

In-house Report 140

LOCAL IMPACT OF THE EUROPEAN SOCIAL FUND

Local Impact of the European Social Fund

Final Report
Prepared for the Department for Work and Pensions

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Abbreviations and Acronyms

ACLF	Adult and Community Learning Fund
BME	Black and minority ethnic
Bus	Business sector organisation (including private training providers)
CAB	Citizens' Advice Bureau
CF	Co-financing
CFO	Co-Financing Organisation
CRESR	Centre for Regional Economic and Social Research
CVO	Community or voluntary sector organisation
CVS	Council for Voluntary Service
DTI	Department of Trade and Industry
DWP	Department for Work and Pensions
EAGGF	European Agricultural Guidance and Guarantee Fund
EBP	Education Business Partnership
Ec Dev	Economic Development
ECDL	European Computer Driving Licence
ERDF	European Regional Development Fund
ESF	European Social Fund
EYDCS	Early Years Development and Childcare Strategies
FE	Further Education sector organisation
FIFG	Financial Instrument for Fisheries Guidance
FRESA	Framework for Regional Employment and Skills Action
GO	Regional Government Office
Gov	Government sector organisation or agency
HE	Higher Education sector organisation

ICT	Information and communication technology
IES	Institute for Employment Studies
ILM	Intermediate Labour Market
JCP	Jobcentre Plus
LA	Local Authority organisation
LLP	Lifelong Learning Partnership
LSC	Learning and Skills Council
LSP	Local Strategic Partnership
MA	Modern Apprenticeship
MTE	Mid Term Evaluation (of Structural Funds)
NDC	New Deal for Communities
NRF	Neighbourhood Renewal Fund
ODPM	Office of the Deputy Prime Minister
PRI	Policy Research Institute
PSA	Public Service Agreement
RDA	Regional Development Agency
RDP	Regional Development Plan
SD	Sustainable development
SF	Structural Funds
SME	Small or medium sized enterprise
SRB	Single Regeneration Budget
Ufi	University for Industry
YHA	Youth Hostels Association

Executive Summary

This report presents the main findings from the research project ‘Local Impact of the European Social Fund’ which was commissioned by the Department for Work and Pensions (DWP), as part of the Mid Term Evaluation (MTE) of the 2000-2006 ESF Objective 3 Programme in England.

The primary objective of the research study was to investigate the ways in which and the extent to which the 2000-2006 ESF Objective 3 programme is meeting the needs of local areas.

The following questions were addressed in the research project:

- To what extent and in what ways does the ESF programming, application and approval process reflect local needs?
- How is co-financing likely to affect the ability of ESF to meet local needs?
- How far and in what ways do ESF projects contribute to local development?
- To what extent and in what ways does ESF affect local ‘systems and structures’?
- Is ESF sufficiently geared to meeting the needs of rural areas?
- How effectively are sustainable development issues addressed in the ESF programme?

In order to address these questions, the research team:

- Reviewed a range of ESF programming documents at the national, regional and sub-regional level
- Interviewed a broad cross-section of individuals who are involved in the ESF programming, application, funding and monitoring process
- Reviewed almost 100 successful applications for ESF Objective 3 funding
- Undertook a postal survey of ESF projects, to which over 600 responses were received
- Carried out in depth case studies of over 20 ESF projects

Key findings

Programming and application process

- The ‘alternative bidding’ programming and application process generally provides scope for local/regional actors to develop projects to address specific local needs
- However, the need for match funding, complex procedures and short-term funding is felt to have deterred some groups from getting involved in ESF
- Co-financing may sharpen the focus on local needs and help more local organisations to get involved, with 100% funding seen as a major advantage.
- It is too early for definitive judgment but mixed views on co-financing were expressed by a range of informants and projects

Local systems and structures

- Partnership working and links with mainstream programmes is emphasised in applications, but the reality on the ground is mixed
- The application process may encourage bid writers to exaggerate the likely extent of partnership working and links with mainstream programmes
- Evidence suggests a positive but limited / incremental impact on local systems and structures, with ESF helping many local/community organisations to become (more) involved in partnership activity
- Capacity building appears to play a small but important role in helping local organisations to get involved in ESF and/or local partnerships

Rural development

- ESF supports a range of projects that are addressing needs of rural areas
- Some rural projects expressed concern about the recognition of rural issues and higher unit costs associated with working in rural areas

- In general, rural-based projects feel that ESF is geared to meeting the needs of rural areas
- But there are continued concerns about limited capacity to deliver in rural areas and the impact on rural projects of unit cost restrictions and/or short term funding
- There is a potentially important role for capacity building in rural areas

Sustainable development

- Sustainable development (SD) issues are not yet fully embedded in ESF. There is limited and often confused understanding at all levels
- Latent demand exists among ESF projects for further information/ guidance on SD issues, especially good practice examples and focused seminars/events
- Information / guidance / support on SD issues needs to be practically based
- Revisions to the scoring process and/or more effective monitoring may help to raise the profile of SD issues in ESF

