

Learning and Skills Council West Midlands

European Social Fund LSC Co-financing Plan for the West Midlands

September 2007 to 2010



European Union
European Social Fund
Investing in jobs and skills

1. Introduction

A new European Social Fund (ESF) programme is being developed to span 2007-2013 which has significant changes from the previous ESF programme. The new programme will be approximately half the size, wholly delivered through co-financing, and significantly more streamlined: with just two Priorities for the West Midlands. The new programme will also have more strategically commissioned delivery, avoiding the potential for disparity between ESF and mainstream activity.

This Co-financing Plan has been prepared by the West Midlands LSC in conjunction with the West Midlands Local Government Association (WMLGA), and Sub-Regional Group (SRG) representatives. It sets out the LSC's intentions for Co-financing ESF activity in the region for which the LSC will be the 'accountable body' and administer and provide match funding. The Plan has been developed within the context, priorities and targets defined in the West Midlands ESF Regional Strategic Framework 2007-2010. It will also take account of the Joint Regional Skills Strategy that will be developed by AWM and LSC.

The LSC will work with WMLGA to develop Priority 1 activities. A draft Memorandum of Agreement (Annex A) has been produced and is attached to this Plan. The LSC has also agreed to the establishment of a joint ESF Co-financing Board, part of the remit of which will be to take into account lessons learnt from previous ESF programmes. As well as being a Board member, Jobcentre Plus will work alongside the LSC and WMLGA on co-ordinated and aligned Plans.

The LSC has one goal: to improve the skills of England's young people and adults to world-class standards. The objective of this Plan therefore, is to align LSC and Local Authority strategic priorities in order to make a significant contribution to sustainable economic growth and social inclusion by increasing employment, reducing economic inactivity and developing a skilled and adaptable workforce.

The LSC will work closely with WMLGA to target resources where they can most effectively enhance the impact of national, regional, and local strategies and bring maximum added-value to LSC mainstream budgets.

The role of WMLGA and Local Authorities in identifying priorities, developing service specifications, procurement, appraisal and impact evaluation is defined within the Memorandum of Agreement.

The LSC and WMLGA will continue to work with:

- Jobcentre Plus (to align our Commissioning Plans);
- Employers and employer networks to identify demand;
- City Strategy consortia and Local Strategic Partnerships to ensure that the local and sub-regional issues identified in Local Area Agreements are addressed

The Plan will be complemented by Local Area Agreements (LAA) Block 4 Agreements, Local Authority led Employment and Skills Plans, and where relevant, Neighbourhood Employment and Skills Plans reflecting the needs of individual labour markets and disadvantaged client groups for the relevant geographical areas.

The Plan will inform the development of service specifications that will target ESF on disadvantaged communities. This will enable the focussing of resources in areas of greatest need, and make a positive impact in terms of: reducing worklessness; increasing sustainable employment; and improving skills. This is in line with the Block 4 Local Area Agreement targets; City Strategy Objectives; areas defined by the Regional Spatial Strategy as spatial priorities; and WM Economic Strategy "place" priority areas such as the Regeneration Zones and High Technology Corridors.

The Plan will contribute to the following priorities identified by the Leitch review:

- Setting ambitious targets for Skills for Life; shifting the balance of intermediate skills from Level 2 to Level 3
- Creating a new integrated employment and skills service locally
- Routing of all adult vocational skills through Train to Gain and Learner Accounts by 2010

The LSC and WMLGA will utilise information from the West Midlands Regional Observatory (WMRO) to ensure that actions are supported by sound data and intelligence.

The LSC is committed to working with employers to develop demand-led provision. It will continue to draw on data from the WMRO, Sector Skills Councils, and data produced during Sector Reviews to ensure that ESF responds to employer's needs.

The Plan sets out the LSC's intentions for Co-financing ESF with its own match funding for Priority 1 and Priority 2 for the period January 2008 to December 2010. ESF funded project activity will commence from February 2008 and ESF and match-funding elements of the Plan will be subject to Open and Competitive Tendering (OCT).

The LSC and WMLGA will work with Jobcentre Plus to plan and achieve 100% of the targets identified in the Regional Framework.

Whilst LSC, WMLGA, and Jobcentre Plus have agreed the individual Plan budgets, outputs and outcomes that will deliver the ESF Regional Framework aims and objectives, the organisations we will work together through agreed arrangements to ensure that the overall regional targets are met.

To facilitate this, the Plan will be reviewed on a regular basis by the Co-Financing Board. The mid-term review will be used to re-focus activity and resources.

2. Delivery of the Regional Strategic Framework and Operational Programme

Regional partners have been involved in the development of the West Midlands ESF Regional Strategic Framework which was approved by the Regional Skills Partnership Board in June 2007.

For the majority of the process, representation has been from Advantage West Midlands, Learning and Skills Council, Jobcentre Plus, Local Authorities, Higher Education, and the Third Sector. The group was widened in early 2007 to include employer representatives from the Sector Skills Councils and Chambers of Commerce.

Box 1: Overall Results for the lifetime of the Framework (2007 – 2010)

Priority 1: Extending Employment Opportunities

At least 12,300 individuals should be in work on leaving, of which:

- 1000 should be Pakistani Bangladeshi females
- 6000 should be people with no qualifications
- 500 should be from the Black Caribbean community

Priority 2: Developing a Skilled and Adaptable Workforce

On Basic Skills the Partnership expects at least 8000 completed of which:

- 3000 should be in manufacturing
- 2000 should be in wholesale and retail

On Level 2 skills the partnership expects at least 8000 completed of which:

- 2000 should be in manufacturing
- 1000 should be in wholesale and retail
- 1000 should be in engineering
- The leisure, transport, and construction sectors are also a priority

On Level 3 skills the partnership expects at least 1500 completed of which:

- 200 should be in manufacturing
- 200 should be in engineering
- 200 should be in construction
- The leisure, transport, business and professional services, wholesale and retail sectors are also a priority

The Framework will contribute to the National Operational Programme by achieving through this Plan, the agreed outputs and results for Priority 1 and Priority 2.

To achieve the regional results described in Box 1 above, the contribution of this Plan to Priority 1 for individuals in work on leaving the programme will include:

- 650 Pakistani Bangladeshi females
- 3900 people with no qualifications
- 325 people from the Black Caribbean community

The Plan will deliver all of the Priority 2 results.

It is intended to use both ESF and LSC funds to undertake activities as described in the ESF Operational Programme for England and Gibraltar 2007-2013. Activities described in this Plan funded by ESF, or by LSC funding used for match, will directly contribute to the Priorities and Activities set out in the West Midlands ESF Regional Strategic Framework 2007-2010. The Plan will contribute to regional employment and skills needs by addressing regional issues through targeting the most hard-to-reach client groups.

Priority 1: Extending Employment Opportunities

The objective for Priority 1 is to increase employment, and reduce unemployment and inactivity. It will help to tackle barriers to work faced by disadvantaged groups such as people with disabilities and health conditions, lone parents and other disadvantaged parents, older workers, ethnic minorities, and people with no or low qualifications. It will also aim to reduce the numbers of young people Not in Education, Employment or Training (NEET).

Central to our approach in developing a more coherent set of skills and employment services, the LSC and WMLGA will continue to work alongside Jobcentre Plus, local authorities, and other key partners to ensure a more coherent set of interventions which will support people into work. The aim is to develop a series of pathways from worklessness into sustained employment, building on good practice identified within the current ESF programme and other initiatives.

The LSC and Jobcentre Plus Co-financing Plans have been prepared to be complementary to ensure a supported progression route to work.

