006	26 September 2006
October 2006	25 October 2006
November 2006	24 November 2006
December 2006	28 December 2006
January 2007	25 January 2007
February 2007	26 February 2007
March 2007	26 March 2007
April 2007	27 April 2007
May 2007	25 May 2007
June 2007	26 June 2007
July 2007	25 July 2007
August 2007	24 August 2007
September 2007	26 September 2007

Contract Start Payments

Generally, you will receive 10% of the total schedule value in the first payment period for costs associated with starting your project. However, if you envisage that

you will have cash flow problems around the start of the project that will not be resolved by this payment, please contact your ESF Contract Manager to discuss the options that may be available to you.

Holding Payments and Clawback

In some instances, it may be necessary to hold a payment for a particular month or months. This will often be due to under-performance against the agreed delivery profile or non-compliance with the terms of the Funding Agreement. Your ESF Contract Manager or Development Funding will inform you in advance if it is decided that a particular payment should be placed on hold.

The payments for a project will be placed on hold if, following the ESF Contract Manager's monthly desk review, the overall level of underperformance against the delivery plan to date is **10% or more** (that is, the difference between the total value of outputs, outcomes and milestones delivered to date and the total value profiled to be delivered is 10% or more).

Where a payment is held, this payment may be made in a subsequent month if the issues are resolved. Alternatively, it may be accounted for during a reprofile of the schedule, if this is deemed necessary. Payments on a schedule should be on hold for no longer than three months. After three months, either the payments owing will be made or, if the issues that led to payments being suspended have not been resolved (e.g. the overall level of underperformance against the delivery plan is still 10% or more), the delivery plan will be reprofiled or a breach of contract letter issued (see Section 9 – Reprofiling and Contract Non-Compliance).

In exceptional cases, it may be necessary to clawback a payment that has been made to you. This will usually only occur in exceptional cases of underperformance against the agreed delivery profile.

Value Added Tax

Because the LSC is generally unable to recover any Value Added Tax (VAT) charged, the amount of funding you are granted under your Funding Agreement is inclusive of any VAT or other taxes charged.

However, please note that, under the VAT Act 1994, the supply of education or vocational training funded by the LSC, and the supply by a provider providing that education or training of any goods or services essential to that provision, is exempt for VAT purposes.

If you are unsure about the VAT treatment of any payments you receive in relation to your project, you should confirm your position with HM Customs and Excise, either by visiting the Customs and Excise website (www.hmce.gov.uk) or using the national VAT helpline (0845 010 9000).

9. Reprofiting and Contract Non-Compliance

Reprofilng

Profiling is not an exact science and there will be times when you do not meet your targets. ESF Contract Managers will analyse your monthly returns and assess the variance between the agreed targets and the actual delivery. At the end of each quarter, a full reconciliation will be carried out (as outlined in Section 7 – Monitoring).

The need for reprofiling will be identified by the ESF Contract Manager, who will discuss what is necessary with the provider and agree the revised delivery plan. There will normally be a knock-on effect on payments, as these will be amended to allow for any over-payments and there may be a period in which payments are not received to allow the project to catch up on delivery.

When reprofiling, it will be necessary to look at what has been delivered to date compared to what should have been delivered to date. This will leave the balance of under or over performance. The revised profiles should be calculated to allow the under or over performance to be spread over the balance of the project.

If the project is underperforming, the action your ESF Contract Manager will take will depend on the overall level of underperformance against the delivery plan to date. If it is 10% or more, payments for the project will be placed on hold (see Section 8 – Payments). If the level of underperformance is more serious, the delivery plan will be reprofiled.

A delivery plan must be reprofiled if, following the ESF Contract Manager's monthly desk review:

- Overall underperformance against the delivery plan to date is 25% or more; or
- Payments have been suspended for three consecutive months and overall underperformance against the delivery plan to date is still 10% or more.

The reprofile should be completed and a variation letter signed within six weeks of the relevant end-of-month reconciliation.

A delivery plan can only be reprofiled twice during the life of the project and cannot be reprofiled if there is six months or less left until the end of the contract. If these situations apply, you will be issued with a breach of contract letter that will outline the action you are required to take.

Even if these situations do not apply, a breach of contract letter will be issued if the level of underperformance to date is 50% or more. This letter will confirm the delivery plan must be reprofiled and may request other action be taken to ensure the project can deliver the remainder of the programme.

Your ESF Contract Manager has discretion to reprofile the delivery plan even if it is within allowable variance limits if they feel there are issues with you meeting your delivery profile, or following advice from Provider Financial Assurance or Development Funding.

Once the revised profiles have been agreed, your ESF Contract Manager will draw up a variation to the agreement for signature by both parties.

The preferred option is to reprofile or hold payment rather than cut back project allocations. However, as the *2005-2006 Objective 3 Co-Financing Plan* is LSCLC's last Plan funded under the 2000-06 EU budget, any underspends at the end of the Plan will have to be returned to GOL. This means LSCLC must identify underspends on ESF projects as early as possible so there is sufficient time to use the funding elsewhere. Depending on the circumstances, it may have to reduce the amount of funding given to a project.

