

**LSC LONDON EAST
EUROPEAN SOCIAL FUND
PROVIDER HANDBOOK 2006.version2 July 2006**
*(revised: Eligibility/State Aid/Marketing/Audit;
added: Partnerships/Equal Opportunities/ALI)*



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1. ESF Co-Financing

The Learning and Skills Council London East (LSCLE) 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 the European Social Fund (ESF), which enables additional activity that otherwise would not have been possible.

2. Beneficiary Eligibility

Beneficiary eligibility

ESF Co-financing targets key groups and sectors from within the London area. The groups that are eligible for your project are specified in the Funding Agreement at Appendix 1.

As well as these specific eligibility criteria, there is the over-riding requirement that all beneficiaries should be legally resident in the UK, and should be able to take up **full time paid employment** in the UK.

Refugees, Asylum Seekers, and other Non-EU Nationals

Refugees.

Refugees are people who have already been granted permission to stay in the UK and have been granted the right to take up paid employment. Refugees are eligible for ESF funding.

Asylum Seekers.

Asylum seekers are people who are seeking permission to stay in the UK. In general they do not have the right to take up paid employment, and so they are not usually eligible for ESF funding.

However, Home Office ministers have indicated that they are keen for asylum seekers to be able to engage in useful activities whilst awaiting Home Office decisions on whether they will be granted refugee status. Therefore, asylum seekers are eligible for ESF funding for certain activities **that do not lead to access to the labour** market.

In the context of ESF provision these activities include:

- initial English for speakers of other languages (ESOL), and other basic skills(literacy, numeracy and IT) where they are not part of provision that leads 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 they can participate in.

Foreign Students and Au-pairs

Foreign students and au-pairs do not have the right to take up full-time paid employment in the UK, and therefore they are not eligible for ESF funding.

Other Non-EU Nationals

Other non-EU nationals, (those who are not refugees or asylum seekers) need to have been granted the right to stay in the UK and to take up paid employment from the Home Office, before they can be eligible for ESF funding.

EU Nationals

Nationals from the EU countries are eligible for ESF funding **if they are legally resident in the UK.**

Nationals of the 15 countries that were EU members before 1 April 2004 (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, UK) plus Cyprus and Malta, which joined the EU on 1 April 2004, have the right to stay in the UK and are therefore automatically eligible for ESF funding.

Nationals of the 8 central and eastern Europe accession countries, which joined the EU on 1 April 2004 (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia), **will be legally resident, and therefore eligible for ESF funding 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.

Evidence Requirements

LSC London East does not wish to make eligibility checking unnecessarily difficult, so we recommend the following approach:

Your organisation must be able to show evidence to the LSC that you have verified all beneficiaries have the right to work full time in the UK.

You should ask the candidate:

- their current nationality; and
- their place and country of birth.

These questions could be part of your beneficiary application form, or you may use another tailor-made form. The candidate must sign the form as a self-declaration of the truth of the statements. Depending on the answer given by the candidate, you should take steps to obtain evidence for eligibility as per the table below.

Current Nationality	Country of Birth	Evidence Requirement
British	UK	Signed self-declaration
British	Not UK	Signed self-declaration + copy of applicant's British passport
EU country	Any	Signed self-declaration + copy of applicant's EU passport (or official national ID card) (+ for employed nationals of the 8 central and eastern Europe accession countries, a worker's registration certificate, or proof that registration is not required)
Not an EU country	Any	Signed self-declaration + copy of an original Home Office (IND) letter stating that the applicant has the right to take up paid employment in the UK, or (being phased in from 2003) a UK residence permit endorsed in passports.

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 this part-time 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.

Economically Inactive

Many projects focus on the economically inactive.

For ESF purposes, a person is economically inactive if they are:

- of working age;
- not employed;
- not self-employed; and crucially,
- prevented from actively seeking work.

In most circumstances this is demonstrated by the beneficiary being a claimant of income support other than Job Seekers Allowance, e.g. Disability Allowance, or Incapacity Benefit.

Beneficiaries Aged under 16

People under the age of 16 can only be supported under certain ESF measures. In addition, only 13-15 year olds who are either socially excluded or in danger of being socially excluded can be supported by ESF. Appendix 1 of the Funding Agreement will be state whether under-16s are eligible for your particular project.

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.

Organisation Eligibility

ESF funding that supports organisations can only be directed at SMEs (small and medium enterprises).