The Plan will deliver 63% of the region's Priority 1 outputs and results. The targets detailed below have been aligned with the Jobcentre Plus Plan:

Target	
Outputs	Total
Total number of participants	31,754
1.2 Number and % of participants who are unemployed (a) Number (b) Percentage	17,132 42%
1.3 Number and % of participants who are inactive (a) Number (b) Percentage	7,468 34%

1.4 Number and % of participants age 14 to 19 who are NEET or at risk of becoming NEET (a) Number (b) Percentage	12,551 20%
1.5 Number and % of participants with disabilities or health conditions (a) Number (b) Percentage	6,986 22%
1.6 Number and % of participants who are lone parents (a) Number (b) Percentage	3,810 12%
1.7 Number and % of participants aged 50 or over (a) Number (b) Percentage	5,716 18%
1.8 Number and % of participants from ethnic minorities (a) Number (b) Percentage	9,844 31%
1.9 Number and % of female participants (a) Number (b) Percentage	16,195 51%
Results	0
1.10 Number and % of participants in work on leaving (a) Number (b) Percentage	8,974 22%
1.11 Number and % of participants in work six months after leaving (a) Number (b) Percentage	10,606 26%
1.12 Number and % of economically inactive participants engaged in jobsearch activity or further learning (a) Number (b) Percentage	3,361 45%
1.13 Number and % of 14 to 19 year old NEETS or at risk in education, employment or training on leaving (a) Number (b) Percentage	5,648 45%

ESF Community Grants

ESF Community Grants will support a range of activities aimed at assisting the disadvantaged or excluded to move closer to the labour market by improving their access to mainstream ESF and domestic employment and skills provision. Activities will support participants from the target groups in the Operational Programme but because the focus will be on individuals who have difficulty in accessing ESF or mainstream provision, outcomes are more likely to be based on progression rather than achievement of jobs and qualifications.

Small grants can also help to strengthen the ability of small voluntary and community groups to deliver employment and skills activities to disadvantaged people. If selected, the LSC will manage and match these funds.

Priority 2: Developing a Skilled and Adaptable Workforce

The objective of Priority 2 is to develop a skilled and adaptable workforce by: reducing the number of people without basic skills; increasing the number of people qualified to level 2 and, where justified, to level 3; reducing gender segregation in the workforce; and developing managers and workers in small enterprises. There will be a particular focus on the low skilled.

We will also target priority sectors identified in the Framework including:

- Business and Professional Services
- Construction
- Health & Social Care
- Hotels and Restaurants
- Manufacturing and Engineering
- Wholesale and Retail

The Plan will deliver 100% of the region's Priority 2 outputs and results:

Target	
Outputs	Total
2.1 Total number of participants	58,410
2.2 Number and % of participants with basic skills needs (a) Number (b) Percentage	23,815 41%
2.3 Number and % of participants without level 2 qualifications (a) Number (b) Percentage	23,925 41%

2.4 Number and % of participants without level 3 qualifications (a) Number (b) Percentage	7,150 12%
2.5 Number and % of participants with disabilities or health conditions (a) Number (b) Percentage	7,590 15%
2.6 Number and % of participants aged 50 or over (a) Number (b) Percentage	10,505 20%
2.7 Number and % of participants from ethnic minorities (a) Number (b) Percentage	8,690 14%
2.8 Number and % of female participants (a) Number (b) Percentage	29,205 50%
Results	
2.9 Number and percentage of participants gaining basic skills (a) Number (b) Percentage	9,570 45%
2.10 Number and % of participants gaining level 2 qualifications (a) Number (b) Percentage	5,940 40%
2.11 Number and % of participants gaining level 3 qualifications (a) Number (b) Percentage	1,375 30%

2.12 % of participants who consider they have improved job prospects 6 months after training
2.13 % of participants that consider training to have had a positive impact on productivity

Annex B to this Plan describes the activities supported for Priority 1 and Priority 2, detailing the target groups, volumes and contribution to other regional targets.

3. Funding and Added Value

The LSC in the West Midlands has undertaken a consultation exercise internally to identify links between the ESF indicative activities and LSC mainstream provision, and to determine priority activities and associated budgets for the first two tender rounds. This consultation has taken place at the regional level with Skills Directors, and at the local level through Area Partnership teams.

The consultation process will help to ensure that resources are targeted on eligible individuals and in areas (geographical) of greatest need. It will also help to ensure that activity adds-value to mainstream provision and does not duplicate or detract from it.

Financial allocation

The following tables summarise the budgets related to this Plan for Priority 1 and Priority 2. In Priority 1, funding has been agreed between the LSC Plan, and the Jobcentre Plus Plan to meet the total funding in the ESF Regional Framework.

Priority 1: Extending Employment Opportunities			
Year	ESF (£)	Public Match (£)	ESF + Match (£)
2008	£22,236,140	£22,236,140	£44,472,280
2009	£19,770,948	£19,770,948	£39,541,896
2010	£14,566,154	£14,566,154	£29,132,308
Total	£56,573,242	£56,573,242	£113,146,484

In Priority 2, the LSC will utilise 100% of the region's budget.

Priority 2: Developing a Skilled and Adaptable Workforce			
Year	ESF (£)	Public Match (£)	ESF + Match (£)
2008	£18,760,019	£18,760,019	£37,520,038
2009	£16,680,205	£16,680,205	£33,360,410
2010	£12,289,063	£12,289,063	£24,578,126
Total	£47,729,287	£47,729,287	£95,458,574

3.1 Match Funding

The primary sources of match funding in the West Midlands are set out below.

Priority 1:

Offender Learning and Skills Service (OLASS): On 31 July 2006, the LSC took responsibility for offender learning and skills across England via OLASS. OLASS works to ensure that offenders have access to learning and skills to enable them to gain the skills and qualifications they need to enter employment. The LSC will manage planning, funding and delivery of the new integrated Offenders' Learning and Skills Service (OLASS) across all nine English regions.

OLASS funding has national budgets in excess of £9m per year available for training offenders in the community. A further £120m is available for offenders in detention. This funding will be tendered for the first time in 2009. In the West Midlands the current budget is £13m.

Deprived Area Funds: DAF funding is being used to deliver the objectives of City Strategy, which are to:

- Increase skills levels to ensure that the workforce has the skills to compete in the global economy
- Improve participation and progression across the Birmingham, Coventry and Black Country City Region
- Tackle worklessness
- Remove barriers to employment to assist the economically inactive into work

£10m is available in the West Midlands until March 2009.

NEET: NEET provision seeks to bridge the learning and/or employment gap for those young people aged 16 – 18 who are currently not in education, employment or training (NEET) as identified in Regional Commissioning Plan to help them become economically active and/or enter learning.

These priority groups may include teenage parents, young offenders, under achieving minority and ethnic groups and other individuals that are disproportionately represented within the NEET cohort.

£3m is available as match in 07/08.

Skills for Jobs: Currently Skills for Jobs is an umbrella term to encompass a range of employment and skills activity. Many of these may be ESF eligible and would therefore be a potential match source. One such fund under the Skills for Jobs umbrella is the skills delivery for Jobcentre Plus clients, a potential matched funding source, representing nationally an additional £23m of eligible activity.

In the West Midlands the current budget for Skills for Jobs in 2007/08 is £1.49m. More funding will be available in 2008/09.

Employability & Skills Programme: From April 2006, responsibility for the planning and funding of adult basic skills provision (excluding Key Skills and GCSEs) for Jobcentre Plus customers transferred to the LSC in three phases.

The current programme with 2 different levels of offer, informed by provision trials in 2006/07, aims to help those people for whom poor basic (literacy, language and numeracy) and employability skills is the key barrier to sustainable employment. Eligible JCP customers will be offered a full-time or part-time training programme at the appropriate level.

£2.7m is available as match in the West Midlands in 2007/8.

Entry to Employment (E2E): E2E will provide a substantial element of matched funding for Priority 1. The national budgets for E2E are in excess of £230m per year.

Priority 2:

Train to Gain: This programme has a budget of £400m nationally of delivery aimed at employed individuals and will therefore provide the bulk of Priority 2 match. In the West Midlands there is enough Train to Gain to cover the annual £12m match requirement.

Apprenticeships: could also be used where required. These budgets are in excess of £200m nationally and ensure that £4.1m is available in the region as match.

Leadership and Management: This programme has a budget of £693m for the financial year 07/08.

All of the above funds are annual budgets, subjected to review and we reserve the right to identify appropriate match programmes and utilise them as required.

3.2 Added value of ESF

The LSC will operate ESF via a new approach in the new programme. The LSC has endorsed a commissioning strategy, which has been cleared by ESFD. The purpose of the proposed commissioning strategy is to ensure that ESF truly adds value and enhances national strategies. We will ensure that ESF supports the main policy directions for the LSC including:

- fee remission amounts (which can/will change annually);
- Funding Policy decisions such as changes to ESOL provision regulations;
- the support of Sector Skills Council approved qualifications;
- the procurement of only high quality provision;
- alignment with the demand led approach; and
- full integration with the Business cycle including commissioning.