Other Instances of Contractual Non-Compliance

A breach of contract letter may also be issued for other instances of contractual non-compliance, including:

- Non-submission or late submission of CMRs or Monthly Narrative Reports;
- Non-submission of POL data or SME or Economically Inactive Beneficiary Databases;
- POL data being inconsistent with contracted delivery and not being corrected following notification from LSCLC;
- Failing to agree a reprofile when requested by your ESF Contract Manager;
- Failing to co-operate with requests for monitoring or audit visits.

The letter will specify the circumstances of the breach and the action you are required to take to rectify it.

10. Audit

Audit of ESF Projects

All ESF projects are audited at least once by the LSC's Provider Financial Assurance (PFA) team. The PFA team will normally carry out an initial monitoring visit (IMV) to all new ESF providers. They may also carry out IMVs on existing providers in cases where there have been concerns raised by your ESF Contract Manager or where there have been previous issues over controls.

For full assurance visits, PFA will usually write to you four to six weeks before the visit to agree the date(s) they will be on site. Under the terms of the Funding Agreement, you are obliged to provide PFA with full access to all your records and to provide reasonable desk space, privacy and copying facilities.

Control Opinion

Before the audit visit, you will be asked to complete and return a Business Environment Questionnaire (BEQ) and Provider Control Risk Assessment (PCRA). The questionnaire, assessment and other questions that will be asked on the day of the visit will enable PFA to give an opinion of the adequacy of internal controls operating over your project.

Application of Funds Opinion

PFA provides the LSC with assurance over the proper use of public money through testing your delivery as reported in your CMR. ESF schedules are based on priced outputs, outcomes and milestones, and PFA will check that evidence is held to support the reported outputs, outcomes and milestones that have been achieved, and that the payments made by the LSC against the agreed profiles are therefore valid (that is, they have been earned).

PFA will do this by carrying out a number of sample tests. These tests will normally relate to:

- Learner start tests;
- Learner achievement tests;
- Satisfying the contractual requirements in respect of publicity; and
- Other output, outcome and milestone tests.

Under certain circumstances, the local PFA team **may** need to carry out a review of the provider's actual expenditure (such work would be exceptional unless the schedule was agreed on an actual costs basis). However, where childcare or travel costs are agreed or where it is difficult to evidence an activity, PFA may have to review invoices for costs incurred.

Frequency of PFA Reviews

PFA will consider the required frequency of visits based on inherent risk, control risk and previous error rate with the LSC.

Reporting

"The report will give the auditor's opinion on the internal controls and use of funds. They will be either qualified or unqualified opinions. These are audit terms, qualified means unsatisfactory and unqualified means satisfactory."

PFA will provide written feedback at the end of the audit visit and will discuss this with you. Where there are potential policy issues to resolve, this will be indicated and you will be informed as soon as is practicable. PFA will identify recommendations for you to address through the feedback document. You will be required to respond to issues raised and forward any additional evidence within 5 working days. Based on the review of the response and any additional evidence, the PFA team will then issue a final report, which should be within 15 working days following the receipt of the response to the feedback document. The report may contain recommendations for the provider to consider and these will be reviewed on our next visit.

If the audit finds funding errors, it means there is insufficient evidence to confirm the output, outcome or milestone payment. If these errors are over 5% inclusive of the sample tested, an estimated error rate will be applied to all the money that has been paid. The report will indicate a qualified opinion. If the audit finds funding errors under 5%, these will still need to be recovered but the report will indicate an unqualified opinion. Recovery of funds is the responsibility of the ESF Contract Manager. The PFA team will send a Recovery Error Authorisation Form to the ESF Contract Manager. The ESF Contract Manager should follow this up with the provider and keep PFA informed. Once the action of recovery has been agreed with the provider, the ESF Contract Manager should sign and return the recovery form to PFA.

Audit Process Overview

Days After Visit	Action
Either on day of visit or as near to this date as possible	Feedback at the end of the audit visit
+ 5 working days	Provider to respond to issues identified during feedback
+ 20 working days	Final report issued by PFA

11. Beneficiary Records

Introduction

Depending on the type of beneficiaries your project is supporting, there are four types of forms you may need to use to record beneficiaries:

- **The ESF Short Record (ESF SR);**
- **The Individualised Learner Record (ILR);**
- **The SME Enrolment Form;** and
- **The Economically Inactive Declaration Form.**

Use of ESF Short Record and ILR Data

The data from ESF SR and ILR forms is used to provide details of learner volumes and to calculate funding earned by the provider for such learners and enable comparison of actual volumes and costs against profiled levels. The information is the basis for reconciling actual earned costs against those funded to the provider (based on the payment profile). For example, the number of individual beneficiary starts will be calculated by reference to the number of ESF SRs or ILRs submitted on POL, rather than the number you report through CMR. Based on this, your ESF Contract Manager will decide whether adjustments need to be made to your payment profile.

The learner data gathered from ESF SRs and ILRs will provide information to GOL and, through them, to the DWP, of the effectiveness of the learning programmes in terms of whom they reach, what learning they receive, and what outcomes are subsequently achieved. It is only information gathered from ESF SRs and ILRs that is used to compile the quarterly claims LSCLC makes to GOL and the Project Closure Reports that LSCLC must submit to GOL at the end of the Co-Financing Plan.

