



**Response to the Government Review of the Balance of Competences between the United Kingdom
and the European Union: Cohesion**

1. Introduction

1.1. NCVO champions and strengthens the voluntary sector, with over 10,000 members, from the largest charities to the smallest community organisations. Alongside our sister councils in Wales, Scotland and Northern Ireland, we make sure the voluntary sector can do what it does best. NCVO membership ranges from large 'household name' charities to small groups involved in all areas of voluntary and community action at a local level. Our members include national and local infrastructure organisations, thereby extending our reach further still.

NCVO champions volunteering and the voluntary sector; our vision is of a society in which people are inspired to make a positive difference within their communities. A vibrant VCSE deserves a strong voice and the best support, which we work to provide.

1.2. NCVO activities regarding the European Structural and Investment Funds

NCVO is very active on the European Structural & Investment Funds and coordinates a network to share knowledge and expertise in this area.

The European Funding Network (EFN) is a national network of VCSE including voluntary, community and social enterprise organisations – active in the European Social Fund (ESF) and other EU funds. We promote the sector's voice and interests within national and international European Union funding structures, support organisations to access EU funds, provide strategic input to the development of programmes and share good practice.

Through the support of the ESF Technical Assistance, members provide advice, support and strategic input in the development of the funds and disseminate good practice to ensure that ESF and other EU funds are working effectively.

Following the European Commission proposals on the 2014-2020 cohesion programme, EFN has consulted with over 3000 VCSE members on the EU structural funds and have arranged a number of national and regional events to gather the views of the sector on the new European Structural & Investment Funds.

Members of EFN are:

- Oonagh Aitken, Director of Social Action and Volunteering, CSV www.csv.org.uk
- Kathy Atkinson, Chief Executive, RAISE, www.raise-networks.org.uk
- Helen Barnard, Grants Development Manager, RSPB, www.rspb.org.uk
- Gabriel Chanan, Independent Consultant gabriel.chanan@talktalk.net
- Charlotte Chung, Policy and Research Manager www.socialenterprise.org.uk
- Andy Churchill, Chief Executive, Network for Europe, www.networkforeurope.eu
- Jo Curry, Chief Executive, Vonne, www.vonne.org.uk
- Paul Dixon, Team Leader – Broadband, Fuel Poverty and Community Assets, ACRE www.acre.org.uk
- Tamara Flanagan, European Funding Advocacy Advisor
- Ingrid Gardiner, EU Manager, NCVO, www.ncvo.org.uk
- John Goodman, Independent Consultant on Cooperatives

- John Hacking Director, TSNLA, <http://www.tsnla.org.uk/>
- Oliver Henman, Head of Partnerships & International Team, NCVO, www.ncvo-vol.org.uk
- Peter Horner, Policy Officer, NAVCA www.navca.org.uk
- Steve Kerr, Policy and Project Manager, Employment and Skills, LVSC www.lvsc.org.uk
- Phil Lakin, European Grants Manager, The National Trust, www.nationaltrust.org.uk
- Mark Mitchell, Chief Executive, Community Action Dacorum, www.communityactiondacorum.org.uk
- Sharon Palmer, Chief Executive, RAWM www.rawm.co.uk
- Ray Phillips, rayaug46@gmail.com
- Anita Prosser, Head of International, TCV, www.tcv.org.uk
- Rachel Quinn, Chief Executive, One East Midlands www.one-em.org.uk
- Judy Robinson, Chief Executive, Involve Yorkshire and Humber, www.involveyorkshirehumber.org.uk
- Ted Ryan, Policy Associate, RAWM www.rawm.co.uk
- Jane Smallcombe, Projects Manager, South West Forum, www.southwestforum.org.uk
- Nick Temple, Director of Business and Enterprise, Social Enterprise UK www.socialenterprise.org.uk
- Adrian Thacker, Senior Head of National Partnerships www.princes-trust.org.uk
- Sandra Turner, Partnerships Team, BIS, <https://www.gov.uk/government/organisations/department-for-business-innovation-skills>
- Maureen Walby, Project Manager Rural Kent www.ruralkent.org.uk

In December 2013, NCVO hosted a **Balance of Competences Roundtable** on Cohesion, State Aid and public procurement which was aimed at evaluating the position of VCSE organisations and gather intelligence.