The Commissioning Strategy ensures that:

- sufficient regional flexibility is retained to meet regional skills needs;
- appropriate contract lengths are sort for ESF provision (including use of short contract periods where policy change is expected);
- ESF can still achieve its full programme targets; and
- ESF is actively used to inform mainstream development/approaches.

In the West Midlands, the Plan not only delivers the priorities set out in the Regional ESF Framework but also supports key priorities for the LSC in the region, for example, reducing NEET; closing the gap on the national benchmark for adults qualified to Level 2; and Skills for Life / Pre- employability gaps.

By establishing collaborative arrangements with partners for the identification of priorities and development of service specifications, the Plan will support the key priorities of Local Authorities as identified in the Enterprise and Economic Development block of the Local Area Agreements.

Activities in the Plan have been set out under three headings:

- Client Engagement – activities which aim to get clients to point where they are ready to receive relevant education or training
- Client Intervention – the development of the clients' skills and competencies to improve their access to the labour market or their productivity within it.
- Employer led intervention – activities that specifically require the involvement of employers

This approach places great emphasis on the need to achieve better alignment between the supply of training with the current and future needs of employers and the wider economy.

Any activity taking place will be required to demonstrate how it aims to achieve this alignment. For example 'client engagement' activity must be able to demonstrate how it will lead to demand led training provision and how this in turn will lead to opportunities in the work place. This does not need to link exclusively to ESF activity, but can link into other public or private funded activity to maximise the opportunities for continuous development and lifelong learning i.e. offer progression routes.

3.2.1 Added Value Priority 1

Local Area Agreements

By establishing partnership arrangements for the identification of priorities and development of service specifications, the Plan will support the key priorities of local authorities as identified in the Enterprise and Economic Development block of the Local Area Agreements.

Foundation Learning Tier (including Entry to Employment E2E)

The Qualifications and Curriculum Authority (QCA) and the Learning and Skills Council (LSC) are working together to establish a high-quality, coherent and personalised curriculum offer at Entry and level 1 for learners aged 14 and above.

The Foundation Learning Tier is a programme of work to develop a more focussed and strategic approach to Entry Level and Level 1 in order to raise participation, achievement, and progression at these levels.

The Foundation Learning Tier will incorporate a range of programmes that will consist of a coherent offer of units and qualifications drawn, in time, from the Qualifications and Credit Framework (QCF).

The units and qualifications will be combined into validated progression pathways that will propel learners towards Level 2 or other positive outcomes; they will be delivered through learning programmes which emphasise personalisation alongside access to accreditation.

By 2010, the QCF will be populated and a full set of programmes with robust progression opportunities will be in place across Entry Level and Level 1 in the new framework; phased implementation of the Foundation Learning Tier will begin from September 2007. ESF should focus on supporting progression pathways in the following ways:

- **Access** – working with young people to encourage them to start on E2E, or appropriate pathway
- **Support activities** – improve retention and success rate through extra support activities, for example, extra parenting support and long term mentoring
- **Post activities** – focusing on re-establishing contact with non successful candidates, extra support for positive destination beneficiaries i.e. employed / in education / employed with training ex-pathway candidates.

Schools engagement programme (Key Stage 4)

This programme works by identifying 14-16 year olds who are at risk of becoming NEET. The programme has a limited budget; ESF may be focussed on this to enhance the provision.

Skills for Jobs

Skills for Jobs (SfJ) is an emerging response to Leitch, to support the integration of employment and skills, targeting a range of workless and low skilled individuals.

Emerging strategic direction for this approach is that SfJ will focus on improved engagement of the client base and employers (via brokers and partners).

Regional activity will align with ESF thereby helping to meet the ESF targets.

City Strategy

The Learning and Skills Council with Jobcentre Plus and the local authorities representing Coventry, Birmingham, Dudley, Sandwell, Solihull, Telford, Walsall and Wolverhampton have agreed a new pathfinder strategy to address pockets of severe worklessness in the Birmingham, Coventry and Black Country City Region.

The City Strategy pathfinder will focus on delivering an integrated employment and skills system in 55 of the most deprived wards in the Birmingham, Coventry and Black Country City Region. This will be done through effective delivery of client engagement, bespoke training and employer engagement. City Strategy is looking to reduce the number of claimants on the benefits register and as such the focus of activity under the strategy will be on those who have been on benefits for a long time and are part of the 'stock' of claimants.

City Strategy will look to add value to ESF through the match funding of £10m Deprived Area Fund money and the alignment of the Business Plan with the ESF co-financing Plan.

Offender Learning and Skills Service (OLASS)

OLASS is responsible for the learning and skills for offenders in custody and serving their sentences in the community in England. It currently offers skills for life at Entry Level 1 all the way to higher education access level qualifications.

Half of the clients have skills for life needs and recent research shows that a third have learning difficulties or disabilities (LLDD). This suggests a natural focus on these candidates in particular both in the community and in their last 2 years of custody. The OLASS budget is particularly under pressure for activities to support learners in the community.

It is proposed that ESF is used to enhance activities with selected clients starting with initial assessment, careers advice; mentoring and job guarantee activities which align with skills for jobs will also be supported. There may be a focus on adapting appropriate provision to suit LLDD learners with specific needs. As with SfJ these activities should align with the foundation learning tier provision available and not replace mainstream funding where available.

At present, significant ESF funding from a variety of sources, is supporting a substantial range of activity with this target group involving a number of organisation. Determining an appropriate scale of activity and ESF budget for this group will be a key issue for consultation across the region.

ERDF

West Midlands' partners are keen to promote complementarity with ERDF delivery in the region in that ERDF activity will stimulate demand for ESF-related activity.

In addition, it is intended that a joint Programme Monitoring Committee (PMC) will be established to oversee regional implementation of both ESF and ERDF.

Priority 1: Promoting Innovation, Research and Development

£4.5m ESF will be available to support the acquisition of higher level skills across the lifetime of the programme (£2.3m for the period of this Plan). West Midlands' partners are keen to target this limited funding effectively. The LSC and regional partners are working with HEIs and HEFCE to further explore pathways into higher level skills activity from ESF programmes. Lifelong Learning Networks will also play a key part in understanding and supporting progression routes into higher level skills.

Further complementarity will be obtained by utilising ESF to:

- Ensure an adequate supply of lower-level skilled technical support staff for new and existing businesses (particularly those spun-put from demonstrator activity)
- Integrating employability training into undergraduate/postgraduate placements funded through this ERDF priority
- Providing business skills and leadership development to the managers of new 'spin out' companies

Priority 2: Enterprise Development

Both the ESF and ERDF programmes include support to drive up entrepreneurial activity amongst under-represented groups and in areas with low business formation rates.

A complementary priority for ESF will be:

- Lifelong learning and training for managers and workers (at any level, including level 4 and above) in small enterprises (up to 50 employees) including training and development in leadership, management, enterprise and technical skills needed for sustainable business development, business growth, innovation, and productivity.

Priority 3: Sustainable Urban Development (SUD)

Three elements to ESF activity have been recognised as of importance to SUD package areas:

- Work on skills to match current growth in the job market
- Work on aspirations within the communities building on the key innovations and delivery networks developed e.g. under the Equal programmes
- Work on delivering skills to match the jobs being brought forward by the ERDF and linked investments.

3.2.2 Added Value Priority 2

ESF will add value to the following:

Train to Gain

Train to Gain is a national programme, which utilises brokers to facilitate access to training to support the needs of employers. ESF provides additionality by funding the gaps in the existing provision, i.e. funding additional basic and entry level qualifications leading to level 1 qualifications, second level 2 qualifications where needed and level 3 and above where appropriate.

Apprenticeships

There are a range of apprenticeship programmes supporting both adults and young people. Focussing on NVQ delivery with supporting key skills and technical certificates these programmes target level 2 and level 3. There are limited pilots for adults at level 4 called professional apprenticeships.

Leadership and Management

The Leadership and Management Programme supports the directors and managers of SMEs to undertake development and learning activity that will support business and personal development.