The LSC also uses the learner data to generate Management Information (including performance indicators), which is used to manage the current programmes and to assist with the design of future programmes.

Payment cannot be claimed without complete and accurate forms. Every missing or incomplete form is potentially a loss from the LSCLC's ESF programme and will result in a reduction in the amount that we will spend on your project, as our reconciliations are based on actual forms completed and submitted.

Providing ESF Short Record and ILR Data to the LSC

The LSC offers two routes to provide data. Your ESF Contract Manager will advise you which route you will use, in consultation with you:

- **Provider On-Line** – This option is generally for use by smaller providers, and will give them access to key their data directly into the LSC Database at Warwick through a secure Internet Portal.

- **Provider Batch** – This option is used by larger providers who already use provider batch for other LSC funding streams (such as FE Colleges) or who have their own MI systems. Providers will produce a batch file from their MI system and load it through the secure Portal to the LSC Database.

Those submitting via the 'web based' portal must ensure that data is received at the LSC by the 10th working day following the last Friday of the period to ensure inclusion on the next Provider Monthly Report (PMR).

Providers using Provider Batch are encouraged to submit data regularly and should not wait until the final week of the period before submitting data. Up to 999 submissions can be made in a period.

Due to the requirements of the ESF Co-Financing Framework and the increasing need for complex information about the delivery of learning, the LSC will be regularly talking to providers about their performance in ensuring that these forms are handled effectively.

All providers should have received training on data recording before signing the Funding Agreement. Any questions on the on-line systems should be directed to the ESF Data Analyst.

The ESF Short Record

The **ESF SR** is to be used to record all individual beneficiaries who benefit under an ESF project except where providers have been advised by their ESF Contract Manager that they have been permitted to use the ILR (see below for notes on completion).

Completing the ESF Short Record

The form is divided into three sections:

- **Section 1** – The learner should complete this section. Where this is not possible, for example the learner is a speaker of English as a Second Language, the provider can complete this part of the form but this should be noted.
- **Section 2** – The provider should complete this section.
- **Section 3** – The provider should complete this section when the learner finishes training or leaves the training prior to completion.

Please make sure that all sections are completed and both the learner and the provider sign the form.

Where to Find the ESF Short Record Form

The ESF SR and the associated guidance is updated every academic year (August-July). Please ensure that you are using the current versions of the ESF SR and the

guidance. All forms and guidance can be accessed through the LSC website at www.lsc.gov.uk/National/Partners/Data/DataCollection/ILR/default.

An electronic file of the ESF SR form is available in MS Word format (if you require a copy of these files, contact the ESF Data Analyst). The 2005/06 ESF SR and the associated guidance can be downloaded at:

www.lsc.gov.uk/National/Partners/Data/DataCollection/ILR/ILR0506.htm#ESF

Other Documents and Data Sources for Use in Completion of the ESF SR

The following documents will also be of use when completing the ESF SR. The 2005/06 versions of these documents can be downloaded at:

www.lsc.gov.uk/National/Partners/Data/DataCollection/ILR/ILR0506.htm

- *Specification of the Individualised Learner Record for 2005/06*

Annex A	Collection timetable for ESF SR
Annex B	Migration information
Annex C	Valid postcode format
Annex E	LSC numbers
Annex F	Data Protection statement
Annex G	Prior attainment levels
Annex H	Learning aim class codes
Annex K	Definition of terms
Annex L	SOC 2000 codes
Annex N	Special Projects and Pilots codes

- *Annex A – Guide to Completing Fields E11-E15* – a table showing the valid field codes for inter-related ILR fields E11 to E15.

- The LSC Learning Aim Database (LAD) – for details of all sector codes and learning aims, please refer to: <http://providers.lsc.gov.uk/lad/>. Please note that all accredited qualifications should have a learning aim reference code on LAD and this code must be used on the learner’s ESF SR. Use of the generic “XESF0001” code is only permitted where beneficiaries will not work towards accredited qualifications while they are on the project.

- The validation rules implemented in the online data collection system and the Learner Information Suite – a spreadsheet of validation of rules and an accompanying guidance document.

Minimum Requirements

The minimum requirements to complete the Provider Online form are as follows:

- Internet Based Data Collection.
- Broadband Internet Access.
- Pentium III or better.
- Windows 2000 or better.
- Internet Explorer 5.5 or better.

Performance on PCs without these minimum requirements may be poor. If you have any problems with IT capacity, check with your ESF Contract Manager.

The Individualised Learner Record (ILR)

Providers who have been advised by their ESF Contract Manager that they have been permitted to do so should use the **ILR**.

Completing the ILR

The form is divided into five parts:

- **Part A** – Learner information, including data protection statement.
- **Part B** – Main aim information.
- **Part C** – Subsidiary aim information.
- **Part D** – Co-Financing information
- **Part E** – Special monitoring data.

Please make sure that all sections are completed and both the learner and the provider sign the form.

Where to Find the ILR Form

The ILR and the associated guidance is updated every academic year (August-July). Please ensure that you are using the current versions of the ILR and the guidance. All forms and guidance can be accessed through the LSC website at www.lsc.gov.uk/National/Partners/Data/DataCollection/ILR/default.