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

- employs fewer than 250 people at the time the application for funding is made;

- has either a balance sheet worth no more than 43 million Euros, **or** an annual turnover of less than 50 million Euros; and
- is independent – that is, not more than 25% of the capital or voting rights are owned by a parent enterprise that is not an SME itself.

Public Sector

ESF funding must not be used to support activity for people working in the public sector.

3. Partnerships and Sub Contractors

If you are in a partnership and need to change any of the partners from the original bid you must put your request in writing to your ESF Funding Adviser.

The LSCLE will consider the request and reserves the right to satisfy itself as to the quality of any new partners before agreeing to the change.

You will also be required to submit a signed Service Level Agreement with the new partner(s) to your ESF Funding Adviser.

The Service Level Agreement must include a paragraph preventing any further sub-contracting.

4. State Aid Rules and Employer Contributions

What is State Aid?

State Aid Rules are in place to ensure that the member countries of the European Union 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.

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

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

- providing aid to an individual that improves their employability in the labour market as there is deemed to be little direct benefit for the individual's enterprise;

- supporting public or non-profit making organisations (voluntary, charitable and cultural bodies), **unless** they are involved in commercial activities or compete with commercial organisations.

The Training Aid Exemption

LSCLE supports state aid projects only where the **Training Aid Exemption** applies. Under this exemption, ESF funding can be used to contribute to the costs of training, but the organisations supported must also make a contribution to a proportion of these costs (known as the employer contribution).

This contribution is usually 30% of the total training and development costs, and at least half this sum must be in the form of a cash fee paid by the enterprise (the remainder can be in the form of staff time commitment).

This calculation should be based on the cost of the training to an individual.

The contribution required per employee will be clearly specified in your contract.

Evidence for State Aid

If State Aid rules apply your organisation will need to complete the following documents:

For every company engaged

- Company Level Data Capture Form – Training Aid;
- Evidence of fees paid by the enterprise;
- Evidence of staff time committed (if applicable).

Every quarter:

- Letter stating the total sum of contributions received for that quarter;
- Size and contact details of each enterprise recorded on spreadsheet.

Templates for these documents will be provided for you by LSCLE.

5. 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 Funding Adviser, 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 [http://www.esf.gov.uk/03_Applying/20_PUBLICITY - Guidance/50_Logo_and_brand_images.asp](http://www.esf.gov.uk/03_Applying/20_PUBLICITY_-_Guidance/50_Logo_and_brand_images.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/>

The LSC endorsement branding guidelines must be adhered to. 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 LSCLE contact's name and email;
- Click the “Request access” button;
- Your LSCLE contact will then receive an automated email to approve the access request and you will get a confirmation that this has happened;
- Once your LSCLE 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 Funding Adviser.

You must also ensure that all learners, at the start of the project, and other 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 LSCLE. When speaking to the media, the fact that the funding has

come through ESF should be stated clearly. Please alert your ESF Funding Adviser beforehand.

Case Studies and Examples of Good Practice

LSCLE is required to send details of publicity, events and good practice to GOL (Government Office for London) each quarter. If you are planning any events, launches or VIP visits, you are required to forward details of such events to your ESF Funding Adviser **prior to the event**.

You may be contacted by GOL or the LSCLE for information about publicity. Please inform your ESF Funding Adviser of any interesting stories or case studies about your project that you believe would be of benefit to the LSCLE.

GOL Project Directory

LSCLE 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:

http://www.go-london.gov.uk/european_structural_funds/objective_3/ESF_Projects_Directory/

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

6. Monitoring

Aims

The aim of monitoring is to ensure that all ESF providers are meeting the terms and conditions of their Funding Agreement with the LSC. This monitoring will review achievement against the agreed outputs, outcomes and milestones. Evidence will be examined to substantiate the expenditure and the delivery of targets. This will usually occur once a month.

Objectives

- To check all outputs, outcomes and milestones are achieved against targets agreed, as in Appendix 2 of the Funding Agreement;
- 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 contract, including if necessary, re-profiling the outputs and milestones.

7. Evaluation

Your contract will be profiled to include the milestone of an Evaluation Report. This milestone will be profiled at the end of the delivery period, usually in the last month or quarter. It is imperative that you produce this report and to a standard format.

To achieve this milestone, evaluation should not be left to the end of the project; instead you must collect data and beneficiary information from the very start of the project to inform the final evaluation.