Attendees of the Roundtable were:

- Julian Blake, Partner of Bates Wells Braithwaite Law Firm (BWB), <http://www.bwbllp.com/>
- Phil Lakin, European Grants Manager, National Trust, <http://www.nationaltrust.org.uk/>
- Helen Barnard, Head of Fundraising, Royal Society for the Protection of Birds, <http://www.rspb.org.uk/>
- Gerald Oppenheim, Association of Charitable Funds, <http://www.acf.org.uk/>
- Pedro Telles, Procurement Law Specialist, Bangor University, http://www.bangor.ac.uk/law/pedro_telles.php.en
- Ingrid Gardiner, EU Manager, NCVO, <http://europeanfundingnetwork.eu/policy/Consultations>
- Oliver Henman, Head of Partnerships and International, NCVO, <http://www.ncvo.org.uk/policy-and-research/europe>

This response to the call for evidence on cohesion is based on experts' contributions to NCVO Roundtables, NCVO and EFN response documents/research and case studies on community led projects.

The structural and cohesion funds are the main financial tool at EU level used to address differences between regions and member states thereby reducing regional disparities in terms of income, wealth and opportunities. The European Social Fund (ESF) contributes to the integration into working life of unemployed and disadvantaged people through funding training and job outcomes.

The European Funding Network (EFN) is funded by ESF technical assistance so the focus of this paper will be the implementation of ESF and ERDF in the past programme 2007-2013 and future plans for ESIF for 2014-2020. We have responded to questions on Cohesion Policy that are appropriate for us to respond to and have grouped questions for practical reasons.

2. Summary of the Review in context of ESIF and NCVO's work funded by ESF technical assistance:

Cohesion Policy

The reformed Cohesion Policy will make up to EUR 366.8 billion available to invest in Europe's regions, cities and the real economy. Cohesion Policy is the EU's principle investment tool for delivering the Europe 2020 goals: Creating growth and jobs: - tackling climate change and energy dependence; reducing poverty and social exclusion. This is foreseen as being delivered by the European Structural and Investment Funds (ESIF). It is also foreseen that there will be stronger result-orientation and a new performance reserve in the ESIF that incentivises good projects. Finally, efficiency in cohesion policy, rural development and the fisheries fund will also be linked to economic governance to encourage compliance of Member States.¹

NCVO's current technical assistance project: *VCSE Engagement*

In England, Local Enterprise Partnerships (LEPs) have been identified as being instrumental in the new ESIF programme. LEPs are locally-owned partnerships between the public sector (local authorities) and private sector (businesses). There are 39 LEPs in England and they determine local economic priorities and undertake activities to promote economic growth and create local jobs. They are responsible for setting the strategy for the new European Structural and Investment funds for 2014-2020. LEPs vary in terms of their sizes and structures – some LEPs have special interest groups, advisory panels, and the make-up of Boards differ in terms of representation from charities, higher education and businesses. Over the past six months, NCVO, through the European Funding Network (EFN) and with funding from ESF technical assistance, has facilitated engagement with LEPs through workshops, conferences and one to one meetings. NCVO developed a business case for engagement and a number of support tools for LEPs and as a result of this work, the sector's relationship with LEPs is currently gathering momentum. However, NCVO would stress that engagement is not consistent across the LEP areas: more work needs to be done in connecting the VCSE sector with LEPs to ensure consistency across the country.

¹ http://ec.europa.eu/regional_policy/what/future/index_en.cfm

In the 2007-2013 ESF English programme which was mainly procured through national co-financing organisations, access and delivery of the ESF created unnecessary barriers to the involvement of charities and provision for people furthest from the labour market. We would welcome reduction in bureaucracy and a simplified approach to procurement, delivery and audit in the new programme. In addition, we welcome the local approach to priority setting and welcome the offer of match funding and support to Local Enterprise Partnerships by the Big Lottery Fund.