Recommendations

Programming and application process

CFOs should be encouraged and supported:

- To develop and share good practice in the process of soliciting and assessing bids for Co-financing
- To continue to ensure that the widest possible consultation takes place around the development of CFO plans and prospectuses
- To continue to support capacity building activities at the local level with a view to broadening the base of organisations contributing to ESF.
- To take account of the strategies and objectives of other CFOs and key regional and local actors and to establish appropriate mechanisms for the ongoing monitoring of ESF activities at the local level
- To support a range of innovative and/or experimental projects and establish mechanisms through which the lessons learned from these projects can be fed back into other ESF and mainstream projects.
- To minimise the level of bureaucracy associated with the application and monitoring process, and to continue to provide support for those organisations that have limited administrative and technical resources
- Within the framework of the need for fair and open competition for funding, to facilitate the coming together of project promoters to put forward partnership bids for ESF funding and/or collaborate in implementing projects once funded.
- To ensure that the time periods allowed for project promoters to put together applications are sufficient to allow high quality bids to be submitted

Rural development

- CFOs and alternative bidding arrangements need to be particularly sensitive to the needs of rural areas and, where appropriate, actively seek out potential suppliers and projects addressing rural deprivation issues
- Particular emphasis should be placed on supporting capacity building activities in rural areas where there exists limited capacity to deliver ESF projects
- CFOs and alternative bidding organisations should ensure that proposals for projects addressing rural issues are not disadvantaged by relatively high unit costs, where such costs can be justified
- There may be a case for the establishment of a forum involving CFOs and regional bodies in areas with significant rural communities, to share good practice and establish co-ordinated approaches to addressing rural issues through ESF

Sustainable development

- There is a need for a national strategy for the incorporation of sustainable development into ESF Objective 3.

- There is a need for the development of a common understanding of sustainable development and there needs to be consistency in the application of key terms
- Additional guidance and support should be targeted at both project applicants and those involved in scoring and appraising projects. This should use all potential routes but focus particularly upon good practice examples and/or local/regional events.
- There is a need to build capacity within the regions to provide support and guidance for project applicants in relation to sustainable development, and to ensure that this is cascaded to CFOs.
- The appraisal of projects in relation to sustainable development needs to be more rigorous. To support this there is a clear need for training linked to the appraisal process as well as clear and unambiguous guidelines from the national level.

1 Introduction

- 1.1 This report presents the main findings from the research project ‘Local Impact of the European Social Fund’ which was commissioned by the Department for Work and Pensions (DWP), as part of the Mid Term Evaluation (MTE) of the 2000-2006 ESF Objective 3 Programme in England¹.
- 1.2 The primary objective of the research study was to investigate the ways in which and the extent to which the 2000-2006 ESF Objective 3 programme is meeting the needs of local areas, in the context of the European Commission’s desire that Member States should be focusing upon the local dimension of the European Employment Strategy². In principle, the ESF programme can impact at the local level in a number of ways, most clearly by providing funding to enable activities to take place in local areas that would not be supported by mainstream programmes and funding streams. More generally, ESF may enable new and different actors to become involved in local initiatives and/or in local partnerships to develop and deliver local employment plans or policies. Furthermore, ESF may play a particular role in supporting labour market initiatives in rural areas, which have specific needs that are more difficult to meet through mainstream activities. Finally, it is important to consider the local dimension of sustainable development, a key cross-cutting theme of the ESF programme.

The following questions were addressed in the research project:

- To what extent and in what ways does the ESF programming, application and approval process reflect local needs?
- How is Co-Financing likely to affect the ability of ESF to meet local needs?
- How far and in what ways do ESF projects contribute to local development?
- To what extent and in what ways does ESF affect local ‘systems and structures’, particularly through supporting the development and operation of local partnerships?
- Is ESF sufficiently geared to meeting the needs of rural areas?
- How effectively are sustainable development issues addressed in the ESF programme?

The research comprised a number of activities, the details of which are outlined in Annex A. In summary, the research team:

- Reviewed a range of ESF programming documents at the national, regional and sub-regional level
- Interviewed a broad cross-section of individuals who are involved in the ESF programming, application, funding and monitoring process
- Reviewed almost 100 successful applications for ESF Objective 3 funding
- Undertook a postal survey of ESF projects, to which over 600 responses were received
- Carried out in depth case studies of over 20 ESF projects

¹ Note that the study excludes ESF-funded activities that are part of the Objective 1 programmes in Merseyside, South Yorkshire and Cornwall

² See, for example ‘Strengthening the local dimension of the European Employment Strategy’ Communication from European Commission, COM(2001) 629

- 1.3 The data collection instruments that were used in the above exercises were designed to address the key research questions outlined above, and most of the findings presented in this report are corroborated by more than one source of information.