An electronic file of the ILR form is available in MS Word format (if you require a copy of these files, contact the ESF Data Analysts). The 2005/06 ILR and the associated guidance can be downloaded at:

www.lsc.gov.uk/National/Partners/Data/DataCollection/ILR/ILR0506.htm#WBL

Other Documents and Data Sources for Use in Completion of the ILR

The following documents will also be of use when completing the ILR. The 2005/06 versions of these documents can be downloaded at:

www.lsc.gov.uk/National/Partners/Data/DataCollection/ILR/ILR0506.htm

- *Specification of the Individualised Learner Record for 2005/06*

Annex A	Collection timetable
Annex B	Migration information
Annex C	Valid postcode format
Annex D	Country of domicile codes
Annex E	LSC numbers
Annex F	Data Protection statement
Annex G	Prior attainment levels

Annex H	Learning aim class codes
Annex I	Forms to accompany ILR data transmissions
Annex K	Definition of terms
Annex L	SOC 2000 codes
Annex N	Special Projects and Pilots codes
Annex O	National learning aim monitoring codes

- *ILR Form Quick Reference Code Tables* – a document listing valid field codes for a WBL-format ILR return.
- *ESF Co-Financing Quick Reference Guide* – a document listing valid field codes for an ESF co-financing data set within an ILR return.
- The LSC Learning Aim Database (LAD) – for details of all sector codes and learning aims, please refer to: <http://providers.lsc.gov.uk/lad/>. Please note that all accredited qualifications should have a learning aim reference code on LAD and this code must be used on the learner’s ESF SR. Use of the generic “XESF0001” code is only permitted where beneficiaries will not work towards accredited qualifications while they are on the project.
- The validation rules implemented in the online data collection system and the Learner Information Suite – a spreadsheet of validation of rules and an accompanying guidance document.

The SME Enrolment Form

Use of the SME Enrolment Form

If your project supports organisations, these organisational beneficiaries must be recorded using the **SME Enrolment Form**. The SME Enrolment Form is available on the LSCLC website at:

www.londoncentrallsc.gov.uk/partners/LCLSCApprovedESFLIDFProviderInformation.

The SME Enrolment Form is updated periodically, so please ensure that you are using the current version (currently Version 2).

The SME Enrolment Form must be fully completed by each organisation supported by the project, and signed on behalf of the beneficiary organisation. Most of the questions on the Form are designed to establish whether an organisation is eligible for ESF support. Ticks in boxes marked with an asterisk in the ESF Eligibility section of the Form (Questions 7-10) indicate potential non-eligible status and activity should only proceed after consulting with the LSCLC who will confirm eligibility status.

The Form also contains information about state aid rules and the Training Aid exemption. If an organisation is required to make a state aid contribution and wishes to claim an employee as a disadvantaged worker, the **LSCLC Disadvantaged Worker Declaration Form** will also need to be completed.

If the provider determines that the organisation is required to make a state aid contribution, this should be recorded using the **Training Aid Exemption**

Worksheet. This Worksheet will show the overall total of contribution required to be paid to the provider by the organisation supported (see Section 3 - State Aid Rules and Employer Contributions for further information about the applicability of state aid rules and use of the Training Aid exemption).

If a SME Enrolment Form is incomplete, unsigned, or shows that the organisation is ineligible for ESF funding (e.g. because it is a large organisation or a public sector organisation), then the organisation will not be able to be claimed as a beneficiary and the provider will not be paid for it.

SME Database

The provider will need to establish, based on the answers on the SME Enrolment Form, whether the organisation is able to be supported. This can be done using the **LSC London Central ESF SME Database**, which is also available at the above website address.

The provider should record the details of each the SME Enrolment Form completed by a beneficiary organisation in the Database, using the dropdown menus where indicated to record the responses to Questions 1-10. Based on the answers recorded on the Form, the Database will automatically establish whether the organisation is eligible for ESF support or not and this will be shown in the "ESF Eligible" column.

Providers will need to email the SME Database to their ESF Contract Manager within ten working days of the end of each quarter (i.e. the tenth working day in April, July, October and January). The ESF Contract Manager will reconcile the entries on the Database with completed SME Enrolment Forms as part of their quarterly monitoring visit.

Please be aware that the final number of organisations supported by a project will be calculated by reference to the number of SME Enrolment Forms completed, rather than the number reported through CMR.

The Economically Inactive Declaration Form

If your project is working with economically inactive beneficiaries, you will need to ensure that they complete and sign the **Economically Inactive Declaration Form**. This information must be gathered separately by LSCLC because the information necessary to determine whether a beneficiary is economically inactive is not currently collected through the ESF SR or ILR.

Projects working with economically inactive beneficiaries will also need to enter the names and ILR numbers of economically inactive beneficiaries supported by the project on the **LSC London Central Economically Inactive Beneficiary Database**. Providers will need to email the Database to their ESF Contract Manager within ten working days of the end of each quarter (i.e. the tenth working day in April, July, October and January). The ESF Contract Manager will reconcile the entries on the Database with completed Economically Inactive Declaration Forms as part of their quarterly monitoring visit.