3. Response to Questions

Question Two: to what extent have UK places, companies and workers benefited or not benefited from EU structural funds?

On balance, our evidence suggests that there have been benefits for a range of VCSE bodies and the individuals they serve. The funds have specific targets that include social inclusion, skills employment and sustainability that are accessible to VCSE organisations. However the delivery of these funds should be improved to reach those who are furthest from the labour market.

According to the Annual Implementation Report² and reported at the September 2013 Programme Monitoring Committee for ESF, participation of individual beneficiaries is well above target on all priorities:

- 2.54 million for Priority 1, against a target of 887k (+186%)
- 1.20 million for Priority 2, against a target of 825k (+45%)
- 45.8k for Priority 4 against a target of 24.5k (+87%)
- 79.2k for Priority 5 against a target of 50.2k (+58%).

The targets initially set in the Operational Programme were quite high. Overall the programme did very well on a range of indicators as far as absolute volumes of participants and achievements are concerned, but the programme is underperforming against some of the percentage indicators, notably gender. In addition, targeting of over 50's is also low as well as reaching the most disadvantaged beneficiaries in the labour market.

Co-financing is the primary delivery mechanism in the 2007- 2013 ESF programme. Co-financing organisations or those offering match funding such as the Skills Funding Agency (SFA), Department for Work and Pensions (DWP) and National Offender Management Service (NOMS) will most likely remain as significant players in the new programme starting in autumn 2014.

Characteristics of co-financing in the 2007-2013 ESF programme include:

- Tendency towards larger contracts (i.e. prime contractors in England) that are inaccessible to smaller community based organisations
- Payment-by-results contracts which presents a challenge for smaller organisations working with beneficiaries who face multiple barriers in the labour market

² Annual Implementation Report, England and Gibraltar European Social Fund, Convergence, Competitiveness, and Employment Programme 2007-2013

- High upfront capital requirements associated with deferred payment

More information on the challenges presented by the implementation of the structural funds in the 2007-2013 programme that potentially could hinder beneficiaries from receiving benefit from ESF can be found on the European Funding Network's website on

<http://europeanfundingnetwork.eu/policy/cohesion-policy-2014-2020/civil-society-position>.

There is underperformance of ESF co-financed projects under the DWP's work programme. The Work Programme is struggling to meet the needs of more disadvantaged individuals and the payment by results model has been limited in reaching those furthest from the labour market.

Challenges of the Work Programme are outlined the European Funding Network's website : -

<http://europeanfundingnetwork.eu/news/work-programme-statistics>

The Benefits of Community Grants, Community led delivery, and Direct Bidding

According to Community Grants research conducted by NCVO and due to be published at the end of January 2014, community grants projects exceeded targets overall in terms of the number of beneficiaries reached, and also exceeded targets set for the profile of beneficiaries (targets were set for the proportion of beneficiaries within different priority areas of disadvantage). There is clear targeting of "hard to reach" groups and those experiencing multiple disadvantage. NCVO is collating final figures but in each region, Grant Co-ordinating Bodies are reporting that they have engaged with more learners than their original target suggesting that smaller more targeted projects are more effective in delivering services to hard to reach groups. The ability for charities to apply for funding directly and be involved in developing projects at the grass roots level are demonstrated by case studies 1 and 2. This forms our evidence to questions two and six.

CASE STUDY ONE - EVIDENCE TO QUESTION TWO

Marches Access Point – August 2013

Summary

Marches Access Point (MAP) is a Community Interest Company that represents and champions the community of Kington and surrounding areas by offering access to a wide range of services and training. MAP's Objective is to build a better, brighter and sustainable quality of life for current and future generations in Kington and the Marches.

Background

Kington is a small rural market town in Herefordshire which houses a high percentage of older people and the majority of the population live on low incomes. The town suffers from poor transport and communication links with no train station and no nearby access to a motorway, broadband access is also poor in the area.

