

## CONSULTATION RESPONSE FORM

**Question 1** - The table in part 5 provides an overview of the proposals under each of the EU 2020 headings – Smart, Sustainable and Inclusive – matched against the relevant thematic objective and investment priorities. Do you think the investment priorities are the most appropriate ones for the activity suggested?

This response is collaborative across a group of voluntary sector partners, who wish to make a unified response to the consultation.

The group are mostly concerned with inclusion activity focussing on enhancing employability and taking up and sustaining employment. As a group, we are pleased to see that Poverty and Social Inclusion is included as a distinct proposal in Part 5 / 11. Given the importance of this in relation to on going UK Welfare Reform, we would have hoped that there would have been more information on the proposal and the lead organisation or body. Whilst there is a reference to a significant delivery role for the Third Sector, many current third sector ESF providers have a much stronger partnership working affinity and relationship with their local authority led CPP – as opposed to say a third sector national representative body. This is particularly the case for smaller local or specialist agencies, which have had a strong role in current P5 pipeline delivery. We would hope to see this consistency of involvement and partnership working at local CPP level continue in the 2014-20 Programme.

In terms of the investment priorities in Part 5 / 11, perhaps support to sustain employment could be added to improving employability. The importance of effective stage 5 aftercare (which the Scottish Government recommends should include ongoing career development and income maximization) in the workplace cannot be undervalued, as the lack of a coherent workplace support package often ‘unwinds’ all the work and effort undertaken in ‘getting there’.

The Pipeline / Youth Employment Proposal within Part 5 / 10 is clear, as are the related investment priorities.

We are worried that some current and effective P5 activity will be dissipated or lost, if there is a prolonged gap between the current programme ending and the new programme commencing (see our response on this within Q6).

**Question 2** – Section 6 sets out the linkages between Structural, Rural and Fisheries Funds as well as linkages to other EU Funding Programmes. We would welcome stakeholder comments on these linkages in order to help us develop this thinking further

We have no comment to make on this aspect.

**Question 3** - Do you think the new proposals will have a positive or negative impact on the protected characteristics and wider issues of inclusion and participation?

As previously noted, it is positive that addressing Poverty and Social Inclusion is a singular proposal in its own right. The overall group of proposals should have a positive impact on inclusion and participation, but this will depend on the overall allocation of resource to each proposal heading.

**Question 4** - If you think there will be a negative impact on the protected characteristics or inclusion and participation please provide suggestions as to what could be done differently to diminish this impact.

We have witnessed, in the past couple of years, a strong movement towards addressing youth unemployment with additional resources allocated accordingly. In terms of applying balance and a fairer allocation of resources, there is a view that investment in employability / employment support provision for people over the age of 25 has diminished and that this should be addressed. Similarly, people on disability or health related benefits out number JSA claimants in most local authority areas, by a ratio of three or four to one. This should also be taken into account in terms of resource allocation.

**Question 5** - Please provide your views for improving the process for design, procurement, delivery, monitoring and evaluation to strengthen delivery of sustainable development.

Accommodating Horizontal Themes has not been a strong or even priority element within most project activity. Whether the stated move to an outcome based approach would enhance its importance in terms of monitoring performance is a moot point. We think some further work has to be done on the incorporation of horizontal themes. It has always been approached from a bigger (picture) perspective as people immediately think 'environment'. Perhaps an alternative should be how do the horizontal themes apply to the individual project participants, and how can a bigger impact (picture) be built up from the various individual impacts? And how do we encourage / foster that ripple effect?.

**Question 6** – Do you have any further comments on the proposals outlined in this document?

The ESF P5 Providers Group collective comments and concerns refer mainly to the following issues -

- 1) The timeline for implementation of the new programme and the looming gap between the cessation of current programme activity and the start of new programme delivery.
- 2) The management structures proposed for the delivery of the new 2014-20 programme, particularly the 'Super CPP' concept and the impact that this may have.
- 3) The proposed cost model and how applicable and economically viable it will be for provision where longer term 1:1 support is as prevalent as shorter timeframe 'classroom' based group / volume provision.

Expanding on these points:

1) Based on current information and taking the various steps still to be completed into account, namely –

- the still to be completed ratification process at Commission level,
- the time required for the follow on allocation and application process,
- the formation of 'managing agencies' to participate in this process,
- the lead time for 'local' projects to then get up and running, and
- the commencement of a claim or reimbursement process still working in arrears

We are collectively concerned about the impending ESF funding gap and, there seems little possibility that new programme activity will be up and running from 1<sup>st</sup> July 2014 or project monies in the system until much later. Whilst 'broader brush' administrative systems might be in place on that date, delivery activity most probably will not. This then creates a gap in support for the many vulnerable jobseekers currently receiving support – jobseekers who will most certainly remain key eligible participants under the new programme and its thematic objectives and investment priorities.