The report is structured in line with the key research questions, as follows:

- **Section 2** considers the operation and impact of ESF at the local level, focusing upon the programming and application process, links between ESF projects and mainstream initiatives and the extent to which local actors are involved in the implementation of ESF projects. It also considers the emerging evidence about the likely impact of Co-financing at the local level and explores the role of ESF in supporting systems and structures at the local level, focusing upon partnership activity
- **Section 3** examines the role of ESF in addressing the specific issues faced by rural communities, assessing the specific features of and problems faced by ESF projects operating in rural areas
- **Section 4** is concerned with the link between the ESF programme and sustainable development objectives
- **Section 5** examines the added value of ESF activities at the local level, building upon a framework developed for a wider study of the value added of Structural Funds
- **Section 6** presents a summary of the key findings and conclusions and sets out some recommendations designed to enhance the role of ESF in addressing local development and sustainable development objectives.

2 Operation and impact of ESF at local level

Policies and programmes

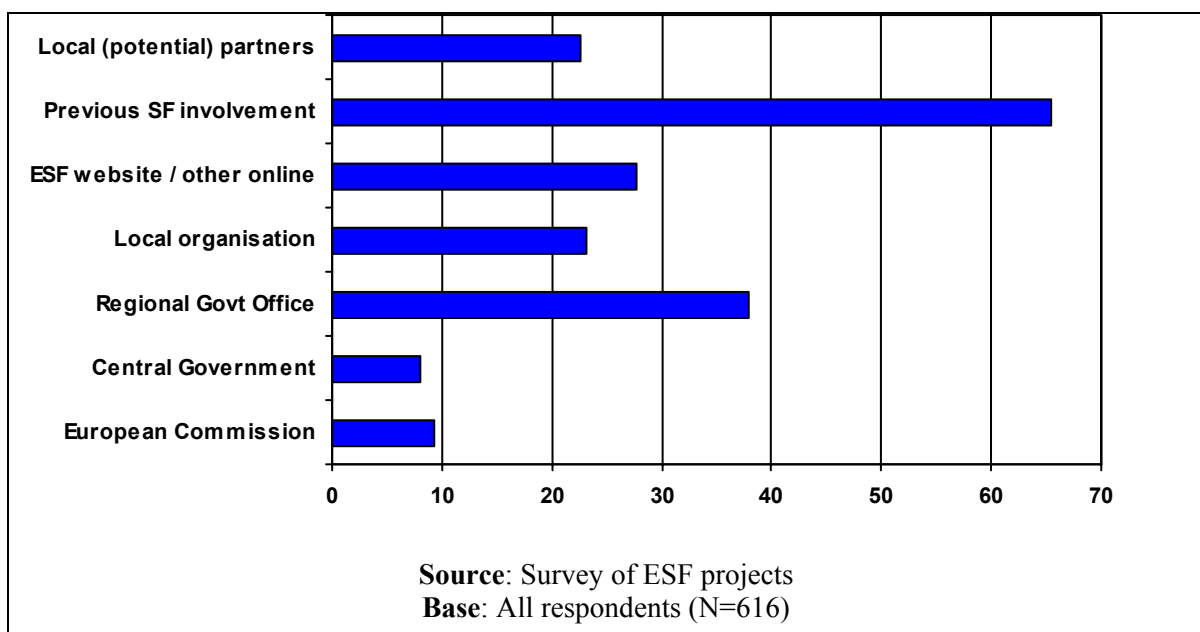
Local needs in the programming documents and application process

- 2.1 In this section we discuss how, and how far, the various documentation, procedures and systems through which ESF solicits and chooses bids from providers works to promote a local perspective from bidders, and a local focus within their projects.
- 2.2 We note here that much of the evidence derives from those who had successfully navigated the application and selection process, and that the views/experiences of these ‘winners’ might reasonably be expected to differ somewhat from the ‘losers’, whose perspectives we have not been able to investigate so directly.

Finding out about ESF

- 2.3 Our project respondents (both within the case studies and the survey) reported a wide and varied set of routes through which they had been drawn towards ESF funding. However, the dominant source for information about the current programme was through previous involvement with ESF, as Figure 2.1 clearly shows.
- 2.4 This clear dominance implies that a high proportion of providers are relatively familiar with ESF and its requirements/procedures through other, earlier projects. It may also suggest that a fairly high proportion of successful projects are sponsored by organisations who belong to an ‘insider’ group. Against this, it is also important to note that 46 per cent of all organisations indicated more than one source of their information, and that the other sources are still cited by quite high proportions of respondents. This suggests that information about the programme is quite widely and readily accessible to potential applicants, and in particular to providers with some previous experience of ESF or other Structural Funds programmes.