Marches Access Point provides a much needed facility, an online centre full of computers. People can come in and use the computers and access the internet, the centre works like an internet café without a time limit. The centre also runs computer training courses and other adult community learning courses.

Community led

Residents involved in the decision making

The town council is producing a local action plan to respond to priorities from the community for the local area, MAP have been active in contributing to this.

The centre doesn't really have formal channels to shape the resource, but the staff and volunteers maintain a focus on what the community need and ask them for.

Residents involved in the delivery

The organisation is predominately volunteer-led, with about 18 people volunteering regularly at the centre, MAP also has three members of paid staff.

Spreading the word

What funding have they had?

The organisation receives funding from the European Social Fund (skills funding agency), adult community learning for delivery of the courses and payment for tutors. They get paid per learner enrolled on the course.

The centre is also income generating through computer hire, printing and photocopying, their equipment is also available to hire, and people can also hire their training room.

How do they work in partnership?

The chief executive of MAP spends a lot of time with community groups, with the town council and with the people in the community to explore what funding they might pursue that would benefit the community.

They work very closely with Herefordshire council, and Herefordshire voluntary action.

They are also partnering with an organisation in Czech Republic, on an EU funded exchange programme exploring projects that support the over 50s.

What are the achievements to date?

Main success of MAP has been helping people to realise and achieve their aims, and understanding the progression of these aims over time. They achieve this on an extremely tight budget.

As a small volunteer-led values-based organisation they believe they are also able to offer added extra to the people who come through their doors. They have examples where people have gone in to take their driving theory test, after gentle encouragement from the volunteers they've gone away with their driving theory certificate, and English level two on top. These people have gone on to find jobs.

They've successfully delivered European Social Fund funded projects and have been praised for their model of delivery and evidence gathering.

What challenges have they faced?

The main challenge is the lack of resources; it can be difficult to manage the expectations of the community who often have the impression that they are a council funded project. This can make the work difficult particularly in an area of high deprivation.

Relationships with the prime employment services providers can also be difficult, with referrals ending up with MAP but with no funding attached to them.

Another challenge has been to get the volunteers involved in the decision making process, without over-burdening them.

Where next?

There are no ambitions for MAP to scale beyond the local area, the organisation is very much rooted in Kington, the future vision is to continue to improve the quality of the services on offer and develop new initiatives.

Further information

Contact details/ website <http://www.map-kington.co.uk/>

This case study demonstrates the value of community led activity funded by ESF Community Grants and how bottom up approaches can build the capacity of the voluntary sector in rural areas.

Question Three: Are the types of activity covered by the structural funds and the other funds outlined in this paper more appropriately funded at EU, national or regional/local level? Should all member states or regions receive structural funds in the future? If not, what should be the criterion?

Activities covered by the current structural fund programme complement existing Government programmes. There are key benefits available from these funds for the VCSE, due to the specific focus on social inclusion, employment, skills and sustainability. This resource is additional to national allocations and offers a longer term focus which can enable long-term responses to entrenched social and environmental concerns. These objectives remain a priority across all EU member states.

In the new programme in England, Local Enterprise Partnerships (LEPs) will be responsible for setting the strategy of the structural funds i.e. LEPs will take the lead on finalising their strategies at the end of January. They will receive support from 'local ESIF growth teams', to ascertain if activities outlined

in the prospectus are eligible for EU funding. The aim of such co-ordination and nationally focused programmes is to incentivise the LEPs to work in partnership with other LEPs to develop a growth prospectus and deliver a growth agenda. Community Led Local Development is contained within the delivery structure and is linked to the Growth Programme and LEPs. Notable in this new system is the challenge of incorporating national priorities in a local system. How flexible can LEPs be when using match funding from national programmes?