Successfully managing the transition to a new programme has, historically, been a difficult process – witness previous 'prolongation' and 'shadow round' solutions and the audit ramifications of those bridging mechanisms. However, we must remain focussed on the impact of any transition gap on the 'end user'.

Current programme beneficiaries / participants find themselves in an economic and political environment that is much more difficult and perilous than previous ESF transition periods. The inadequacies of UK national programmes allied to on going welfare reform mean that many vulnerable jobseekers now rely on ESF funded provision as their main or only form of support. Putting aside any debate on the ESF concept of additionality, this is an 'on the ground' and unavoidable fact.

So, in terms of a programme transition gap –

- Vulnerable jobseekers will lose their main or only form of support for an indeterminate time

- Delivery capacity, capability and on the ground expertise will be lost or fragmented as individual projects downsize or close
- Much of this delivery capacity will have to be rebuilt a number of months down the line to work with the same ESF beneficiaries
- Match funding relevant to the gap will be 'burnt' as project sponsors will be loath to start activity without confirmation that they will actually be part of the new programme

The advice given on these issues, so far, has been 'consult with your funding local authority' with the qualification that the Scottish Government centrally funds those authorities to deliver on their respective SOAs, and the government cannot dictate what the local authorities spend their money on. This form of 'pass the parcel' back to the local authority does not offer a realisable solution in the timeframe required, and we would ask that a more pragmatic and realistic approach be taken in addressing the issue of 'funding the ESF gap'. The simple logic is that already vulnerable people will lose out even more because of technical issues.

2) The structures and processes for the new programme, given current information, appear to be well on the way to completion. We are aware that there has been a lengthy dialogue between the Commission and the Scottish Government around reducing the number of 'managing agents or partners' across the new programme i.e. reducing from the current 800+ projects down to approximately 20 managing agents or partnerships across all elements of the programme. These managing agents will then be allocated a proportion of the overall funding pot in relation to the thematic objective and investment priorities their proposed activity addresses.

We believe these discussions have led to the development of the Super CPP concept – which we anticipate will be relevant groupings of local authority CPPs as opposed to the single local authority led CPP model currently in place. We are also aware that the number of SCPPs might be as low as six or seven – approximately one third of the overall number of programme managing agents. Based on experience of other programmes this looks very much like a prime contractor model, but where the single prime contractor is really a group of competing bodies trying to get as big a share of available resources for their 'own patch'. This, we think, could be a difficult concept to make work in practice. Some may even ask who would want to take on the lead role within an SCPP?

One can see some logic in reducing the numbers of 'key players', but we are concerned that this desire for 'top down' simplification of the programme management structure might actually lead to some significant 'bottom up' complexity. The process of determining who will be the lead partner within the SCCP, and allocating the resources required to undertake and fulfil that role will also be a complex process – one which 'jars' with the suggested 'new activity can take place from' timescales.

An additional concern is how the SCPP then contracts out activity to delivery partners. Purely in terms of geographical scope and coverage, we think there might be a desire to engage and contract with larger organisations (even ones big enough to have their own bidding teams), at the expense of smaller localised or specialist providers who already have the on the ground presence, profile, connections and nous to deliver more effectively – unless they are forced to become 'tier 2 subcontractors' to these tier 1 contracted delivery partners. This is a model prevalent within national programme delivery and in many cases it is used to hive off a 'management fee' at the top level of provider – to the detriment of the organisation lower down the 'supply chain' undertaking the actual delivery.

From an audit perspective, with much higher value composite claims or invoices being

produced at SCCP level (apologies if our understanding of the proposed new simplified cost model makes this a red herring), the preparation of financial transaction lists with supporting materials and audit of same will be more complex at the SCCP level, resulting in delayed payments. If there is also an advance payment mechanism in place, then this may place a further significant financial burden on the lead within the SCPP.

3)The simplified cost methodology is being built around the foundation of unit cost. We do understand that work is being undertaken on a number of unit cost variants applicable to different modes of delivery.

We would ask that there should be a strong focus on activity where long term 1:1 support is undertaken in both the pre and post employment stages of a person's pathway to work. This is particularly relevant for supported employment agencies working with people with disabilities and / or long term health issues. In most cases this support relationship traverses all five stages of the employability pipeline model with varying levels of input and intensity of support across the different stages. The issue here is that every individual is different and it would be very hard to apply a definitive unit cost, as one could in a classroom or group training scenario where all costs are the same, regardless of the variation in participant abilities. Care will have to be taken here – in terms of creating a bandwidth of eligible unit costs for the supported employment model - to make this kind of activity financially viable for the provider. This bandwidth of acceptable costs (to get a job) approach was taken in the Scottish Government's 'Framework for Supported Employment in Scotland' published in 2010.