Additionality

We will procure more adult provision where this better meets the needs of employers. At level 4 (small enterprises only), ensuring that the offer aligns with current pilots.

Enhancements

Activities that support a higher success rate in delivery of mainstream programmes, or activities that promote progression, or enhancements that generate and support additional entry onto these programmes

Gaps

For example, level 1 as a transition between E2E and Apprenticeship and with individuals needing a second level 2 to secure/sustain employment or who need additional support to effectively progress to level 2

3.3 Management and Administrative Costs

The Plan has been developed to ensure that the maximum level of funds is passed to providers to meet government targets and the needs of the region. All administration and management costs will be within the agreed limit 5% of the total value of the Co-financing Plan. The administration costs will be reviewed in the second quarter of 2009 to allow funds to be moved to delivery if they are under spent. The table below shows the maximum administrative costs.

Year	ESF + Match (£)	Admin £
2008	£80,758,726	£4,037,936
2009	£71,805,473	£3,590,274
2010	£52,902,349	£2,645,117
Total	£205,466,549	£10,273,327

Where costs have been incurred by the LSC or partners these costs will be claimed as administration in accordance with the agreement made with the ESF Board. The LSC, as the accountable body, will be responsible for the administration of the provider and Government Office contracts on behalf of the partnership. The wider partners will be involved in planning, developing specifications and regular performance reviews in line with the Memorandum of Agreement. The planned time committed to management of the Plan in the LSC Regional Office is 30 full time equivalents.

The LSC organisation structure changed in 2006. The LSC is a unitary body with nine regional centres and a network of local partnership teams covering the whole of the country (through sub-regional offices). Teams within the nine regions manage the contracting process for ESF using a national contract management system, and manage the relationships with regional strategic partners (including Government Offices). Relationships with providers are managed by partnership teams which sit within each of the five area offices in the West Midlands: Birmingham & Solihull, Black Country, Coventry & Warwickshire, Worcestershire, Herefordshire & Shropshire, and Staffordshire. The partnership teams manage a case load of contracts across multiple funding streams, including ESF and its match. There are currently 170 staff managing contracts and provider performance in the local area offices.

The ESF payment system will provide detailed contract monitoring information and enable aggregated reporting of performance and risk management of the ESF programme at national, regional and project level.

Audit of provider ESF activity will be carried out by the LSC's Provider Financial Assurance (PFA) teams who will review and report on provider processes, systems and delivery and make recommendations to contract and partnership teams as well as the providers on improvements in these areas or where remedial action is necessary.

The table below shows the split of the main administration functions across the partners.

Cost/Process	Regional LSC	Partners	CFO Board	Area LSC
Co-finance Plan Development	X	X	X	
Co-finance Plan Management	X	X	X	
Co-finance Plan Evaluation and Retargeting	X	X	X	
Tender Specifications	X	X		X
Procurement	X	X		
Contract Negotiation	X			
Contract Management				X
Contract Administration	X			
Provider Interface				X
Match Funding	X			
Interim Claims Production	X			
Project Closure Report Production	X			
Data & Eligibility Checking	X			
Contract Closedown	X			
Provider Audit	X			
ALI & Quality	X			
LSC Data Systems & Training				X
Publicity	X			
Managing Audit – LSC Internal & GO	X			
Admin Costs Management	X	X		
Evaluation	X	X	X	

In summary the responsibilities are:

- Regional LSC – planning, procurement, performance management and contract administration
- Partners – planning, selection, and performance review, in accordance with the Memorandum of Agreement
- LSC Area Offices - delivery and relationship management

3.3.1 Management of Community Grants

If selected the LSC would manage and match these funds and would hold an open competition (according to Co-financing OCT rules) to select one or more organisations to run community grants – the ESF Grant Co-ordinating Body. WMLGA and SRG partners will be involved in the development of guidance for the West Midlands and the selection of the grant co-ordinating body(ies) subject to any possible conflict of interest.

Where local authorities are not the grant co-ordinating body, then the LSC and its partners would expect local authorities to have an appropriate role in the sub-regional and local delivery of Community Grants in order to ensure strategic links with other provision (both mainstream and ESF) as well as other small grants programmes.

The LSC would contract with the selected grant co-ordinating body(ies) to implement ESF community grants in the region who will then allocate grants to community groups through streamlined open and competitive processes (in the same way as grants are currently awarded by Intermediate Bodies).

The allocation of grants however will not be made on the basis of full open and competitive tendering. The LSC would deliver Community Grants as part of a wider priority level agreement with the Managing Authority. Therefore, as with other ESF providers, the grant co-ordinating body will receive 100% ESF grant. This will address one of the key difficulties in current arrangements - securing match funding. Co-ordinating bodies can therefore focus on delivering grants and let the CFO take the match funding strain. The funding allocated to Community Grants will be for delivery and administration costs will be found from other programme areas.

4. Project Selection and Tendering Arrangements

4.1 Procurement

The LSC is introducing competitive tendering to open up the learning and skills market by enabling the best colleges and providers to extend their range of provision and by attracting new providers into the system to increase diversity, improve quality and to stimulate innovation in the market.

All LSC ESF provision, and that which will be used as match funding, will be procured through an open and competitive tendering process. ESF provision for the 2007/13 programme will align with the procurement timetable for LSC mainstream provision and regional commissioning Plans. The LSC has moved to an E-procurement (OCT) process which will simplify the processes for applicants to one single standard approach for the whole LSC. This should also encourage ESF providers to access the additional delivery opportunities that procured mainstream funding can offer. The LSC intend to procure activity to start delivery early in 2008 to ensure that “N+2” can be met. In order to attain this, the procurement activity will need to be started as soon as possible in 2007

The LSC has moved to an E-procurement (OCT) process which will simplify the processes for applicants to one single standard approach for the whole LSC. This

should also encourage ESF providers to access the additional delivery opportunities that procured mainstream funding can offer. In line with the LSC new procurement processes our intention is to use an electronic portal 'Bravo Solutions' which is approved by the Office of Government Commerce (OGC).

Organisations seeking to undertake activities funded by ESF (or match) will be required to successfully complete a two phase process. The Pre Qualification stage (PQQ) and the Invitation to Tender stage (ITT).

The use of the E-tendering system and the two stage process will ensure that both Governmental and European regulations is adhered to. The National Audit Office (NAO) also approves this product for the tendering of Government business.

4.2 Stage 1: Pre Qualification Questionnaire

Organisations seeking to deliver ESF (or match funded programmes) will be required to complete an on line Pre Qualification Questionnaire and successfully complete an assessment of their capacity and capability to deliver ESF and LSC funded programmes.

This first phase is an assessment of the providers Quality procedures, Health and Safety measures and Financial Health as well as the Providers capacity to deliver the proposed training needs. The LSC will not discriminate against providers without a track record of LSC delivery and will in fact encourage new providers to apply, especially in Priority 1.

4.3 Stage 2: Submission of Tenders

All successful organisations are then invited to tender for the provision they initially applied for. This bid (tender), once submitted electronically to the managed web host will be appraised using agreed criteria, once again using trained evaluators. Following assessment a moderation process will take place.

4.4 Publicising Invitations to Submit Tenders

To ensure that the LSC conducts an open, transparent and competitive tendering process, an extensive range of media will be utilised to advertise invitations to submit tenders. The range of media to be used is outlined below

- The Learning and Skills Council website (www.lsc.gov.uk);
- Government Office website
- Press adverts
- Press releases to local and regional newspapers, trade publications, local BBC radio and local commercial radio stations;
- Direct mail.
- E-mail alerts to the regional LSC database
- E-mail alerts to network organisations for onward cascade

All of the proposed methods will be employed concurrently to ensure that as many organisations as possible are made aware simultaneously of the two stage process.

The LSC will make a special effort to contact voluntary and community sector organisations including organisations and groups that have previously bid to ESF.

4.5 Support and Advice

The LSC's will run briefing events open to all potential applicants. The LSC will be able to respond to questions via an E-portal and this may include compiling a frequently asked questions section. All support and advice offered will align with OCT guidelines.