Funding for the LEP's will be outlined for a seven year period on a "notional" allocation basis although it was emphasised that it would be possible to move money from one "LEP" area to another based on project development, financial management and reporting requirements of the overall national programme. This would ensure that the UK does not lose any EU funding through under spending or under performance of programmes. The four funds will be run nationally, but will be linked together. There will be substantial devolution to LEP areas, with notional allocations of funding for each one based on a formula for Match funding which can be both national and local. The system of making it more locally driven will address some of the challenges presented in the previous programmes of national programmes fitting within regional and local priorities and not necessarily targeted to make a significant impact. Notable is co-production and co-design of the programme between LEPs and partners such as the Big Lottery Fund which is predicted to be much more effective than national programme priorities fitting in with local action.

Local priority setting will be tested in the new programme so it is too early to tell if this will be a success and that future targeting of beneficiary groups at a local level is the best approach. From the performance data of the past programme which was set at a national and regional level (see above), performance targets were met with the exception of gender and over 50's. Our evidence of delivery under the community grants programme would indicate that a more locally driven programme with flexible targets is a good approach to meeting the needs of beneficiary groups in the programme.

We have evidence that a community led approach to funding leads to positive outcomes both on a regional and national level.

The benefit of Structural Funds at the Local Level

Community-Led Local Development (CLLD) is one of the ESF investment priorities under the *Promoting Social Inclusion and Combatting Poverty* Thematic Objective. It consists of a model of development which mobilises all the key players in a local area in a collaborative partnership to increase employment and overcome disadvantage. 'Community' here means not only local residents and beneficiaries but voluntary and community organisations, local authorities, other public authorities such as police, health and education, and local private sector businesses. This model has three particular strengths:

1. It is able to focus strongly on localities where worklessness is most concentrated

2. It is able to enlist support from a wide range of local partners, all of whom have special expertise and resources to contribute
3. It is able to create a growing momentum of improvement because of the sense of local involvement and ownership, and the boost to local social enterprise.

Local and subregional voluntary and community sector organisations are particularly skilled in creating these kinds of partnership, and many are already involved in partnerships or networks of this kind which could be adapted to CLLD, thus benefitting from previous initiatives and well established relationships. Whilst CLLD is multisectoral, it can therefore ensure maximum added value from voluntary sector access.

Roots of CLLD

Ever since Territorial Cohesion was added to the goals of economic and social cohesion by the Lisbon Treaty, it has been recognised that in order to improve employment there is an urgent necessity to address the role of cities, functional geographies and sub-regional areas facing specific geographical or demographic problems. To this end **to better mobilise potential at the local level** it is necessary to strengthen and facilitate community-led local development.

CLLD is a specific tool for use at the sub-regional level which is complementary to other local strategies as well as meeting priorities set at a higher level. It allows for the integration of all or a combination of CSF funds to support Local Development Strategies which are 'owned' by local communities.

The regulations propose that CLLD should follow the trialled and tested LEADER model (RDPE) which has been in operation since the early 90's. LEADER will continue to operate in the next programme with 5% of RDPE ring-fencing available to fund it, but the local development approach will be optional for ESF, ERDF and EMFF.

Whilst the immediate model for CLLD comes from the LEADER programme, there is in fact a much wider, and mostly urban, base of experience to draw on for this model, especially in the UK. This stream of fostering local cross-sector partnerships to overcome disadvantage has been used by governments of all complexions, for example in the Single Regeneration Budget in the '90s, in Neighbourhood Renewal in the 2000s and currently in the Localism agenda.

On the domestic level, this approach is 'highly relevant to the localism agenda being promoted in the UK but in particular in England through the Introduction of the Localism Act and a National Planning Policy Framework... which are intended to pass power to local communities'³. The DWP strategy to reduce child poverty also highly rates bottom-up approaches and the importance of empowered local actors.

³ Carnegie UK Trust 'Future Directions in Rural Development' September 2012

The following Women Like Us project funded by ESF London Councils programme started at the school gates and became a national job brokerage service. This example demonstrates how a project can start at a local level and blossom into something much larger and wide reaching.