Figure 2.1: Source of Information re 2000-2006 ESF Programme (%)

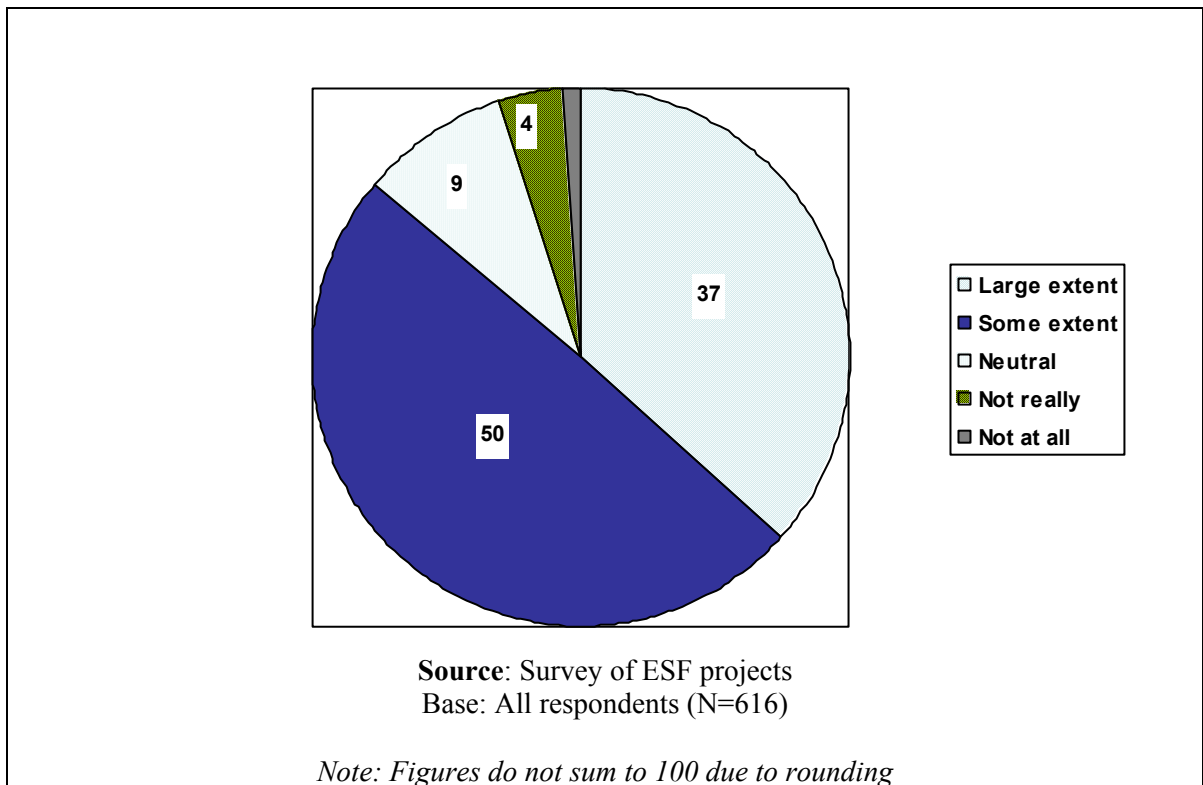


- 2.5 Further analysis of the survey data suggests that organisations with no (or limited) previous experience of Structural Funds programmes rely on a limited number of sources of information to find out about the ESF Objective 3 programme. Seventy per cent of such organisations referred to only one source of information, compared with 44 per cent of organisations with previous SF experience. The evidence also suggests that local organisations such as local authorities, LSCs or similar (29 per cent) and central government departments (12 per cent) are particularly important sources of information for providers without previous experience of Structural Funds.
- 2.6 In addition, we should also note that the fairly widespread citing by all respondents of the Regional Government Office (at well over a third of respondents), or a local organisation or local partner (at around half the sample when combined) suggests that information sources based within localities (and therefore perhaps providing guidance more helpfully focused on regional/local circumstances) have been very important sources of initial information and interest.
- 2.7 The case study evidence reflects the results of the postal survey, in that respondents mentioned a wide range of sources of information about ESF Objective 3. Some case study organisations (notably a university, Further Education college, medium-sized voluntary organisation and local authority) were well-established ESF providers with considerable experience of engaging in the application process, and links with a range of relevant organisations such as Regional Government Offices, LSCs and Jobcentre Plus. Such organisers were well ‘plugged in’ to the relevant information networks and were fairly easily able to access the necessary information, in many cases from a number of different sources.
- 2.8 Some of the case studies illustrate the need for a range of information sources and methods, formal and informal, particularly at the local level:
- A voluntary organisation working with ethnic minority groups and operating in the South East found out about ESF through letters sent by the local authority about ESF funding workshops
 - A medium-sized charity working on a national basis employs a full time fundraiser to seek out sources of finance
 - An information unit set up with Technical Assistance funding was a vital source of information and advice for two case study projects run by voluntary / community organisations in Cumbria
 - The Economic Development Unit of a County Council in Yorkshire and the Humber plays a key role in keeping local voluntary and community groups informed about ESF and in many cases submitting applications on their behalf
 - Publicity from Regional Government Offices and information contained in the Regional Economic Strategy and Framework for Regional Employment and Skills Action (FRESA) were mentioned by projects operating in the North West and the West Midlands, managed by a local authority and an FE college respectively

