



# Building Better Opportunities European Social Fund Support Team





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# Who are we?

- Partnership between Baker Tilly and Ecorys UK
  - The Risk Advisory Division of Baker Tilly which specialises in providing advice on risks and controls to public sector and not for profit organisations
  - Ecorys has longstanding experience of ensuring compliance with EU and ESF regulations through its management of the ESF Equal and Pan London Objective 3 and is UK National Agency for Erasmus + with British Council



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## Our Role on BBO

- Provide support to potential applicants, applicants and grant holders of Building Better Opportunities (BBO)
- Help organisations understand and implement the detailed requirements that come when delivering a project that receives ESF money
- Provide guidance and support on ESF rules and regulations



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# BBO ESF Team Areas of Support

- Eligibility of participants and expenditure
- Actual costs
- Record-keeping
- Data reporting
- Publicity
- Cross-cutting themes



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# BLF BBO Team Support

- Queries about application process including development funding
- Queries about project outlines and delivery model
- Queries about specific target groups and funded activities
- Funding officers: project set-up, performance, reporting, approval of project changes



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# Stage 1 (Project Outlines)

- Provision of 'Points to Consider' guidance documents and FAQs via [www.bboesfsupport.com](http://www.bboesfsupport.com)
- Telephone and email helpline 0330 123 3844 [support@bbofesfsupport.com](mailto:support@bbofesfsupport.com)



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## Stage 2 (Full applications)

- Helpline continues
- BBO ESF support manual
- Briefing sessions and webinars
  - Help us identify the priority areas
  - Perception survey coming out soon



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## Stage 3 (Live Grants)

- Site visits and 1 2 1 assistance in developing and reviewing appropriate information and management systems
- Further guidance documents, checklists and templates
- Support on assembly and review of first and second claims
- **We will not be undertaking project audits**





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# Covering today

- Identifying some of the key ESF based issues relevant to Project Outline stage
  - BBO Audit and financial requirements
  - Participant eligibility and data requirements
  - Publicity requirements
  - Cross Cutting Themes
  - Lessons from previous ESF rounds



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# Aims

- Reiterate the key requirements of ESF funding
- Identify what organisations and partnerships should be aware of when considering whether to bid and what to bid for
- Help you make an informed decision about whether to bid and who with
- Ensure that ESF compliance is built into your project ideas, partnerships and budget right from the start of Stage 1
- Prevent false starts, wasted time, unsuitable or ineligible applications
- Minimise your risk and risk to Big Lottery Fund



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# Current Position

- Many elements of ESF and BBO programme still being discussed between Big Lottery/DWP and DWP/EU
- Will be areas of details we can't cover today as details not confirmed
- Flag up questions and we'll take them back to the Big Lottery Fund
- As things are agreed and finalised we'll issue written guidance
- Focus on what you need to think about now to make a strong Stage 1 bid



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**Break**



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# ESF Key Principles

- **Co- financing (BLF is co-financing BBO)**
- **Non profit:** Core part of the ethos of ESF
- **Non retrospective:**
  - BIG Development Funding is outside ESF and should help you with pre delivery costs
- **Non cumulative**



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# An Ideal Lead Partner?

- Vision for the project and clients
- Track record of delivering large projects
- Experience of managing EU funding
- Good connections locally and thematically
- Capacity and desire to manage and lead partnership
- Resources to support and develop partners
- Knowledge of local strengths, weaknesses and priorities



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# Lead Partner Responsibilities

- Procedures for distributing funding to partners and claiming from BIG
- Agreeing evidence requirements across partners
- Collect and retain all financial evidence from partners
- Maintain database of participants
- Project and partner performance monitoring and management
- Ensuring engagement with target participants
- Evidence of learning and progression
- Cross Cutting themes and publicity
- Reporting to BIG
- Delivery of targets
- Audit compliance

These are significant obligations, not just figurehead role.



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# BBO Audit Arrangements

- Audits NOT carried out by BBO ESF Support Team
- Audit arrangement and timing not yet finalised
- BBO funds should be included in your annual organisation audit
- Any project can be chosen for sample or full audit by Big Lottery Fund, DWP or EU
- Liable for audit for up to 10 years after completion (2029!)