CASE STUDY TWO EVIDENCE TO QUESTION THREE – community led project that became regional

Women Like Us <http://www.womenlikeus.org.uk/>⁴ is a social enterprise and community interest company which helps recruit women with children into part-time jobs. *Women Like Us* received funding from the London's Councils ESF programme. It also has an agency function and helps employers find experienced part-time staff. Since start-up in April 2005, *Women Like Us* has registered almost 11,000 women, signed up hundreds of employers using its recruitment services, and established two branches in north and south London with a total of 45 employees. *Women Like Us* income streams reflect its dual aims – to support women to return to work and to operate as a competitive business – and so it receives income from a range of sources:

- Government contracts
- Awards from trusts and foundations
- Recruitment and Consultancy fees.
- Loan Finance

Women Like Us currently operates out of two locations based in North London (N19) and South London (SE1). Through surveys and research *Women Like Us* is aware that 500,000 women in the UK want to get back in to work (part-time). The project targeted women returners. *Women Like Us* is an example of a community of women who have changed the way the marketplace value mothers who want to get back to work. Through this local approach a community of women have created a profitable social business that makes a good business case for part time work.

Employment and Skills Outcomes

Through 190 schools across London, 100,000 women have been contacted by *Women Like Us*. 700 women have found employment. The average annual full time equivalent salary level for vacancies filled is over £24,000. This ranges from £18,000 to £60,000. Of women registered, 36% are lone parents, 16% are on benefits, and 48% of those directly supported are from BME groups. *Women Like Us* works with over 750 employers from national corporates and large charities to local authorities and small businesses in the local area. Nearly a quarter of employers are from repeat business. 97% of *Women Like Us* employees work part-time, and over 80% are women who have returned to work after having children.

The case study demonstrates the effectiveness of EU funding at the local level.

⁴ (NCVO, 2012)

Questions Six: To what extent should the funds be targeted at less developed areas and disadvantaged groups of society rather than being available as sources of investment for economic development across all areas?

There is a key opportunity to allocate these funds towards less developed areas and disadvantaged groups in society, as these funds offer a more flexible long-term fund that can be specifically targeted at social inclusion. This is one of the major areas of additional value of these funds to enhance existing domestic funds.

In the new ESIF programme, the European Commission has indicated to the UK that at least 20% of European Social Fund allocation must be dedicated to this thematic objective and European Regional Development Fund expenditure might also count towards this total.

The opt-in model works by national programmes/ organisations offering a mechanism for the delivery of Local Enterprise Partnership priorities and/ or the provision of eligible match funding. Several national programmes/ organisations with strong alignment to the objectives of the European Structural and Investment Funds have produced prospectuses setting out their offers to Local Enterprise Partnerships. As part of the development of their European Structural and Investment Funds Strategies, Local Enterprise Partnerships should decide whether they would like to opt-in to these offers and, if so, how much to allocate to them. In relation to social inclusion activities, Government asks Local Enterprise Partnerships to opt-in to the offer from the Big Lottery Fund unless they are able to find and set out alternative sources of match funding for these activities.

Due to the European requirement for at least 80% of European Social Fund to be focused on four investment priorities in more developed areas (and at least 70% and 60% in transition and less developed areas respectively) for thematic objectives 8,9 and 10, Local Enterprise Partnerships are encouraged to focus on activities that would align with active inclusion to improving employability.

NCVO would argue that a balanced approach to funding should be sought in the new programme along with targeting of the funds to less developed areas and disadvantaged groups of society. Our case studies and community grants research indicates success in using this approach.

CASE STUDY TWO – EVIDENCE TO QUESTION SIX FURTHEST FROM THE LABOUR MARKET

Team East for Skills Achievements, East of England, 2012

The Team East for Skills 2012 Volunteering into Employment programme was funded by the European Social Fund (ESF) and Legacy Trust UK. Legacy Trust UK is an independent charity set up to create a lasting cultural and sporting legacy from London 2012 in communities across the UK. Inspired by the London 2012 Olympic and Paralympic games, the programme's aim was 'to help

unemployed people to improve their skills, engage in volunteering activity and in some cases gain employment' (www.teameast.org).⁵ The programme coincided with the recession in England and an associated decline in employment and/or training positions in the East of England region but still achieved positive results by using a local development approach and fostering links with over 80 partners and employers.