Co-financing will continue to provide a much more level playing field for current and potential providers from all sectors as:

- applicants will have a clear statement of intent from the local LSC as to the type of interventions sought;
- co-financing will remove the problems encountered by many potential providers of sourcing match funding;
- co-financing will reduce the need to become expert in European bid writing; and
- the LSC will use a common application process.

In taking this approach the LSC will seek to ensure that new providers, from all sectors, can compete openly and effectively.

4.6 Timetable

The LSC plans to operate a single annual procurement process with two smaller mini competitions which will operate between March and August each year.

Key ESF milestones in first year:

Match Round 1	
PQQ Invitation	February 2007
Invitation to Tender issued	April 2007
Project Starts	1 August 2007
ESF Round 1	
PQQ Launch	30 August 2007
Publish Invitation for Stage 1 PQQ	31 August 2007
Invitation to tender (ITT) issued	12 November 2007
Projects start	Mid February 2008 onwards
ESF & Match Round 2	
PQQ Launch	Feb 2008
Publish Invitation for Stage 1 PQQ	Feb 2008
Invitation to tender (ITT) issued	Mid May 2008
Projects start	1 August 2008

4.7 Feedback Arrangements

The LSC will employ a fully transparent appraisal process with all applicants receiving an overview of the appraisal process.

All organisations applying for ESF from the LSC will be notified of successful applications and the LSC will ensure that all proposals receive feedback on their proposal. Where a proposal is unsuccessful, the applicant will be informed as to the reason. All feedback will be provided via the LSC E-Tendering portal.

In the interests of openness and transparency we will publish summary details of successful project applications; these will be posted on our website and that of the GO.

4.8 Arrangements for Dealing with Provider Complaints

In the event of a proposal for funding being unsuccessful, should the organisation, after receiving feedback feel that they have cause for complaint the organisation may invoke the Learning and Skills Council's Complaints Policy. This policy is posted on the LSC's national website: www.lsc.gov.uk

5. Provider Funding and Monitoring

5.1 Contract Costs

Contract costs will be established through a joint agreement between the provider and the regional LSC. The National LSC ESF Team have defined a set of standard deliverables for the new ESF programme, each one will be given an associated cost suggestion that will form a basis for the unit cost used in the contract and the subsequent profile payments. The regional LSC will review the delivery costs by month for the provider through a contract clarification process, which based on their application will manage the unit costs per deliverable to make as close a match as possible to the providers monthly delivery profile.

In some circumstances it may be necessary for the LSC to increase initial costs (for beneficiary starts) to assist in the start up costs for small providers or those in the voluntary and community sector and to assist in their cash flow in the early days of the project. Where delivery does not take place but payment has been made on profile, the LSC will reclaim this money from the provider. The sum of the unit cost and volumes of the deliverables will make up the full contract value.

5.2 Payment Arrangements for Providers

Providers will be paid by the LSC based on agreed monthly payment profile which will form part of the contract between the LSC and providers. Payments will be generated through a Contract Management Application (CMA) which will feed into the LSCs payments system. Payments will be made to the provider via BACS on an agreed date in the month (based on the number of working days elapsed).

Providers will be required to make monthly monitoring returns to the LSC to report on activity carried out in the previous month. The return will be based on both the Individual learner record (ILR) returns and returns for non ILR based delivery via a Statement of Delivery (SoD). These returns will feed into the LSCs CMA which will perform automatic reconciliation on a quarterly basis. This reconciliation will make adjustments to subsequent payments based on profile payments made against each activity that the provider has not carried out.

5.3 Actual Costs

The LSC does not intend to pay providers on an actual costs basis. All contracting will be open and competitive tendering and will be based on contract costs. (NB. The LSC reserves the right to pay providers by other eligible methods if required in exceptional circumstances)

5.4 Arrangements for Monitoring ESF providers

Contracts are assigned a contract management member of staff and a relationship management member of staff at inception stage. Contracts financial profiles are inextricably linked to delivery; therefore, monitoring of financial performance is centred on appropriate and suitably evidenced delivery.

Contractors will return learner data electronically to the LSC along with a monthly or quarterly report of all deliverables within the contracts combined with additional narrative reports. The required evidence to support these deliverables is identified within the contract and the evidence is held by the provider and will be retained in line with ESF requirements.

Performance monitoring of individual projects is undertaken in accordance with the frequency detailed in the contract. The monitoring process includes a pre-determined, and reviewed, schedule of provider visits and evidence checks by LSC staff.

Contracts are monitored against:

- the objectives of the contract;
- the timely and accurate return of records and reports to the LSC;
- delivery of the agreed outcomes, outputs and milestones (as documented in the contract);
- the evidence of delivery (utilising a predetermined sample size);
- beneficiary eligibility (as documented in the contract); and
- where possible, learner records will be automatically monitored electronically using the ILR Dbase and the ensuing financial variance addressed.

The agreed variance for under/over performance of contracts is: +/-10% or +/-£50,000 for ESF only providers or +/-10% or +/-£250,000 for LSC mainstream providers. Where variances are greater than this a business case is required to be authorised at Director Level.

Where indicted, underperforming contracts will have payments halted and/or claw backs enacted, re-profiling will occur based on actual delivery to date and a newly agreed future delivery profile.

The Regional LSC will keep an overview on expenditure and outputs to ensure that Co-financed activity is performing within acceptable parameters and in line with the funding profiles submitted to GO.

5.5 Project Delivery and Outcomes

The establishment of nine regional contracts teams has provided the opportunity to bring some consistency in how the LSC monitors/manages contract performance, drawing on existing best practice previously identified.

The nationally driven procurement process, alongside the use of the new Contract Management Application system, will ensure the consistent use of a range of robust outcomes – the contract schedules will be completed using this information and an agreed profile against each outcome will be agreed.

The contract/provider will be risk assessed to determine the frequency of monitoring needed e.g. a new provider delivering new provision would be classed as higher risk to start with, whilst a known provider with a good track record of delivery would be classed as lower risk.

The contracting team in LSC West Midlands will look at the performance data submitted by the provider on a regular basis (in line with risk rating) and will identify any under or over performance in the delivery of the expected outcomes. Obvious causes of performance variance such as data issues will be investigated and eliminated in the first instance.

A performance report detailing the under/over performance, highlighting the key areas for concern, any trends, and any impact on key dependencies will be sent to the “partnership advisor” who is responsible for the relationship with that provider (at a local office). That advisor will then discuss the project and performance variance with the provider and submit a report back to the West Midlands regional contracts team – that report may include an agreed variation to the profile. Other LSC staff may also have important roles in reviewing performance and strategic direction of funded delivery.

The contracting team will note any follow-up actions and will re-issue a variation to contract if necessary. Frequency of monitoring will be adjusted if appropriate as part of the process. Payments will be reconciled/ adjusted as necessary and if warranted, payments will be placed on hold whilst the performance issues are addressed.

The ESF Co-financing Board will also review project delivery and performance as outlined in the Memorandum of Agreement.

5.6 Quality Standards

All LSC providers are required to comply with rigorous quality standards, including minimum performance levels as set out in our Planning for Success framework which covers planning and quality. Providers are also subjected to inspection through OFSTED. This ensures that local communities have access to relevant and high quality learning opportunities; individuals of all ages and backgrounds acquire the knowledge and skills that will enable them to realise their potential, improve their life chances, and contribute to economic growth, and so that employers are able to recruit and develop the skilled and qualified workforce they need for business success. Inspection will be within the scope of the Common Inspection Framework – and eventually the Framework for Success. We are intent on excellent provision for the benefit of employers and learners alike as a route to excellence.

5.7 Financial Assurance

Regional Provider Financial Assurance (PFA) teams include ESF in their annual work plans. The teams endeavour to audit each contract at least once during the life of the contract. PFA will contact the relevant contract/relationship staff before the audit commences to obtain contract details, and will keep these staff members informed throughout the audit.

The audit approach places significance on the assessment of risk and the key controls providers can be expected to have in place for administering LSC contracts. Emphasis is given to advising providers on how their controls can be improved, and the sharing of good practice identified by PFA from previous ESF audits. Where control weaknesses are identified, recommendations for improvement will be based on diagnostic work that pin-points the reasons for errors occurring. This consultative approach should lead to a reduction in recurring errors and greater added value from the audit process.

The assurance approaches are tailored to reflect the differences in actual costs and beneficiary contracts.