Funding will be withheld until such time a satisfactory report is produced. Please speak to your ESF Funding Adviser for more formal guidance on producing an evaluation report.

8. Payments

Profile Payments

ESF projects are paid on the basis of a payment profile, rather than invoices. This payment profile will be agreed with your ESF Funding Adviser during your contract negotiations and will form Appendix 4 of the ESF Funding Agreement.

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 contracts for that quarter.

Holding Payments and Clawback

In some instances, it may be necessary to hold a payment for a particular quarter or quarter(s). 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 Funding Adviser will inform you in advance if it is decided that a particular payment should be placed on hold.

Where a payment is held, this payment may be made in a subsequent period if the issues are resolved. Alternatively, it may be accounted for during a reprofile of the delivery profile within your Funding Agreement if this is deemed necessary. Payments will be on hold for no longer than three months – after this time, the payments owing will be made or, if there is still underperformance, the delivery profile will be reprofiled.

It may be necessary to clawback a payment that has been made to you. This will usually only occur in exceptional cases of under-performance against the agreed delivery profile.

9. Timetable of Returns

As part of the monitoring process, returns should be sent monthly to the LSCLE by the fifth working day after the end of the relevant month.

These returns will consist of the Co-Financing monitoring Return (**CMR**), which will be submitted online and will show outputs and milestones achieved in the month.

All information relating to beneficiary numbers in the monitoring return **must match** the ESF Short Record data entered through the Provider Online system.

Payment on the 18th working day of each month is dependent on satisfactory submission of the monitoring return.

Month	Payment to Provider	CMR Due
October 2006	25 October 2006	7 November 2006
November 2006	24 November 2006	7 December 2006
December 2006	28 December 2006	8 January 2007
January 2007	25 January 2007	7 February 2007
February 2007	26 February 2007	7 March 2007
March 2007	26 March 2007	10 April 2007
April 2007	27 April 2007	8 May 2007
May 2007	25 May 2007	7 June 2007
June 2007	26 June 2007	6 July 2007
July 2007	25 July 2007	7 August 2007
August 2007	24 August 2007	7 September 2007
September 2007	26 September 2007	5 October 2007
October 2007	24 October 2007	7 November 2007
November 2007	26 November 2007	7 December 2007
December 2007	28 December 2007	8 January 2008
January 2008	25 January 2008	7 February 2008
February 2008	26 February 2008	7 March 2008
March 2008	28 March 2008	7 April 2008
April 2008	24 April 2008	8 May 2008
May 2008	27 May 2008	6 June 2008
June 2008	25 June 2008	7 July 2008

10. CMR and ESF Short Records

It is a requirement that the CMR is returned on a monthly basis and that the ESF Short Record (SR) is completed and updated as necessary. Both the online record and the paper based SR document need to be kept up to date; all changes should be signed by the Provider and the Beneficiary. Training is available at the LSCLE to enable the completion and submission of the CMR and the ESF Short Records, and the operation of the Provider on Line electronic system. This will be arranged through your ESF Funding Adviser.

11. Audit

Audit of ESF Projects

All ESF projects are audited at least once a year by the LSC's Provider Financial Assurance (PFA) team. The PFA team may also consider the need for initial visits to ESF providers where your ESF Funding Adviser believes that early evidence of achievement raises concerns.

For standard audit 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.

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 monitoring return. ESF Funding Agreements are based on priced outputs and milestones, and PFA will check that evidence is held to support the reported outputs and milestones that have been achieved, and that the payments made by the LSC are, therefore, valid (that is, they have been earned).

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

- learner start tests;
- learner achievement tests;
- satisfying the contractual requirements in respect of publicity; and
- other output and milestone tests.

Reporting

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 an Audit Action Plan. You will be required to respond to the issues raised during the feedback within 5 working days from the feedback date. A final report will be dispatched within a further 10 working days.

Where the PFA sample testing identifies errors, they are required to estimate the potential funds at risk. Recovery of funds is the responsibility of the ESF Funding Adviser.

Where PFA identifies a significant variance against the planned delivery profile it may be recommended that your ESF Funding Adviser re-profiles the delivery profile.

Where PFA doubts that you will be able to deliver the project, it may be recommended that your Funding Agreement is suspended.

Queries

Any queries regarding the audit process should be directed to your ESF Funding Adviser.