The value of working with a large number of local partners and employers helped the project achieve good outcomes and recognition.

Employment and Skills Outcomes

The Project targeted long term unemployed beneficiaries. Of the 1546 participants, 196 had moved into employment, 269 were engaged in further learning or job searching and 176 were volunteering by the time they left the programme. 50% received a positive outcome and 13% gained employment. Many of the participants had been unemployed for a long time, with 38% saying they had never been employed or self-employed. Employment was gained in local opportunities: retail, cleaning and leisure support services (sailing instructor, catering); some beneficiaries gained employment in higher level skilled jobs such as care support worker, education assistant, conference and event manager, gym instructor and retail manager. Some beneficiaries who met the further education and training outcomes were enrolled in a Masters degree programme at the Open University, engaged in sports leadership, GCSE and access to social work qualification and level 3 business and management course. Those who were successful in employment after attending the training were awarded a Bronze and Silver level qualification.

This case study demonstrates the value of a bottom up approach in terms of identifying local needs and solutions. The evidence indicates that there is a high return on investment especially with groups furthest away from the labour market.

Question Eight: What are the main barriers to accessing EU funds? What might be done to overcome these?

Question Nine: What practical steps could be taken to reduce the administrative burdens in getting funding from EU programmes?

EU funds often present a complex picture for delivery; this is in part due to the original rules set out by the European Commission and in part due to the interpretation at national level.

Main barriers to accessing EU funds

According to EFN's response to the informal consultation on the future delivery of Structural Funds in England published in April 2012, structural funds have not been as effective in delivering the tasks

⁵ Schneider, Goodacre, & Holman, 2012

as set out in the various treaties as they could be.⁶ We will use the delivery of European Social Fund in England in the 2007-2013 programme as an example. Over the past programme, the majority of the ESF funds were subject to open and competitive tendering. These procedures can be bureaucratic, complex and lengthy. From research and experience with the system of co-financing and open competitive tendering (OCT), layers of bureaucracy, additional to those deriving from the European Funds, have been added to accessing the funds.

The last evaluation of co-financing within the ESF programme '*The third evaluation of European Social Fund co-financing*' found that this system presents barriers to participation amongst smaller providers – both from the private and the voluntary and community sectors due to the trend of larger contracts and PbR (see above for further detail).

This continues to remain the case as we have seen through the Work Programme and NCVO has raised its concerns about continuing with larger contracts, outcome related payments and scale of bureaucracy. Consortia would be a more accessible route for VCSE organisations to engage with contracts and we would advocate that the Managing Authority introduce a blend of funding/delivery mechanisms and payment systems (grants, contracts, community-led local development) to increase flexibility to deliver the key priorities. The Guidance to Local Enterprise Partnerships advocates this approach.

The Community Grants programme through, Grant Co-ordinating Bodies, was intended to be light touch in terms of administrative systems, but is not totally immune from additional bureaucracy. Due diligence checks have been applied and in some cases, resulting in organisations not applying and valuable funds not being spent. NCVO commissioned community grants research project and found that some voluntary and community organisations felt that the amount of administration had a negative impact on clients as the paperwork was perceived as intrusive and off-putting for beneficiaries furthest away from the labour market e.g. working with beneficiaries with literacy problems, LGBT projects and offender projects.⁷

In addition, a project manager from a Grant Co-ordinating Body of the Community Grants programme gave the following testimonial...

“We had one group, a gypsy and traveller group, who struggled with the information we asked for on the Individual Learner Records and that was a massive barrier for them. They handed the money back because it was too bureaucratic for them.”