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# EU Article 16

- EU contacts the Contracting Authority
- Random sample of projects selected- it could be you
- Audit covers the following:
  - Organisation and Project Overview
  - Financial Control and Confirmation of expenditure
  - Consultancy Support and Grant Awarding Projects
  - Tendering and Procurement
  - Project Monitoring Systems and Outputs
  - Publicity



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## A16 Organisation Structure and Project Overview

- Application form and BBO contract
- Organisation chart, job descriptions, progress meeting minutes
- Policies and procedures etc
- Partnership Agreements
- Service Level Agreements



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## A16 Financial Controls and Confirmation of Expenditure

- Original invoices
- Payslips/payroll printouts
- Time sheets for part-time staff
- Expenses claims and receipts
- Apportionment methodology (overheads/hourly rates) and
- Calculations
- Evidence of defrayal – BACs runs and bank statements
- Measures to prevent fraud



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## A16 Consultancy and Grant Awarding project

- Customer Journey
- State aid
- **Publicity**



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## A16 Project Monitoring Systems and outputs

- Minutes of project monitoring and management meetings
- Substantiate outputs and progression
  - Participant records
- Equalities



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# A16 Tendering and Procurement

- OJEU notice/adverts
- Details of responses to OJEU notice/adverts
- Selection stage – Pre Qualification Questionnaire (PQQ) – responses
- PQQ - Evaluation criteria and scoring; short list
- Invitation to Tender (ITT) – specification
- Record of tenders received and all tender documents
- Award stage – Evaluation criteria and scoring
- Contract award proposal and approval
- Letters to successful and unsuccessful tenderers
- Award notice (OJEU)
- Signed contract



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# Preparing for Audit

- Lead partner is audited - must have everything they need on site
- Potentially liable for audit at any time from commencement to 10 years after end
- We'll work with you in first six months of delivery to help you establish and road test the systems you need
- BIG Lottery Fund to support throughout delivery
- BIG Lottery may make spot checks and small samples in delivery stage
- Clawback can be anytime up to 10 years
- Minimise your risk!



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# Preparing for Audit

## Annually

- Visit your partners and carry out your own mini audits
- Check paper budget against the cost codes
- Follow our document checklists (to follow)
- Review all documents and records
- Agree and follow up with partners





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**Break**



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# BBO Cost Types

- Direct (actual) costs
  - Directly related to project
  - Usually mostly staff and participant costs
  - Must be actual costs
- Indirect (overhead) costs
  - Not directly related to the project
  - But legitimately incurred in supporting projects
  - Usually overheads, calculated proportionately, but still part of actual costs that have been incurred
- Stage 1 Bid = outline costs
- Stage 2 Bid = detailed costs & methodology
- Delivery stage= incurred and evidenced costs



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# What are Actual costs?

- All costs paid by BBO must be actual costs incurred and defrayed (paid) by projects
- Understood that Stage 1 bids will include some assumptions
- Briefing sessions and workshops to cover this in detail later



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## Actual (direct) Costs- staff

- Dedicated staff - 100% dedicated to and funded by ESF
  - job description
  - letter of appointment
  - payroll information
- Part funded staff
  - Payroll
  - Timesheets (signed, 15 minute blocks)
  - Regular work records showing relevance to BBO project
  - Senior mngt staff should follow this if you want to claim for any of their time



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## Actual (direct) Costs- staff

- Part-funded staff
  - Calculate hourly rate based on days/hours worked per year
  - For standard FT 37.5 hour week usually  $52 \times 5 = 260 - 40 = 220 \times 7.5 = 1650$  working hours per year
  - If gross salary £40,000 = £24.24 ph
  - Include gross costs e.g.
    - Salary
    - On costs
      - employers NI, Taxable bonuses, Employers' Pension



# Actual (direct) Costs - Participants

- Everything claimed by participants needs to be supported by evidence
  - Travel and expenses
  - Childcare
- Get this evidence from beneficiaries before you pay them
- Participant Allowance
  - represent value for money
  - affect the level of benefits the participant may be entitled to, which you'll need to discuss with the local Jobcentre Plus office
  - conform to HM Revenue and Customs rules on taxable income.



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## Actual (direct) Costs - Others

- Staff Expenses (linked to project)
- Consumables (linked to project)
- Venue Hire/lease or rent of buildings (linked to project)
- Equipment Hire
- Depreciation (if on items solely used by project)
- Small items < £1,000
- Consultants/agency staff



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## Overhead (indirect) Costs

- Overheads include:
  - General admin and support staff (not senior management)
  - Premises (if only partly used by the ESF project)
  - Small items (if only partly used by BBO)
  - Insurance
  - Utilities, telecoms etc
  - Stationery etc





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## Overheads

- Indirect costs to be calculated at start and applied at same rate throughout
- Max 20% of direct costs
- Calculate proportion of total operating budget spent on eligible indirect costs
  - Charge this to ESF proportionately
  - E.g. if ESF is 10% of annual income then 10% of overheads to ESF



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# Some Ineligible Costs

- legal fees
- loans, fines, bank charges and interest payments
- projects that generate revenue, except for new social enterprises
- Redundancy costs
- second-hand equipment
- staff training
- vehicles.