Audit Process Overview

- Written Feedback at the end of the audit visit;
- + 5 working days for the Provider to respond to issues identified during feedback, this may include an Action Plan outlining what the provider will do in the longer term;
- + 10 working days for the Final report to be issued by PFA to the Provider.

12. Equal Opportunities

ESF exists to promote inclusion and it is important that the LSC London East programme works with providers that are committed to breaking down barriers, and that everyone who wishes to engage in the project is empowered to do so. No beneficiary can be discriminated against on the grounds of gender, race, disability, sexual orientation, religious belief, or status as a refugee, ex-offender, person addicted to drugs or alcohol, or traveller.

Your project must comply with all current legislation on equality and diversity:

- The Race Relations Act 1976 and amendments
- The Sex Discrimination Act 1975 and amendments
- The Disability Discrimination Act 1995 Parts 1 - 4
- The Employment Equality (Religion or Belief) Regulations 2003
- The Employment Equality (Sexual Orientation) Regulations 2003

Projects should also be aware of forthcoming legislation on age discrimination and should be committed to age equality within policy and practice. The government's campaign materials on age related discrimination can be found at www.agepositive.gov.uk

European Social Fund projects should contribute to the London Equal Opportunities Mainstreaming Action Plan which can be found on www.go-london.gov.uk/european_structural_funds/equalities

You contract may include explicit equality and diversity targets in the Funding Agreement at Appendix 1, and you will be closely monitored against these targets. In addition equality and diversity data will be collected via your ESF Short Record returns for each beneficiary and you will be asked by your Funding Adviser to justify figures which do not reflect a diverse population base. Your Funding Adviser will ask how you intend to ensure that you meet targets, and how the strategy will be monitored.

13. Sustainable Development

Sustainable development has three main components:

The **social** element of sustainable development is central to ESF-funded projects. 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.

The **economic** element aims to deliver a more sustainable economy, by making better use of resources, increasing investment, promoting competition, developing skills and rewarding work.

The **environmental** aspect is crucial. By damaging the environment and overusing resources now, we are undermining the ability of the environment to support all our needs. ESF requires that providers consider environmental protection and enhancement in the delivery of their projects.

Free Expert Advice Available to Providers

Funds have been secured to help providers raise environmental awareness, identify areas of environmental improvement and put in place good practice. The London Environment Centre has been contracted to deliver environmental support through workshops.

Providers will be required to:

- Complete a **Sustainable Development Questionnaire**;
- Attend at least 1 training seminar –

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.

For information about sustainable development support available contact your Funding Adviser.

14. Self Assessment and the Adult Learning Inspectorate (ALI)

Providers are required to have in place or be working towards quality standards that comply with the Common Inspection Framework. The Adult Learning Inspectorate (ALI) is the inspectorate for skills, workforce development and preparation for employment and they are a key part of the government's drive to increase skills and productivity and help adults and young people reach their full potential.

Providers who have not yet met the required criteria for Quality Assurance/Improvement will be required to complete a self-assessment of the quality of provision they deliver.

ALI may subsequently visit providers (this is known as an inspection) to examine the quality and impact of the provision supported by ESF. ALI will not inspect or audit costs, expenditure or financial arrangements.

Support for self assessment and ALI inspections will be provided by LSCLE. Please contact your Funding Adviser for further advice.

15. 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.

16. Useful Contacts

Each Project is allocated an ESF Funding Adviser who will act as the main point of contact at the LSC for the Provider. Should you not know the name of your Funding Adviser then please contact any member of the ESF Team.

Jason Fletcher ESF Funding Manager	020 8929 3820 Jason.fletcher@lsc.gov.uk
Pat Shorey ESF Team Leader	020 8929 3930 Pat.shorey@lsc.gov.uk
Gurmej Rihal ESF Team Leader	020 8929 3837 Gurmej.Rihal@lsc.gov.uk
Julie Davey ESF Contracts Admin Manager	020 8929 3928 Julie.davey@lsc.gov.uk
Maxine Gordon ESF Funding Adviser	020 8929 3966 Maxine.gordon@lsc.gov.uk
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Melanie Johnson
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020 8929 3991
Melanie.johnson@lsc.gov.uk

Anthony Stern
ESF Funding Adviser

020 8929 3969
Anthony.stern@lsc.gov.uk

Ian Paxton
ESF Contracts adviser

020 8929 3938
ian.paxton@lsc.gov.uk

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 www.lvstc.org.uk

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