The voluntary, community and social enterprise sector experience in England is mostly at the sub-contracting level. The challenges for sub-contractors have been well documented particularly

⁶ Partnership Agreement: Delivery of Structural Funds, Rural Development Funds and Maritime and Fisheries Funds in England: Informal Consultation Document. Response from European Funding Network April 2012

⁷ Building capacity in individuals and communities : the value of funding community led projects, January 2014

around cash-flow; delays in payments; narrowly specified contractual requirements and targets; short sub-contracts not allowing for innovation to flourish.

All of the above are administrative burdens resulting directly from co-finance, mainstreaming ESF, the use of OCT.

Practical steps proposed in the new programme to remove barriers

There is an opportunity with the new round of ESIF for national authorities to set out a different model for delivery of these funds which would allow for more localised delivery.

For the future programme and opt-in offer from the Big Lottery Fund, VCSE organisations will be able access opportunities addressing social inclusion and combating poverty through either a fair, open and transparent '*pre-application*' process in their areas to select a lead organisation (ideally a VCSE organisation) to apply to Big Lottery Fund or single, direct, applications for individual projects. All bids will meet the needs identified by one of the thirty-nine Local Enterprise Partnerships (LEPs).

A level of scrutiny and accountability will always be required when using public funds: the experience in this current ESF programme of ensuring providers compliance with rules and regulations at the beginning of the funding period and periodical auditing/monitoring visits during the life of projects is helpful and should be retained in the next programme. Document retention continues to be a burden as records need to be kept in some cases for over 10 years after programme closure (1994-1999 programme records can be destroyed this year for instance). The new proposals seek to reduce document retention to 5 years, through the introduction of partial closure which is welcome.

Availability of Technical Assistance to infrastructure organisations could also help with support and training organisations in adequate record keeping, administrative systems etc.

Conclusions

The basis of the European Structural & Investment Funds can provide a beneficial opportunity for projects initiated by VCSE bodies to address social, economic and environmental objectives. These funds are allocated on a long-term basis and can therefore provide a stable grounding for sustainable projects to address entrenched social and environmental challenges. These objectives remain relevant and can be addressed in a complementary approach which is additional to domestic funds.

In the 2007-2013 ESF English programme we recognise that many voluntary and community sector groups experienced unnecessary barriers to involvement due to challenges such as large contracts and the need for up front capital funding in a payment by results framework. The UK did meet its performance targets but may not meet some of its equality targets around gender. In addition, there is evidence that Co-financing and prime contracting did not provide opportunities for people furthest from the labour market. In the new programme, we welcome targeting 20% of ESF funding to promoting social inclusion and combating poverty. Finally, we support a local approach to priority setting and the offer of match funding to Local Enterprise Partnerships by the Big Lottery Fund.

In the new programme, we would welcome a reduction in bureaucracy and a simplified approach to procurement to include competitive grants, sensible payment systems outside of payment by results, and a simplified audit system. The new strategy for priority setting and business processes should complement the objectives of Cohesion policy, creating growth and jobs, tackling climate change and energy dependence and reducing poverty and social exclusion.

References

- Commission, E. (n.d.). *Cohesion Policy 2014-2010*. Retrieved from http://ec.europa.eu/regional_policy/what/future/index_en.cfm
- Community, I. O. (January 2014). *Building Capacity in Individuals and communities: the value of funding community led projects*.
- Dr Claudia Schneider, J. G. (2012, February). Team East for Skills (Evaluation Final Report). Cambridge & Chelmsford, East of England.
- European Funding Network*. (n.d.). Retrieved from <http://europeanfundingnetwork.eu/>
- NCVO, S. F. (2012). Women Like Us Case Study. London, England.
- Pensions, D. f. (n.d.). *Annual Implementation Report, England and Gibraltar European Social Fund, Convergence, Competitiveness and Employment Programme 2007-2013*.
- Winyard, P. (2012, September). The Work Programme Perceptions and Experiences of the Voluntary Sector. London, England: National Council for Voluntary Organisations.
- Women Like Us*. (2012). Retrieved from <http://www.womenlikeus.org.uk>

For further information, please contact Ingrid Gardiner in the Partnerships & International team at Ingrid.gardiner@ncvo.org.uk.