



European Union

European
Social Fund

2014-2020 ESF Programme

Action Note

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Revised ESF Operational Programme – notification of adoption by the European Commission and summary of changes.

Who

All new applicants for ESF funding, existing Beneficiary Organisations, the Greater London Authority, Intermediate Bodies, LEP areas and the ESF Managing Authority.

What

The ESF Managing Authority has undertaken a mid-term review of the ESF Operational Programme (OP). This has been approved and adopted by the European Commission and published on GOV.UK. Headline Changes are summarised below. The revised Operational Programme can be accessed [here](#).

Cleared

Steve Spendlove

Background

The ESF OP sets the strategic direction for the 2014 to 2020 programme, including expected standards, outputs and results. It was developed in 2014-15 through a substantial consultation exercise, including with Local Enterprise Partnerships (LEPs). The OP reflects LEP area strategies to increase employment and skills at a local level.

DWP, as the ESF Managing Authority, has carried out the required [EU regulatory] mid-term review of the OP for the ESF England 2014 to 2020 programme.

This review focussed on:

- reviewing policy approaches to ensure the programme going forward is evidence based and builds on current and future policy direction;
- a review of current OP text to correct a number of discrepancies, adjust allocations and assess any impact on targets;
- reflecting on performance to date and whether current assumptions should remain or be adjusted.

The review involved consultation with a range of stakeholders, including Ministers, Co-financing Organisations and Policy colleagues in DWP and other Government Departments. We also consulted Growth Programme Board on our proposals and gathered a variety of evidence from local organisations including Local Enterprise Partnerships.

Headline changes

The headline changes to the OP are summarised below:

Youth Employment Initiative (YEI)

The revised OP reflects the potential to continue to spend YEI after the original 2018 deadline. This change has been widely communicated already, including in Action Note 021/18 (published on GOV.UK in May 2018). The OP modification makes the necessary technical changes in the document to allow that position to occur.

How the Programme supports Apprenticeships

The introduction of the Apprenticeship Levy in 2017 has altered how Apprenticeships in the UK are funded. Employers with a wage bill over £3m per year are required to pay an Apprenticeship Levy from which the training costs associated with an Apprenticeship are funded. However, the wage costs for an Apprenticeship have to be paid by the employer. The modified OP confirms that payments out of the Apprenticeship Levy which fund apprenticeship training are eligible for match funding purposes. Grant Recipients who are required to contribute to the Apprenticeship Levy **cannot** claim their contribution as a direct salary cost as the contribution does

not form part of an employee's salary package. [More detail on the use of the Apprenticeship Levy as eligible ESF match is provided in ESF Action Note 006/17 published on GOV.UK in October 2017.]

Change the definition of PA2 to remove the inference that the priority axis only targets employed people

Evidence suggests an on-going and potentially increased demand for skills provision. This reflects the impact of the rollout of Universal Credit and skills gap analysis to reflect more fluid movement between out-of-work and in-work, and the need to ensure skills provision reaches those who need it. The headline definition of PA2 has been changed to remove the inference and historical use of the priority axis for ONLY employed participants, whilst maintaining the difference in underlying aims between PA1 and PA2 (equipping people to be able to take up a job versus equipping people and SMEs to progress).

Contact

For questions please contact ESF.2014-2020@DWP.GSI.GOV.UK