- 2.9 Fully 90 per cent of project survey respondents said that they were familiar with the ESF Regional Development Plan prepared by their Regional Government Office, and close on three quarters of them said that they had found this document helpful or very helpful in providing guidance for developing their project proposal.
- 2.10 Our documentary review of the RDPs (and other associated documentation such as the FRESAs) showed that while the principal focus of the documents tended to be on target groups of potential beneficiaries, there was nevertheless considerable attention devoted in them to spatial considerations. The balance of emphasis varied somewhat from region to region. Although the number of regions involved here was small, it did appear that the more varied the socio-economic circumstances of the region (for example the South East's small but deep pockets of deprivation and disadvantage), the more attention was given to locating and specifying those physical sites where intervention would be particularly helpful.
- 2.11 Certainly, there was also evidence from the project applications that applicants had taken this on board, and had both used significant amounts of spatially grounded data and insight in justifying their proposals³, and had proposed to make links with existing spatially-focused programmes, such as SRB and related community renewal initiatives. This is discussed further in Sections 3 and 4 below.
- 2.12 Our interviews with current projects suggested that RDPs were generally seen as broad enough to accommodate local needs, and in some cases more focused in highlighting very specific priority areas and locations. In this respect however, it is important to recall that for many of our project respondents (as with the RDPs) it was also the target group, rather than the exact location of the project, which provided the main 'beef' of their proposals, and indeed of their interest, commitment and specialist insight. Although clearly they could not hope to reach these targets in locations where they were not to be found, nevertheless location was often a secondary consideration. Despite this last caveat, it remains the case that almost all of our interview and survey respondents felt that the programme was geared to meeting local needs (Figure 2.2). This positive response is reflected across all types of organisation and project, with the relatively small minority of negative responses citing a range of concerns:
- Several respondents referred to the nature of the area in which they were working, expressing the feeling that ESF was not really addressing the specific problems of these localities. Notable examples are rural areas (see section 3) and 'pockets of disadvantage' within relatively affluent areas.
 - Some responses noted the need for ESF to become more 'bottom up' in its approach and to engage effectively with local grass roots organisations. Greater flexibility and reducing the bureaucracy involved with ESF are steps that are suggested.
 - The relatively short term nature of ESF funding can be a barrier to developing long term local programmes and partnerships, according to some respondents
- 2.13 It should also be noted that some survey respondents, for example those from higher education institutions and sector bodies, expressed the view that ESF should not concentrate solely on local issues, particularly if this were to be at the expense of a national and regional perspective.

³ In some cases the process was helped by the provision of relevant statistical information in ESF guidance, for example the 'Core Needs Analysis' circulated to applicants in the West Midlands

Figure 2.2: Is the ESF Objective 3 Programme geared to local needs? (%)