Both the Declaration Form and the Database are available on the LSCLC website at: www.londoncentrallsc.gov.uk/partners/LCLSCApprovedESFLIDFProviderInformation.

Please be aware that the final number of economically inactive beneficiaries supported by a project will be calculated by reference to the number of Economically Inactive Declaration Forms completed, rather than the number reported through CMR.

Timetable for Returning SME and Economically Inactive Information

The table below sets out the timetable for receipt of the LSC London Central ESF SME Database and the LSC London Central Economically Inactive Beneficiary Database to your ESF Contract Manager:

Quarter	CMR and Monthly Narrative Report due
January – March 2005	14 April 2005
April – June 2005	14 July 2005
July – September 2005	14 October 2005
October – December 2005	16 January 2006
January – March 2006	18 April 2006
April – June 2006	14 July 2006
July – September 2006	13 October 2006
October – December 2006	15 January 2007
January – March 2007	17 April 2007
April – June 2007	13 July 2007

12. Evaluation and Self-Assessment

Evaluation Reports

Evaluation reports are an essential part of evaluation of any contract. Under the Funding Agreement, all projects must submit an interim evaluation report at the mid-point of the project, and a final evaluation, which must be completed within six weeks of the project completion date.

Funds should be allocated within each schedule to cover the cost of these reports, according to the guidance contained in the *LSC London Central 2005 List of Agreed Activities*.

It is recommended that for projects with a total value of less than £250,000, the evaluation can be an internal evaluation and the unit price for an evaluation report should be no more than £1,000. If the project has a total value of £250,000 or more, the evaluation must be an external evaluation and the unit price for an evaluation report should be no more than 1% of the total schedule value.

Evaluation reports must be completed in line with the *LSCLC Guidance Note for Undertaking Evaluation for ESF Projects 2005-07*. This guidance is intended to help providers produce reports that express what happened on the project, what impact it has made on the lives of beneficiaries and whether it has met the aims expressed in the original tender proposal. The *LSCLC Guidance Note for Undertaking Evaluation for ESF Projects 2005-07* is available on the LSCLC website at: www.londoncentrallsc.gov.uk/partners/LCLSCApprovedESFLIDFProviderInformation.

Self-Assessment

You should be aware that ESF providers are required to conduct an annual self-assessment in line with requirements of Department for Education and Skills, Ofsted, Adult Learning Inspectorate (ALI), Jobcentre Plus and LSC. Self-Assessment Reports (SARs) are a tool for providers to evaluate their effectiveness as a provider of education and training. Providers should use the self-assessment process to recognise what they do well and what needs to be improved. The primary purpose of self-assessment is to support the provider in its own pursuit of quality improvement, helping it to measure progress against its mission and goals.

LSCLC requires providers to submit self assessment reports annually as a minimum.

From 1 April 2006, all ESF training programmes are covered by ALI's inspection programme. Self-assessment will form an integral part of the approach to inspection. LSCLC provided training to ESF providers on the self-assessment process in March 2006. Providers may wish to refer for guidance to the following:

- Quality Improvement and Self-Assessment (May 2005) (available at <http://readingroom.lsc.gov.uk/lsc/2005/quality/goodpractice/quality-improvement-self-assessment.pdf>); and

- Planning for Success (December 2005) (available at <http://readingroom.lsc.gov.uk/lsc/2005/quality/goodpractice/planning-for-success-framework-for-planning-and-quality.pdf>)
- The Excalibur website where you can find examples of good practice (www.ali.gov.uk/Quality+improvement/Excalibur/)

The important thing to note is that the information you gather for your evaluation reports can also be used to complete the SAR, provided that you take account of the five key questions addressed by the self-assessment process:

- How well do learners achieve?
- How effective are teaching, training and learning?
- How well do programmes and activities meet the needs and interests of learners?
- How well are learners guided and supported?; and
- How effective are leadership and management in raising achievement and supporting all learners?

13. The Role of the ESF Contract Manager

LSCLC will appoint an ESF Contract Manager who will be your main point of contact with the LSCLC. Any questions or comments on your ESF project should normally be addressed initially to your ESF Contract Manager.

The specific role of the ESF Contract Manager is to work with the provider to ensure that the project is delivered as agreed.

In carrying out this role, the ESF Contract Manager has specific responsibilities. These include:

- Meeting providers to negotiate and agree the final Funding Agreement;
- Agreeing the final delivery and payment profiles;
- Completing the necessary monitoring forms on a regular basis, monthly or quarterly, using information supplied by providers on the monitoring returns;
- Visiting providers on a regular basis to look at how the programme is developing;
- Taking any remedial action necessary where the programme is falling behind the delivery plan or is not meeting its targets and reprofiling if necessary;
- Attending events organised by providers as the representative of LSCLC;
- Conducting all activities taking account of LSCLC's Equal Opportunities policies, ensuring that all clients, providers, contacts and employees receive equal treatment;
- Ensuring the providers' obligations and responsibilities in respect of equal opportunities, health and safety, sustainable development and self-assessment are being fulfilled;
- Ensuring projects are delivered in accordance with relevant ESF regulations.