# Must Dos

- Time recording system - all partners
- No evidence, no payment principle with partners
- ESF Cost codes
- Budget for lots of finance & project mgt staff time
- Only lead if you can handle it
- Tight Partnership Agreement and SLAs
- Regular senior management reviews of compliance
- Don't cover up any issues
- Ask for help and support!



# OJEU Procurement Thresholds

- Education and training services to the person are “Part B”
- Principles of transparency, non-discrimination, equal treatment and proportionality



Current OJEU threshold for Part B (total contract value)

Services                    £111,676 (if considered DWP procurement)  
                                      £207,000 (if Big Lottery)

We'll confirm which applies.

Any procurement above that threshold must go on OJEU

Partners named in bids are not procurement.

DON'T SPLIT ITEMS TO FALL BELOW THRESHOLD- e.g. tendering for separate 2 x 1 year contracts



# Procurement- where to advertise

## ***If below the threshold:***

*There should be “a degree of advertising sufficient to enable the services market to be opened up to competition and the impartiality of the procedures to be reviewed.”*

- Follow your organisational procedure
- Consider use of portals such as Contract Finder/Compete for
- Trade Journals
- Local/national press
- Existing framework or shortlist
- Specification; tender; scoring; award should all be documented
- Check your policy for preferred number of quotes/ tenders



## State Aid

- For 2007 – 2013 programme ESF Priorities 1 and 3 were not in scope for State Aid
- Most BBO activity (ESF TO 9) is not supporting people already in work, or supporting business
- Definitive guidance and confirmation on this when it's ready

<https://www.gov.uk/government/publications/state-aid-the-basics>



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# Participant Eligibility

- Participants must be legally resident in the UK and able to take paid employment in European Union member states and unemployed or economically inactive.
- <https://www.gov.uk/legal-right-work-uk/y>
- Keep copies of all the evidence listed here





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# Participant Eligibility

- Must also comply with target groups in project outline for your area
  - BBO very competitive and only the strongest projects will be funded



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# Participant Eligibility

- As a general rule, refugees are eligible, Asylum Seekers are not
  - But not always clear cut
  - <https://www.gov.uk/legal-right-work-uk/y>
  - Keep copies of all this evidence



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# Participant Eligibility

- BBO participants must not be employed or self-employed at start
- Young People aged below 15 are ineligible for BBO
- BBO has no upper age limit
- Homeless people are eligible
- Offenders are eligible but not those in custody
- See eligibility of each Project Outline



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# Participant Data

- More info from BIG as BBO develops and at Stage 2
- BBO will include some form of data reporting tool
- Projects need to capture, evidence and report approx. 30 characteristics of each participant
- Track and evidence each participant through all activity, results and outcomes
  - E.g. recruitment/assessment
  - Learning and support
  - Qualification
  - Job/Progression



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# Participant Data

- Assume need to develop a partnership wide database to record participation, results and outcomes
- Assume hard copy retention of evidence to support all data above
- Workshops and 1 2 1 support on this at delivery stage



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# Publicity

- A condition of the BBO funding is that you acknowledge both the Big Lottery Fund and the European Social Fund on any correspondence, buildings or materials used for the delivery of the project. This includes:
    - Job adverts and descriptions
    - Promotional materials, like leaflets, brochures, posters and newsletters
    - Any event, conference or workshop materials, like invitations, tickets, press releases, exhibition stands or presentation slides
    - General internal paperwork, like reports and papers
    - Social media tools, like Facebook, Twitter and SMS messages
    - Audio visual materials, like films, DVDs and CD Roms
    - Websites
    - ESF plaques or posters on buildings
    - Informing participants of ESF support
- Detailed guidance will be provided to all grant holders



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# Publicity

- You will also need to comply with any requests made by the Big Lottery Fund which could include:
  - Submitting news stories and case studies showcasing activities, outcomes and added value
  - Organising and publicising ESF visits by VIPs such as Government Ministers and representatives of the European Commission