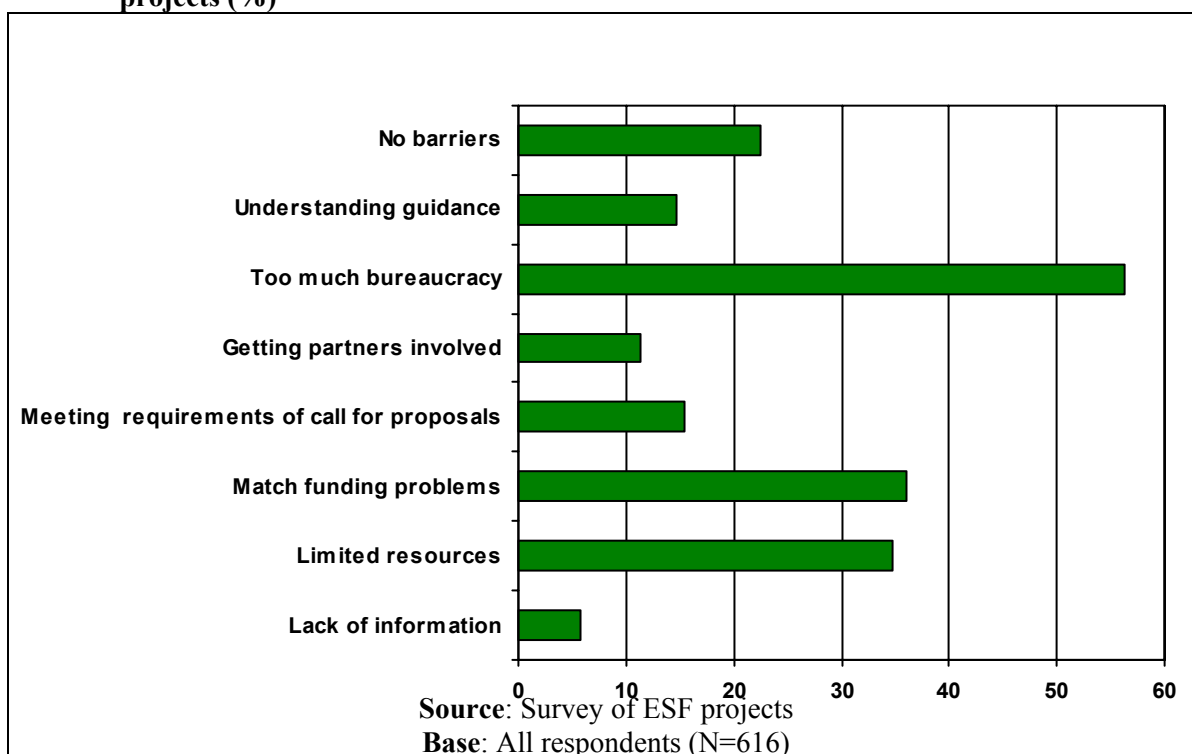


2.14 The application process was seen by most respondents to be clear, transparent and open, and they valued these attributes very highly. However, it was also seen as a considerable logistical investment often requiring significant amounts of expert resource, for example to access, install and use the relevant software.

2.15 Survey respondents were asked what had been the main barriers to their organisation getting involved with ESF. We can see from Figure 2.3 that

- There was a widespread, although quite general, view that the entire process (including but not restricted to the application process) was too bureaucratic;
- Over a third of successfully funded organisations had nevertheless found their resources stretched in making an application.

Figure 2.3: Barriers to getting involved with ESF Objective 3 as perceived by successful projects (%)



2.16 Further analysis of these results shows that problems relating to bureaucracy and/or limited resources were more likely than average to be cited by voluntary and community sector organisations. This suggests that a certain critical mass of resources and administrative expertise is needed before it becomes practical to pursue ESF funding. Furthermore, voluntary/community bodies and business-related organisations were significantly more likely than average to have encountered difficulties in identifying sources of matched funding.

2.17 We should also note that:

- Over a fifth of projects report no real problems at all in making their application; and,
- Lack of information about the programme (as discussed above) was only cited as a problem by six per cent of respondents.

2.18 In addition to being seen as somewhat burdensome, the application process was also widely reported by case study respondents to be rather formulaic, i.e. one where success was more

likely to be assured through ‘pressing all the right buttons’, than through ‘having a really good proposition’.

- 2.19 For this reason, many of the bids had been written by specialist development workers within the bidding organisation (and in some cases by consultants outside it). As a result, in many projects there was a gap between the proposal and the project; they were the responsibilities of different people; they had somewhat different emphases; they could sometimes be rather loosely linked. It seemed to us that there was a danger of bid writers aiming for high scores rather than realistic deliverable projects, and that this may subsequently put pressure on project managers.
- 2.20 It would seem that the priorities set out in the RDP (whether local ones or otherwise) were often used to ‘adjust’ proposals in this way to justify funding, rather than as fundamental sources of inspiration for the project. In other words, they would frequently take on additional aspects, largely because the RDP had emphasised them, without necessarily having the same level of understanding of, or commitment to, them as to the core aspects of the proposal. Our project case study respondents could often cite numerous other, alternative sources of funding to ESF, and our impression was that having come up with a ‘good’ idea, they would typically look around for available and suitable funding sources, subsequently ‘tweaking’ the proposal to meet the detailed criteria of that funding source. It is a moot point how far they subsequently reverted to their ‘untweaked’ state once funding had been secured.