14. Equality and Diversity

Background

The LSC has a statutory duty to promote equality and diversity. In order to do this, we seek to mainstream equality and diversity into all our work. For our statutory provision, this is achieved, in part, through Equality and Diversity Impact Measures. We also seek to promote equality and diversity in our ESF co-financed projects.

In accordance with the GOL Mainstreaming Equal Opportunities Action Plan and LSC contracting requirements, ESF providers are required to embed equality and diversity within their project delivery, and actively promote it within their organisations. This involves a number of areas, including compliance with legislation, developing equality and diversity policies, beneficiary demographics and project monitoring.

Equality and Diversity Legislation

Providers should ensure that all their policies and practices comply with anti-discrimination legislation including:

- Sex Discrimination Act (1975);
- Race Relations Act (1976);
- Disability Discrimination Act (1995);
- Race Relations (Amendment) Act (2000);
- Special Educational Needs and Disability Act (2001);
- Employment Equality (Religion or Belief) Regulations (2003);
- Employment Equality (Sexual Orientation) Regulations (2003); and
- Disability Discrimination Act (2005) (which comes into force in December 2006 and imposes a duty on the LSC and LSC-funded providers to eliminate discrimination and harassment, promote equality of opportunity between disabled and non-disabled people, and take into account people's disabilities, even if this means treating them more favourably than non-disabled people);
- Employment Equality (Age) Regulations (which have recently been approved by Parliament and will come into force on 1 October 2006).

Although these are the main pieces of legislation that directly tackle discrimination and equality, other legislation such as the Flexible Working Regulations (2003) may also have implications for equality of opportunity. The Human Rights Act (1998) also has many implications for services provided by public bodies.

Guidance on the implications of this legislation can be found from a variety of sources – these websites are just a starting point:

- Equal Opportunities Commission www.eoc.org.uk;
- Commission for Racial Equality www.cre.gov.uk;
- Disability Rights Commission www.drc.gov.uk;
- Acas www.acas.org.uk;
- National Council for Voluntary Organisations www.askncvo.org.uk;

- Department for Trade and Industry Employment Relations Directorate
www.dti.gov.uk/er/

Monitoring Equality and Diversity

Equality and diversity has an impact on most, if not all, areas of a project, but we cannot monitor them all. Therefore, in order to ensure that this is significant and will identify compliance with legislation where possible, we have decided to limit monitoring of 2005-2007 ESF projects to:

- Progress in achieving any equality and diversity strategies or achieving the agreed beneficiary diversity profile;
- Discipline and grievance cases with an equality and diversity dimension;
- Physical adjustments or adaptations made to facilitate learners or staff; and
- Good news/good practice stories.

These areas will be monitored on a quarterly basis by your ESF Contract Manager and we will monitor them in the same way we conduct other quarterly reviews.

Equality and Diversity Policies

We have reviewed all Equal Opportunities Policies received as part of the tendering process and identified any areas of improvement. Where policies were not received as part of this process, we will need to be sent copies that will be assessed according to the same criteria.

If it is felt the policy could benefit from improvements, your ESF Contract Manager will discuss our recommendations with you. These should be incorporated into a revised policy as agreed with your ESF Contract Manager.

We will also review the **Equal Opportunity Questionnaire** submitted with your tender proposal for any areas that need to be developed. If this development is substantial, an achievement strategy should be agreed with your ESF Contract Manager, which will be monitored on a quarterly basis.

Equal Opportunities and Beneficiary Profiles

Most projects will target one or more socially excluded group. Some equalities elements (gender, disability and ethnicity) of your beneficiaries may already be written into your tender, and therefore into the schedule – however, other elements may not.

In order to integrate equality and diversity into all aspects of projects, it is important to try to ensure that the beneficiary profile takes into account not only the target attributes specified in the tender, but also the other demographics – for example:

- If a project targeted lone parents or 'socially excluded groups', we would expect the beneficiary profile to match the cohort profile on the basis of gender, ethnicity and disability;
- If a project targeted women from the Bangladeshi community, we would expect it to also ensure that there are a sufficient proportion of beneficiaries with disabilities.

In the interests of simplicity, we will not be monitoring all equality and diversity areas relevant to beneficiaries at this stage, but will restrict monitoring to gender, disability and ethnicity, as profiled in your delivery plan.

Adjustments to Accommodate Needs On the Basis of Disability, Religion or Any Other Need

Under legislation such as the Disability Discrimination Act (DDA) and the Employment Equality Regulations (Religion and Belief), businesses and training providers have to make reasonable adjustments to enable them to be accessible.

Under the DDA, some of these amendments should be anticipatory, such as ensuring that premises are accessible to wheelchair users. However, other adjustments will not be as easy to anticipate. Therefore, you may from time to time be asked to make adjustments. Examples of this could be:

- Accommodating the religious needs of staff or learners by providing time off for religious observance; or
- Providing learners with course materials in accessible formats.

Quarterly reports should capture how often such requests are made, and how providers seek to accommodate these requests. Information gathered in this section could indicate support needs for your organisation, or more general support needs for all providers.

Internal Complaints or Discipline and Grievance

Complaints or disciplinary actions can often have equality and diversity aspects. Monitoring complaints or disciplinary proceedings is important as it may highlight non-compliance with anti-discrimination legislation and may reveal training and development needs of both staff and learners. In both cases, early awareness can help us point providers in the right direction for guidance on the law, thus preventing the situation escalating. Information should be incorporated into quarterly reports.