Audit opinions are given on providers' use of funds and internal controls. The assurance report, including details of any funds at risk relating to the contract, will be discussed with the contracting and relationship staff involved.

5.8 Management Information

Management Information will be sourced from the LSC's ILR Management Information databases for learner information and from the ESF Contract management Application for financial reporting and some learner summary reporting.

Regional LSCs will have access to both a standard set of management information reports from the ESF MI as well as access to our regional planning and performance team who can produce a range of ad hoc reports.

5.9 Reporting performance to regional ESF Committee

The West Midlands will establish a joint Programme Monitoring Committee for ESF and ERDF to oversee regional implementation of both programmes.

Summary level reporting based on performance will be made available to the regional ESF committee in line with mutually agreed requirements. These will be produced and made available on a periodic basis and will represent regional subsets of the data that is submitted to ESFD. Data supplied will meet the requirements of the Data Protection Act.

An ESF Co financing Board has been set up with LSC, WMLGA/LA and JCP (for DWP) partners with Board membership drawn from

- LSC
- WMLGA - Local authority representation agreed through the 5 Sub Regional Groups (SRGs)
- JCP

The Board will be chaired by the LSC with WMLGA as Vice Chair. The Terms of Reference include:

- Agreement of joint working arrangements
- Agreement of strategic and operational priorities
- Ensuring equitable distribution of the budget and programme delivery across the West Midlands region in accordance with the ESF Regional Framework 2007-13
- Agreement of arrangements for monitoring and evaluation of delivery, performance, and impact
- Reviewing and amending working arrangements to achieve the purpose of the Memorandum of Agreement
- Establish a written protocol and set of working arrangements for the management and resolution of conflicts of interest
- Agree rules of engagement regarding specification development, procurement and commissioning, and local delivery

The 5 Sub Regional Partnership Groups are local bodies to ensure plans are developed that reflect sub regional and local priorities and fit with LAA/MAA priorities and local targeting against regional CFO specifications.

This Board will ensure that the co-financing partners work together and co-ordinate activities and information. It will not undertake the strategic role of the PMC.

5.10 Audit

All sub-contracted provision will be subject to local audit processes within a national framework. Our Provider Financial Assurance (PFA) team will audit each project as a minimum once during its lifetime. The purpose of these audits will be ensure that payments to providers have been used in ways that are materially consistent with the

purposes for which the payments were made and that the provider has materially complied with the conditions of their contract.

The Regional Director will be responsible for the production of produce a statement of internal control about the effectiveness of local internal controls and this opinion will be based, to a large extent, on the level of assurance provided by PFA function.

In addition, the LSC's internal processes and controls are reviewed on a regular basis by a national team of internal auditors based in Coventry. National process and controls are similarly subject to review by the National Audit Office (NAO) and can include further reviews at local level.

6. Cross-Cutting Themes

6.1 Equality and diversity

Action to promote equality and diversity is an integral part of the LSC's business objectives. We can only realise our vision of creating a world-class workforce if we remove barriers, eliminate discrimination, address disadvantage, and raise the aspirations of both present and potential learners.

Our Single Equality Scheme shows how we will put this into practice. By incorporating our individual schemes for race, disability and gender equality into one overarching scheme, we are creating a coherent framework for promoting equality and diversity within the LSC and across the learning and skills sector. Its objectives are aligned with our national priorities, so that it will operate strategically, in the mainstream of our work.

Equality of opportunity will be an integral part of the selection process for providers in the West Midlands and the activities which they deliver. All applicants will be required to have an Equal Opportunities Policy in place that covers all relevant government legislation on inequality and discrimination and providers will be required to demonstrate how this policy will be implemented. Projects will be monitored to ensure that the principles and practice of equality and diversity are implemented in all aspects of their work.

6.2 Sustainable development

Sustainable development is focused on providing a better quality of life for everyone now and for generations to come. This is achieved through considering and balancing the long-term effects of social, economic and environmental issues and impacts. (Securing the Future – UK Sustainable Development Strategy, 2005)

The European Commission has expressed concern that projects in the last ESF programme addressed mainly the social aspects of sustainable development. There is therefore a renewed focus on the environmental aspects of sustainability for 2007-13.

The approach we are taking is to encourage specific environmentally focussed projects where these clearly link to regional skills priorities (e.g. renewable energy, energy efficiency, waste management etc.) and at the same time begin mainstreaming the environmental aspects of sustainable development through working with providers.

DWP are building in sustainable development to tendering/ procurement processes but the LSC is not going down this route at present as we feel too many providers would be discouraged or discounted if we did this.

We have agreed that we will take a developmental approach with providers and are looking at how to spread good practice from previous ESF programmes. In addition

an interactive toolkit for providers developed by DfES for the last programme is being re-visited. We hope to be able to link this with LSC funded resources for sustainable development being developed in the FE sector.

In the West Midlands we will aim to encourage applications from providers which include an active and positive approach to environmental sustainability and good practice. Providers will be encouraged to harness natural resources via the application of “reduce, reuse and recycle” principle and ensure that management of activity targets efficient use of resource. By encouraging the above we believe the Plan will contribute to responsive and progressive economic growth and lasting employment, whilst at the same time addressing, from a sustainable perspective, the needs of all involved. Applicants will be expected to consider all three elements of Sustainable Development, within projects as described below:

- **Social** - providing the opportunities for everyone to fulfil their potential
- **Environmental** - environmental protection and enhancement through the delivery of projects
- **Economic** - providing the skills that businesses both demand and require – now and in the future

It is important to note that funding used as match should have the same approach to sustainable development as ESF projects and we need to do further work to ensure that all LSC funds are used in a way that meets the needs of today without compromising the ability of future generations to meet their own needs.

6.3 Innovation

This information has been extracted from the draft CFO Handbook from DWP.

Innovative activity in ESF

Article 6 of the ESF regulation requires member states to pay particular attention to the promotion and mainstreaming of innovative activities in ESF. The purpose of innovative activity in ESF is to test out new and more effective ways of tackling employment and skills issues. Where innovative activity can demonstrate benefits over current delivery arrangements the results can be disseminated and mainstreamed more widely. All innovative projects must have an evaluation strategy so that the results can be assessed objectively. It is important therefore that there is commitment from relevant policy makers to innovative activity.

There will be dedicated innovative projects in Priorities 1, 2, 4 and 5. Innovative projects will be procured by CFOs through separate tender specifications. All innovative projects will be encouraged to have an element of transnational activity to facilitate co-operation with other member states so that innovation can build on good practice developed elsewhere.

There will be an innovation and mainstreaming sub-committee of the national monitoring committee which will agree the themes for innovative activity, taking account of regional ESF innovation priorities set out in the regional ESF frameworks. It is expected that themes will be agreed towards the end of 2007.

Regional delivery

The managing authority will advise regions of the agreed menu of innovative themes and provide further guidance (including rules for any transnational activity and expenditure) by January 2008 so that regions can select relevant themes.

Regions will have scope to commit up to 2% of their combined Priority 1 & 2 or Priority 4 & 5 budgets on dedicated innovative projects. If appropriate, the managing authority will allow regions to over-commit their regional Priority level budgets by up to 2% to support innovative activity.

These arrangements will allow tendering activity to start in 2008 so that innovative projects could start by the summer. The first round of innovative projects will run for up to two years including dissemination and mainstreaming activity. The innovation and mainstreaming sub-committee will help to co-ordinate activity where appropriate and review progress. There will be an evaluation of projects and results before themes are identified for the second half of the programme.

6.4 Transnational working

Article 3 (6) of the ESF regulation requires member states to support transnational and interregional actions through sharing of information, experiences, results and good practices.

It is expected that the majority of transnational activity in the programme will be linked to innovative projects. This will enable innovative projects to draw on experience and good practice developed in other member states. Applicants running innovative projects are expected to identify transnational partners at the time they submit tenders.

There may be limited transnational activity outside of innovation, where regional ESF frameworks identify the need to identify and share good practice to support project implementation. This will be covered in CFO tenders.

Where transnational activity is supported through ESF the following categories of expenditure will be eligible:

- Participation (travel and subsistence) in working meetings, events and information visits;
- Translation costs to facilitate exchange of information and experiences;
- Organisation of meetings, events and information visits including costs of meeting facilities, interpretation, reception and translation into agreed working languages.