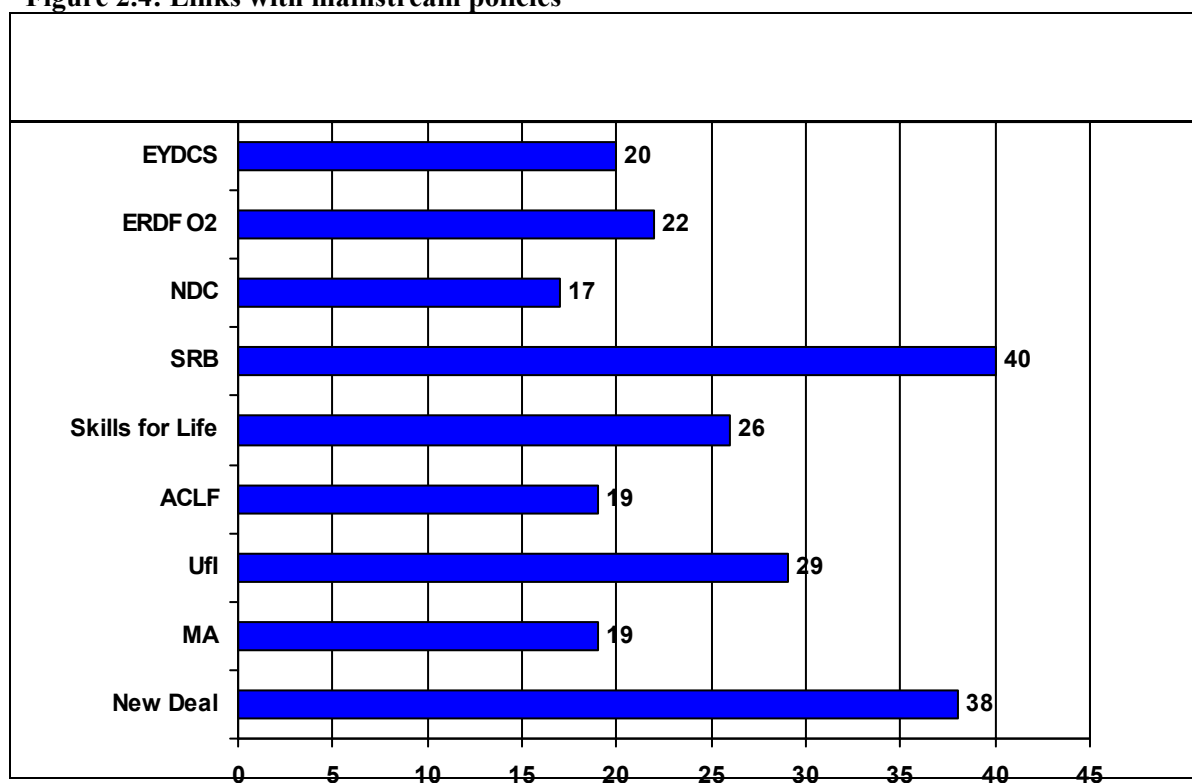
Linkages with domestic programmes at local level

- 2.21 An important aspect of the ESF programme is that, while projects should not replace mainstream programmes, they should where appropriate build links with them. This should ensure that ESF projects are building on existing national and local policies, filling gaps where necessary and undertaking activities which would not be possible using mainstream funding alone. The ‘Local Impact of ESF’ study investigated the links that projects have built with mainstream programmes at the local level, primarily through analysis of a cross section of around 100 application forms, a postal survey of projects and in depth case studies.
- 2.22 Assessment of application forms suggests strongly that the writers of ESF bid documents are keen to establish the relevance of their proposed project to mainstream policies and the links that the project is likely to build with local and national initiatives. The vast majority of application forms contain some commitment to linking with mainstream initiatives and providers. The survey of projects asked respondents to indicate the strength of the links that the project, in reality, has with a range of named policy initiatives. The results suggest that most projects do have some links with mainstream initiatives, with the strongest links being with Single Regeneration Budget (SRB) programmes and the New Deal (Figure 2.4).
- 2.23 The vast majority of survey respondents (93 per cent) claimed to have at least weak links with one or more policy initiative and over 30 per cent claimed links with more than 5 types of initiative. Involvement in local/regional initiatives is higher than average among voluntary/community groups and business-related organisations (including private training providers).
- 2.24 Further examination of the data suggests that, in many cases, the links are relatively weak, a finding that is backed up by our discussions with case study projects. It often transpires that

the ‘link’ that is described amounts to little more than a sharing of common clients or in some cases a contractual relationship (for example in the case of New Deal). In some cases, however, the links are more substantial and strategic, with representatives of mainstream initiatives sitting on project management boards or steering groups.

- One project working to secure employment opportunities for older people, the long term unemployed in general, and people for whom English was not their main language, had close links with Jobcentre Plus, with whom it shared a similar/overlapping client base. JCP representatives sat on their management board, and the project manager also took part in local partnership activities co-ordinated by JCP. Clients were often referred to the project from JCP, and there was some (modest) sharing of job-broking type information (*i.e.* current vacancies, employer information, likely vacancy leads, *etc.*). The project had few links with any other local actor.
- The promoters of an integrated training project for young people in the North West region stated that they had considerable experience of delivering a number of New Deal and some SRB projects prior to winning ESF funding. Links with these programmes were further developed through ESF particularly in extending training-related activity to new groups
- In a similar vein, an ESF-supported ILM initiative in the North West had developed out of a similar programme that had been run in a neighbouring SRB area. ESF funding enabled the project promoter to establish an ILM programme in which residents of non-SRB areas could participate.
- Local authorities can act as a conduit for links between ESF projects and mainstream programmes, as was the case for a local capacity building project in Yorkshire and Humber. Amongst other things, the ESF project enabled links to be made between local organisations and the New Deal programme, which was managed by the local authority.
- Finally, one case study provides an interesting example of how ESF might facilitate links with mainstream programmes that do not have labour market issues as their primary focus. The manager of a project for young people in the North West gave examples of how clients had been helped to make links with the ‘Why Vote? Why Not?’ campaign designed to improve understanding of and participation in elections by young people. Another client had become involved in a local teenage pregnancy project.