Good News Stories or Good Practice

We are also often asked for good news stories and equality and diversity stories for marketing purposes. Therefore, please record any success stories that have equality and diversity dimensions (such as learners overcoming diversity and stereotypes to succeed). We are also interested in good practice stories, so if you feel your project has developed new ways of working in areas such as reaching hard to reach groups

or promoting success, we would like to share this knowledge with other organisations.

15. Sustainable Development

What is "Sustainability"?

Sustainability can be considered to have three main components – social, economic and environmental.

The **social** element of sustainable development is central to ESF-funded projects, and many such projects are developed to address social imbalances. Thriving regions, cities, towns, villages and neighbourhoods are fundamental to quality of life. We need to achieve a sense of social cohesion, cultural inclusion and people empowerment. Building sustainable communities is about improvements to the places where people live and work, and giving them the chance to play their part in shaping change for a preferable future.

The **economic** element of sustainable development is also largely addressed by ESF-funded projects. Sustainable development requires a stable and healthy economy. To deliver a more sustainable economy we need to do more with less by making better use of resources, increase investment, promote stability and competition, develop skills and reward work. Sustainable development requires us to take a long-term view of the economy, rather than adopting short-term fixes.

However, the **environmental** element of sustainable development has not traditionally been addressed to such an extent by ESF-funded projects. Environmental sustainability should not be ignored as people fundamentally rely on the environment for the societies it maintains and the economies that it supports. For example, a stable climate is required for life, as we know it, to thrive. Changes to the climate will lead to social upheaval, for example, through flooding or famine. The economy is dependent on resources that underpin it (such as oil) and a society that is willing and able to serve it and who consumes its products and services. By damaging the environment and overusing resources now, we are undermining the short, medium and long-term abilities of the environment to support our needs and those of our children.

To become more sustainable we have to think of different ways of doing things to reduce or eliminate negative environmental impacts but that also seek to deliver beneficial social and economic outcomes. Every activity we undertake has an impact – we should therefore attempt to identify ways to minimise these impacts. For example, by recycling paper, you will reduce the amount of waste going to landfill, but by reducing the amount of paper you use you will further reduce your impact. By printing on recycled paper, you will reduce your impact even more. By reducing paper use you will save money, improve staff motivation (from this act of corporate responsibility) and thus integrate social, economic and environmental aspects.

Another example is finding alternatives to using cars for delivery related activity. For example, using public transport will reduce pollution (environmental and social benefits), reduce congestion (economic and social benefits), reduce noise (environmental and social benefits), and reduce costs such as fuel, parking and congestion charge (economic benefit).

For an organisation to become sustainable, it must devise ways of enhancing environmental, social and economic well-being all at the same time through improving its activities and practices. Training providers can play an important part in a community by contributing to the economic wealth, reducing environmental impacts and considering social responsibilities.

Sustainability and ESF-Funded Projects

The European Commission and its funding body in London, GOL, are committed to ensuring that funds available for project delivery are spent in a way that reduces negative environmental impacts, while increasing the social and economic benefits to beneficiaries and stakeholders. Sustainability is a core item on the agenda of the EU and it aims to push this throughout its member states, especially in areas it has more control over – including regeneration funding.

GOL in turn has required Co-Financing Organisations it contracts with (including LSCLC) to integrate sustainable development into all projects as a 'Cross Cutting Theme'. LSCLC is required under its Co-Financing Plan with GOL to ensure ESF providers take steps to reduce the environmental impact of their day-to-day activities, and integrate sustainability in their delivery service. This is not aimed at creating challenges, but rather to help introduce new and beneficial systems into your organisations.

Environmental Management is Business Management

Good environmental practice makes full business sense. As illustrated below, good business management seeks to reduce costs, operate legally, expand markets and improve internal systems.

Benefits of integrating good environmental practice include:

- Cost savings – reductions in energy, waste and water bills;
- Environmental compliance – ensure you stay within the law;
- Improved management, communication and motivation;
- Improved profile with key stakeholders including funders and clients.

Benefits to the environment include:

- Reductions in climate change emissions;
- Reduction of waste to landfill;
- Reduction in water abstraction;
- Reduced risk of pollution;
- Greater awareness of other environmental impacts.

Free Expert Advice Available to Delivery Bodies

Funds have been secured to help ESF providers to raise environmental awareness, identify areas of environmental improvement and put in place good practice

procedures that will be reviewed by the LSCLC over the life of the programme through monitoring. The London Environment Centre (LEC), part of London Metropolitan University, has been contracted to deliver environmental support through workshops and on-site and web-based delivery services.