Projects should seek to share costs with 'partner' projects in other member states when arranging visits.

The Region has an excellent track record in delivering successful transnational partnerships (e.g. Equal) and is keen to build on lessons learnt from these programmes.

The Plan will support some new and innovative proposals that will allow the exchange of knowledge, experience and in particular best practice with Cities or Regions across Europe that can offer a clear added value and contribution to our regional objectives and targets.

We are looking to support proposals on a smaller scale to those funded in previous programmes like Equal yet we want to support activities that will have an explicit focus and impact on core regional priorities (see above).

Proposals should aim to achieve strategic benefits that can be widely shared across Towns, Cities and Regions rather than purely operational or organisational benefits. We will thus be seeking proposals that identify Cities or Regions that have a clear track record in mutually agreed priorities and can support exchanges that will facilitate innovation and fresh ideas towards addressing regional gaps and weaknesses.

7. Implementation

To maximise the added value of ESF, the LSC is committed to an integrated model linking ESF activity much more closely to mainstream activity. The Regional Skills Director will have overall responsibility for implementation of the Co-financing Plan within the LSC, reporting on a regular basis to the Regional Management Team. A small team at regional level will co-ordinate overall development and implementation of the Plan and provide a single point of contact for GOWM.

Schedule of key milestones over the Plan

The table below shows the schedule of procurement rounds for the duration of the Plan. Expenditure from early match contracts will only be counted where the learners are recruited and the costs are incurred after the co-financing Plan has been delivered to Government Office.

The main procurement rounds fall annually within the LSC Business Cycle when ESF and match funds will be tendered together. It is expected that there will need to be a tender round mid-2009 to re-allocate funds from under performing contracts.

	2007				2008				2009				2010			
LSC Match Tender	◆															
ESF Tender			◆													
LSC Match Tender			◆													
ESF & Match Tender				◆												
ESF & Match Tender								◆								
ESF Tender											◆					

8. Finance and Targets

The Tables below show the funding available by Priority to 2010 by ESF and match for each of the key areas of activity.

			Priority 1			
			2008	2009	2010	Total
Employability	37.7%	ESF	£12,895,935	£11,466,237	£8,447,697	£32,809,869
		Match	£12,895,935	£11,466,237	£8,447,697	£32,809,869
		Total	£25,791,870	£22,932,474	£16,895,394	£65,619,739
NEET	23.0%	ESF	£7,868,173	£6,995,874	£5,154,178	£20,018,224
		Match	£7,868,173	£6,995,874	£5,154,178	£20,018,224
		Total	£15,736,345	£13,991,748	£10,308,355	£40,036,448
Community Grant	2.5%	ESF	£855,236	£760,421	£560,237	£2,175,894
		Match	£855,236	£760,421	£560,237	£2,175,894
		Total	£1,710,472	£1,520,842	£1,120,473	£4,351,788
PRIORITY 1 TOTAL			£43,238,687	£38,445,064	£28,324,223	£110,007,975

Note: JCP has remainder of Employability Funds

			Priority 2			
			2008	2009	2010	Total
Basic Skills	35%	ESF	£6,566,007	£5,838,072	£4,301,172	£16,705,250
		Match	£6,566,007	£5,838,072	£4,301,172	£16,705,250
		Total	£13,132,014	£11,676,143	£8,602,344	£33,410,501
Level 2	37%	ESF	£6,941,207	£6,171,676	£4,546,953	£17,659,836
		Match	£6,941,207	£6,171,676	£4,546,953	£17,659,836
		Total	£13,882,414	£12,343,351	£9,093,907	£35,319,672
Level 3	23%	ESF	£4,314,804	£3,836,447	£2,826,484	£10,977,736
		Match	£4,314,804	£3,836,447	£2,826,484	£10,977,736
		Total	£8,629,609	£7,672,894	£5,652,969	£21,955,472
Level 4	5%	ESF	£938,001	£834,010	£614,453	£2,386,464
		Match	£938,001	£834,010	£614,453	£2,386,464
		Total	£1,876,002	£1,668,020	£1,228,906	£4,772,929
PRIORITY 2 TOTAL			£37,520,039	£33,360,409	£24,578,126	£95,458,574

Annex A

Memorandum of Agreement (attached)

Annex B:

Delivering the WM Regional ESF Framework 2007 - 2013

The ESF Indicative Activities set out in the table below, are taken from the West Midlands ESF Regional Framework. Within the Framework, Activities are ranked as either High Priority or Other Priority Activities. The intention behind this is to create better connectivity between actions and greater impact from the programme as a whole. It is intended that Other Priority Activities will only be funded where they come as part of a package of support that includes one or more of the High Priority Activities. High Priority Activities are highlighted in the right-hand column in bold type.

PRIORITY 1 – Extending Employment Opportunities	
<p>Target Groups: Incapacity benefit claimants; JSA claimants; Lone parents; BME; Unemployed graduates; Older potential workers; People with learning and physical disabilities; Economically inactive people including unemployed people not on benefits; carers; single wage families on low income; Disengaged young people (14-19) who are in, or at risk of going into, the NEET group; Ex-offenders</p> <p>Geographical targeting: Individuals of greatest need across the region and super output areas where the scale of need and therefore, potential for impact is greatest.</p>	
LSC AND PARTNER PRIORITY AREAS	ESF INDICATIVE ACTIVITIES (REGIONAL FRAMEWORK)
<p>1. Closing the gap on the national benchmark for Level 2 at 19 in the WM</p> <ul style="list-style-type: none"> • NEET • EMA • Additional Learner Support • School Engagement Programme • Young Apprenticeship 	<p>Client Engagement:</p> <ul style="list-style-type: none"> • Initiatives to reform vocational routes for, and develop vocational skills among 14-19 yr olds, incl. developing the vocational curriculum to improve employability
<p>2. Reducing NEET in the areas of the WM above the national benchmark</p> <ul style="list-style-type: none"> • NEET • School Engagement Programme 	<p>Client Engagement:</p> <ul style="list-style-type: none"> • Initiatives to help raise awareness of the world of work, enterprise and entrepreneurship among young people (14+), including work-experience placements <p>Client Intervention:</p> <ul style="list-style-type: none"> • Activities, including vocational training and preventative work for young people at risk of becoming NEET to provider pathways to employment • Activities to reduce youth unemployment by developing the employability and skills of young people

<p>3. Closing the gap on the national benchmark for adults with no or low qualifications through Skills for Life and pre-employability</p> <ul style="list-style-type: none"> • Skills for Life • OLASS • Learner Accounts • FLT Progression Pathways 	<p>Client Intervention:</p> <ul style="list-style-type: none"> • Development of entry-level job specific training leading to qualifications for employability • Early interventions to help people at risk of redundancy to adapt their qualifications and skills for other employment opportunities • Activities to increase participation by people from ethnic minorities in employment, including where appropriate, training to meet Basic English language skills needs • Activities to develop the employability and skills of offenders and ex-offenders to facilitate labour market entry and thus, contribute to reduced re-offending • Skills for Life, including the basic skills of literacy and numeracy, English for Speakers of Other Languages, ICT skills and financial literacy skills
<p>4. Developing and delivering an Integrated Employment and Skills System</p> <ul style="list-style-type: none"> • Skills for Jobs • E2E • FLT Progression Pathways • Ufl • Apprenticeships • Learner Accounts • EMA • Care to Learn 	<p>Client Engagement:</p> <ul style="list-style-type: none"> • Access to childcare and care for dependent persons, where caring responsibilities are a barrier to labour market participation • Small grants for Third Sector organisations to support their capacity to mobilise unemployed and inactive people who are disadvantaged or excluded and to facilitate their integration into the labour market <p>Client Intervention:</p> <ul style="list-style-type: none"> • City and other area-based strategies and initiatives to tackle worklessness in urban areas • Mainstreaming and specific action to improve access of women to employment and increase sustainable participation and progress women in employment and to help men and women access occupations or sectors where they are underrepresented • Jobsearch help, advice, and guidance • Advice and support for self-employment, entrepreneurship, business creation and social enterprise
<p>5. Engagement of disadvantaged groups in activities to move towards employment.</p>	<p>Client engagement:</p> <ul style="list-style-type: none"> • Activities to address barriers of disadvantaged individuals who persistently return to Jobseekers Allowance • Activities to engage individuals in entrepreneurial activities • Activities to tackle specific barriers faced by unemployed and economically inactive individuals in rural areas • Job brokerage activities as well as work to develop flexible working practices as initiatives to overcome barriers to employment