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# Cross Cutting Themes

- Sustainable Development
- Non discrimination
- Equality between men and women
- Social Innovation





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# Cross Cutting Themes

- Sustainable Development
  - Must have policies and implementation plans which explain
    - a) commitment to promoting sustainable development and complying with relevant EU and domestic environmental legislation
    - b) how the commitment will be turned into action at project level.
- Usually requested at Stage 2 Application



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# Cross Cutting Themes

- Non discrimination
  - Providers required to adopt a holistic approach to meeting individual needs
  - ensuring that the design and delivery of their provision, including recruitment is gender sensitive
  - Providers will be required to ensure that their activities are fully accessible to disabled people in line with the public duty under the 2010 Equality Act.
  - <http://www.acas.org.uk/equalityact>



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# Cross Cutting Themes

- Equality between men and women
  - ensure that women can access and benefit from ESF support.
  - key legal requirement under the Equality Act 2010 and the Public Sector Equality Duty.
- Project applicants submitting tenders or applications will be required to explain how they will actively promote gender equality through the design and delivery of their projects.
- Actively encouraging more women to take part in the programme
  - type and nature of support offered is appropriate and helps meet the needs of women, including disadvantaged women.
- <http://www.equalityhumanrights.com/private-and-public-sector-guidance/public-sector-providers/public-sector-equality-duty>



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# Cross Cutting Themes

## Social Innovation

Testing and scaling up innovative solutions to address social, employment and education needs



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Europe wide lessons from past  
programmes



- Delivery team not sufficiently involved at bid stage

### **Partnership and management issues:**

- Inconsistent approach to publicity across partnerships
- Inconsistent documentation
- Insufficient management of partners/sub contractors
- Conflicts of interest - ask all your partners to consider & declare
- Lack of consideration of management and compliance capacity in partner selection
- Management over-reliance on sampling
- Lack of staff awareness, training and support on ESF
- Lack of challenge and “critical eye”
- Insufficient separation of roles- delivery/finance/oversight
- Lack of or delayed self- evaluation



## Finance Issues:

- Timesheets
  - Not detailed
  - Not signed
  - Not linked to project activity
- Miscalculation / misuse of overheads
- Verifying expenditure after claims are submitted
- Expenditure on items not required for delivery or at unsuitable times
- Over-restrictive procurement terms which limit choice

## Participant Evidence

- Lack of participant signatures
- Gaps in participant evidence and record keeping
- Using generic data collection forms and not ESF/project specific
- Reported deliverables not backed up by evidence



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# Bid/No bid considerations

- **MOTIVATION:** The best financial outcome you can expect under ESF is to meet your costs. No scope for surplus
- **FIXED COSTS AND GRANT:** Your approved ESF budget is an absolute maximum
- **SUPPORTING PEOPLE:** BBO and ESF is about supporting disadvantaged people, not your organisation
- **DELIVERY CYCLE:** ESF runs on calendar years (Jan - December)
- **CASHFLOW AND RESERVES:** Managing cashflow, clawback and risk with your partners





- RISK: ESF funding comes with a very real financial risk to your organisation
- IMMOVABLE OBJECT: ESF regulations cannot be changed or negotiated
- SCALE: Large scale projects, few per LEP area = collaboration and partnership
- LIFESPAN: End of delivery activity does not equal end of project- need to keep all records for 10 (ten!) years after end (i.e. to about 2029)
- ADDED VALUE: ESF can't be used to fund or to replace statutory services
- REVENUE ONLY: ESF can't buy any items more than £1,000 so revenue costs only.
- TIGHT FIT: Don't chase the money and apply for ESF because its there. Apply because it is the most suitable stream for what you want to do.
- PARTNERSHIP AND LEAD ARRANGEMENTS



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# Sounds Impossible?

- Hundreds of successful projects in England 2007- 13 programme - £2.5bn ESF spend
- Remember, 100% funding as matched at source by Big Lottery Fund
- In 2013 DCLG quoted that “3<sup>rd</sup> sector-led projects delivered efficiently, with good value for money and on the whole over-delivered against anticipated outputs”.
- Support available at every stage
- Planning + managing = success



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# Any Questions?

[www.bboesfsupport.com](http://www.bboesfsupport.com)

for resources and ESF readiness questionnaire  
and join our Mailing List

Helpline – Monday to Friday 9am – 5pm

[support@bboesfsupport.com](mailto:support@bboesfsupport.com)

0330 123 3844