To ensure effective engagement deliverers will be required to:

- Complete a **Sustainable Development Questionnaire** prior to signing your Funding Agreement;
- Complete the **Sustainable Development Toolkit**, which is available at http://www.esf.gov.uk/s_development/toolkit.asp. The Toolkit is an Excel document. In order for it to operate properly, when you open it you must select the "Enable Macros" button when prompted. You should then complete the questions on the Toolkit. Once you have completed it, print out the checklist by pressing the "Print Whole Checklist" button at the bottom of the Summary Page, and then keep the printed Toolkit on your project file. The Toolkit will give you a grading and information as to how sustainable development could be integrated into your organisation and project. Your response to the Toolkit, along with the plans developed at seminars, will be used as a basis for monitoring your progress against sustainable development targets;
- Attend at least 2 training seminars –
 - Seminar 1 - This will help understand environmental issues, identify key areas within your organisation to implement improvements, identify other support organisations and help you to develop a plan;
 - Seminar 2 - This will review how you managed to implement improvements with guidance in helping overcome obstacles and also to review and improve your environmental planning programme;
- Review the project's website, which will provide templates, good practice examples, case studies, signposting information and key contact information.

Delivery organisations will also be invited to:

- Have on-site visits – companies are invited to ask to review policies, areas for improvement, provision of priority action report;
- Join the Green Mark scheme – up to 20 selected companies from across London's Objective 3 ESF programme will be invited to attain the environmental award scheme that enables companies that have met minimum requirements of environmental good practice to be recognised for their actions;
- Work with the LEC and London Metropolitan University experts to help organisations integrate sustainability within their courses and delivery services in order to help beneficiaries understand the importance of environmental sustainability;
- Illustrate good practice through case studies, articles, newsletters and Green Mark Awards.

Examples of Good Practice

Below are listed a number of areas that we would expect deliverers to implement improvement activities:

- Waste:
 - Waste reduction programme e.g. double siding (duplexing) of materials, reduction of print/copy runs;
 - Implementation of recycling/reuse system for example for paper, card, glass, cans, plastics, IT equipment, stationery, furniture etc;
- Purchasing:
 - Purchasing of environmentally friendly supplies and services;
 - Setting up of an environmental purchasing policy;
- Energy and water:
 - Buy energy star rated computer equipment;
 - Set up an energy awareness campaign;
 - Install water saving 'hippo's' into your loo cisterns;
 - Switch to renewable energy;
- Transport:
 - Have a transport plan;
 - Avoid use of cars and promote public transportation use;
 - Promote cycling and walking (and incentivise these);
 - Purchase alternatively fuelled vehicles (also exempt from Congestion Charge);
- Environmental Management and Promotion:
 - Implement an environmental policy;
 - Set up monitoring and management systems and put in place targets to reduce key impacts;
 - Communicate good practice to your clients;
 - Sign up to Green Mark.

For information about sustainability support available to your organisation, contact the Development Funding team at the LSCLC. You can also visit the following websites for support:

- www.green-mark.co.uk/
- www.london-environment.co.uk/

Free support will be available until July 2006.

16. Freedom of Information Act

All providers should be aware that, from 1 January 2005, the LSC is subject to the Freedom of Information Act. This means any person can make a request to us for any information we hold and, subject to certain exceptions, we must release it to them. This may include copies of provider's tender documents, contracts and other information and correspondence we have in relation to them and their ESF project. The LSC has 20 working days to respond to a request for information, either by disclosing it or giving grounds for not disclosing it.

If we are asked for information that will involve the disclosure of provider documentation such as a tender proposal, LSC policy is to write to the provider advising them of the request and giving them an opportunity to state whether or not they consent to the disclosure. However, providers should be aware that this not a legal requirement, and that the LSC may be required to disclose the information whether or not the provider consents to it.

17. Useful Contacts

Development Funding

Responsible for:

- Managing the relationship with GOL, including Quarterly Claim, Project Closure reports and Annual Co-Financing review;
- Ensuring that the LSC and co-financed projects meet the eligibility and audit requirements of EU, DWP, GOL and the LSC;
- ESF contract compliance;
- ESF payments.

Paul Crosswell
Head of Development Funding

020 7904 0648
Paul.Crosswell@lsc.gov.uk

Leon Shakespeare
ESF Funding Advisor

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Anna Nikk
ESF Funding Advisor

020 7904 0723
Anna.Nikk@lsc.gov.uk

Daniel Kunka
ESF Systems Co-ordinator

020 7904 0790
Daniel.Kunka@lsc.gov.uk

ESF Support Email

londoncentralesf@lsc.gov.uk

ESF Funding Page

www.londoncentrallsc.gov.uk/partners/funding.htm

Provider Information

www.londoncentrallsc.gov.uk/partners/LCLSC/ApprovedESFLIDFProviderInformation

Data

Responsible for advice and guidance on data systems used to record ESF beneficiary data, including the use of ESF Short Records, ILRs and Provider Online.

Kim Pascal
ESF Data Analyst

LNC-CF-Support@lsc.gov.uk

ESF Contract Management

Responsible for:

- Negotiating ESF schedules;
- Monitoring ESF projects;
- Reporting on ESF project performance.

Laurence Basco
ESF Team Leader

020 7904 0713
Laurence.Basco@lsc.gov.uk

Marketing and Publicity

Capital Letter

www.esfnews.com/

Other Useful ESF Contacts

Government Office for London
Responsible for distributing and
monitoring the use of Objective 3 ESF
funding across London.

www.go-london.gov.uk/

London Voluntary Sector Training
Consortium

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Responsible for advice and support to
voluntary organisations about ESF and
other funding.