<p>6. Regeneration and growth of our most deprived areas.</p>	<p>Client intervention:</p> <ul style="list-style-type: none"> • Activities to tackle pockets of worklessness in urban areas • Initiatives to engage people in vocational training and qualifications for employability • Initiatives for individuals, especially speakers of other languages and BME communities to meet basic skills requirements • Activities to provide pre-vocational and access training in the priority communities to develop workplace skills
<p>7. Employer led interventions</p>	<p>Client activities:</p> <ul style="list-style-type: none"> • Initiatives to increase job brokerage activities to match people into relevant work (permanent, part time or voluntary) • Activities to develop skills for the unemployed to access the labour market in those areas traditionally short of personnel e.g. retail, care, construction • Engagement of individuals in activities to develop work search and work preparation skills
<p>PRIORITY 2 – Developing a Skilled and Adaptable Workforce</p>	
<p>Target Groups:</p> <p>People in employment with no formal training (in particular young people and older workers); Graduates (and individuals with high level skills in low skill employment); Workers with low skills: pre Level 2; those at risk of redundancy; Self-employed individuals; Business start-ups and entrepreneurs; Individuals in SMEs in priority sectors (with a focus on current growth sectors in the economy who can progress to associate, technical or professional levels); Underemployed: those under utilising their skills; Company Managers and leaders</p> <p>Geographical targeting:</p> <p>Individuals of greatest need across the region and super output areas where the scale of need and therefore, potential for impact is greatest.</p>	
<p>LSC PRIORITY AREAS</p>	<p>ESF INDICATIVE ACTIVITIES (REGIONAL FRAMEWORK)</p>
<p>1. Closing the gap on the national benchmark for Adults qualified to Level 2</p> <ul style="list-style-type: none"> • Train to Gain • First Level 2 	<p>Client Intervention:</p> <ul style="list-style-type: none"> • Training leading to Level 2 qualifications (especially for people without current or relevant Level 2 qualifications, part-time workers, and workers in sectors with weak training records) • Lifelong learning and vocational training for low-skilled and low paid women workers to improve their progression • Training in ICT and e-learning skills

<p>2. Closing the gap on the national benchmark for adults with no or low qualifications through Skills for Life</p> <ul style="list-style-type: none"> • Train to Gain • Skills for Life 	<p>Client Engagement:</p> <ul style="list-style-type: none"> • Initiatives by the social partners to promote lifelong learning and skills in the workplace <p>Client Intervention:</p> <ul style="list-style-type: none"> • Skills for Life including basic literacy and numeracy skills, ICT skills and English for Speakers of Other Languages and ICT skills • Training trainers in the public, private or voluntary sector (at any level, including Level 4 and above) to deliver basic skills provision and above
<p>3. Developing high level skills within the workforce to meet the regional productivity challenge</p> <ul style="list-style-type: none"> • Train to Gain • Level 3 Pilot 	<p>Client Intervention:</p> <ul style="list-style-type: none"> • Lifelong learning and training for managers and workers (at any level, including Level 4 and above) in small enterprises (up to 50 employees) including training and development in leadership, management, enterprise and technical skills needed for sustainable business development, business growth, innovation, and productivity • Training leading to Level 3 qualifications in sectors where there are skills shortages at Level 3, in small and medium sized enterprises (up to 250 employees), and for women and ethnic minorities in sectors and occupational areas where they are underrepresented at Level 3 • Training in environmental management and protection skills and in eco-friendly technologies, including training which supports renewable energy sectors, energy efficiency and re-cycling <p>Employer-led Intervention:</p> <ul style="list-style-type: none"> • Initiatives to ensure the supply of skills are relevant to employer's needs
<p>4. Shifting the mix and balance of provision to better meet the needs of employers</p> <ul style="list-style-type: none"> • Train to Gain • Adult Apprenticeships 	<p>Client Intervention:</p> <ul style="list-style-type: none"> • Activities to support access to and provision of Apprenticeships <p>Employer-led Intervention:</p> <ul style="list-style-type: none"> • Initiatives to ensure the supply of skills are relevant to employer's needs
<p>5. Re-structuring the economy</p> <ul style="list-style-type: none"> • Train to Gain • OLASS 	<p>Client Intervention:</p> <ul style="list-style-type: none"> • Skills for entrepreneurship, self-employment and social enterprise • Activities to support access and progression from foundation level up to Level 3 • Training leading to Level 3 qualifications in sectors where there are skills shortages at Level 3, in small and medium sized enterprises (up to 250 employees), and for women and ethnic minorities in sectors and occupational areas where they are underrepresented at Level 3

	<ul style="list-style-type: none">• Training older workers in order to update their qualifications and skills and prolong their working lives• Training for workers who face redundancy or have been made redundant• Training, mentoring and supporting men and women in occupations or sectors where their gender is underrepresented in order to tackle gender segregation• Training of childcare and other care workers• Initiatives by the social partners to promote lifelong learning and skills in the workplace <p>Employer-led Intervention:</p> <ul style="list-style-type: none">• Initiatives to ensure the supply of skills are relevant to employer's needs
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Appendix 1:

Outputs split by year to 2010:

Target	LSC			
Outputs	2008	2009	2010	Total
Total number of participants	15,877	7,939	7,939	31,754
1.2 Number and % of participants who are unemployed (a) Number (b) Percentage (42%)	8,566	4,283	4,283	17,132
1.3 Number and % of participants who are inactive (a) Number (b) Percentage (34%)	3,734	1,867	1,867	7,468
1.4 Number and % of participants age 14 to 19 who are NEET or at risk of becoming NEET (a) Number (b) Percentage (20%)	6,276	3,138	3,138	12,551
1.5 % of participants with disabilities or health conditions (22%)	3,493	1,746	1,746	6,986
1.6 % of participants who are lone parents (12%)	1,905	953	953	3,810
1.7 % of participants aged 50 or over (18%)	2,858	1,429	1,429	5,716
1.8 % of participants from ethnic minorities (31%)	4,922	2,461	2,461	9,844
1.9 % of female participants (51%)	8,097	4,049	4,049	16,195
Results	0	0	0	0
1.10 Number and % of participants in work on leaving (a) Number (b) Percentage (22%)	4,487	2,243	2,243	8,974
1.11 Number and % of participants in work six months after leaving (26%)	5,303	2,651	2,651	10,606
1.12 Number and % of economically inactive participants engaged in jobsearch activity or further learning (a) Number (b) Percentage (45%)	1,680	840	840	3,361
1.13 Number and % of 14 to 19 year old NEETS or at risk in education, employment or training on leaving (a) Number (b) Percentage (45%)	2,824	1,412	1,412	5,648

Target	LSC			
Outputs	2008	2009	2010	Total
2.1 Total number of participants	29,205	14,603	14,603	58,410
2.2 Number and % of participants with basic skills needs (a) Number (b) Percentage (41%)	11,908	5,954	5,954	23,815
2.3 Number and % of participants without level 2 qualifications (a) Number (b) Percentage (41%)	11,963	5,981	5,981	23,925
2.4 Number and % of participants without level 3 qualifications (a) Number	3,575	1,788	1,788	7,150
2.5 % of participants with disabilities or health conditions (15%)	3,795	1,898	1,898	7,590
2.6 % of participants aged 50 or over (20%)	5,253	2,626	2,626	10,505
2.7 % of participants from ethnic minorities (14%)	4,345	2,173	2,173	8,690
2.8 % of female participants (50%)	14,603	7,301	7,301	29,205
Results				
2.9 Number and percentage of participants gaining basic skills (a) Number	4,785	2,393	2,393	9,570
2.10 Number and % of participants gaining level 2 qualifications (a) Number (b) Pe	2,970	1,485	1,485	5,940
2.11 Number and % of participants gaining level 3 qualifications (a) Number (b) Per	688	344	344	1,375