Figure 2.4: Links with mainstream policies



Source: Survey of ESF projects
Base: All respondents (N=616)

See Glossary (Annex 4) for explanation of abbreviations

- 2.25 In relation to the spatial impact of links with mainstream initiatives, it is important to recognise the key role of SRB, with which over one quarter of respondents claimed ‘strong’ links. Other spatially-focused programmes, such as ERDF Objective 2, Employment Zones and Action Teams for Jobs get fewer mentions, which is not surprising given their limited spatial coverage.
- 2.26 We can conclude from this analysis that there is some evidence of ESF projects working with and enhancing the activities of, a range of local and national initiatives. However, with some exceptions, links with these programmes are relatively modest and often do not live up to the promises made in application documents. Some scope may exist, therefore, to further enhance the potentially synergistic relationship between ESF and domestic programmes in order to improve the services available to local people.

Potential impact at the local level of Co-financing

- 2.27 As indicated in the previous section, while most respondents (almost by definition) were able to successfully navigate the ‘alternative bidding’ system, a number of issues were highlighted that might impact upon the ability of ESF to effectively address local needs and involve local actors. In particular, the need to locate and secure match funding and the resources required to navigate the application process may have deterred some organisations from applying for ESF funding under the alternative bidding system. Small, locally-based community and voluntary organisations might therefore benefit from the co-financing system (see Chapter 4 for a full discussion on co-financing including the application process for projects funded through CFOs) which provides 100 per cent funding for successful applicants and for which the application procedures are intended to be more straightforward than under alternative bidding.
- 2.28 Moreover, while the research has suggested that the RDPs provide considerable scope for projects to address local needs, some concern was expressed by interviewees at the regional and national levels that they did not feel close enough to localities to be sure that resources are being targeted effectively on the most appropriate target groups and areas of need at the local level. The view was expressed that the Co -financing system would enable organisations such as the Local Learning and Skills Councils, local authorities and regional offices of Jobcentre Plus to identify local needs that are not being met, and direct ESF resources towards addressing these needs.
- 2.29 It should be noted that the co-financing system was still relatively new at the time of this research. Moreover, the project survey and case studies focused on projects that had been funded under the alternative bidding system. The research did, however, incorporate interviews with six CFOs and included reviews of their plans. Other key informants at national and regional level provided an overview of the operation of the co-financing system within their spheres of responsibility.
- 2.30 The comments in this section relate primarily to the intended and likely impacts of co-financing at the local level, with the wider issues being discussed in the MTE report, drawing on a specific study of the co-financing system.
- 2.31 The research revealed broad support at national and regional levels for the argument that the co-financing system is more likely than the alternative bidding process to be able to identify local needs that are not being fully met by mainstream services, and to establish procedures whereby local (and other) organisations could be asked to put forward proposals to address

unmet needs, within the broad framework of the relevant RDP. The research suggests that **many CFOs have made efforts to identify unmet local needs** through analysis of official data, use of local survey data and consultation with local actors. In general, CFO Plans and prospectuses have been more specific than the RDPs in outlining the types of activities to be funded, and the target groups for these activities. For example, the Co-Financing Plan and Prospectuses produced by the Yorkshire and Humber Region of Jobcentre Plus contain sub-regional profiles and detailed outlines of specific activities required, broken down by location.

2.32 In relation to the types of organisations that have applied for funding under co-financing, our consultations suggested that they fall into three categories:

- Organisations that had been involved in ESF under the alternative bidding system
- Organisations that had been providers to the CFO but had not been previously involved in ESF
- Organisations that had neither been involved in ESF or as contractors to the CFO

2.33 Discussions with CFOs suggested that **effort had been put into involving a wide range of organisations in ESF**, with some examples of CFOs setting up information and consultation meetings designed specifically to attract the involvement of local community and voluntary sector organisations. For instance, Birmingham City Council has established a network of Sub Regional Groups and Priority Working Groups designed to ensure that the views of a wide range of local actors are fed into the process of allocating and monitoring Co-Financing expenditure.

2.34 The vast majority (96 per cent) of surveyed projects were aware of the existence of co-financing and around two thirds had indeed applied for funding from one or more CFO. Forty four per cent of survey respondents had received some funding through the co-financing system. Further breakdown of successful recipients of CFO funding (Figure 2.5) suggests that voluntary and community sector organisations that were involved in ESF under the alternative bidding system are broadly in line with other types of organisations in terms of the percentages that have applied for or received co-financing funding. Comparable information on the number of new CVOs involved in co-financing projects was not available at the time of the research¹ but these figures suggest a broadly neutral impact of co-financing on the Community/Voluntary sector at this stage.

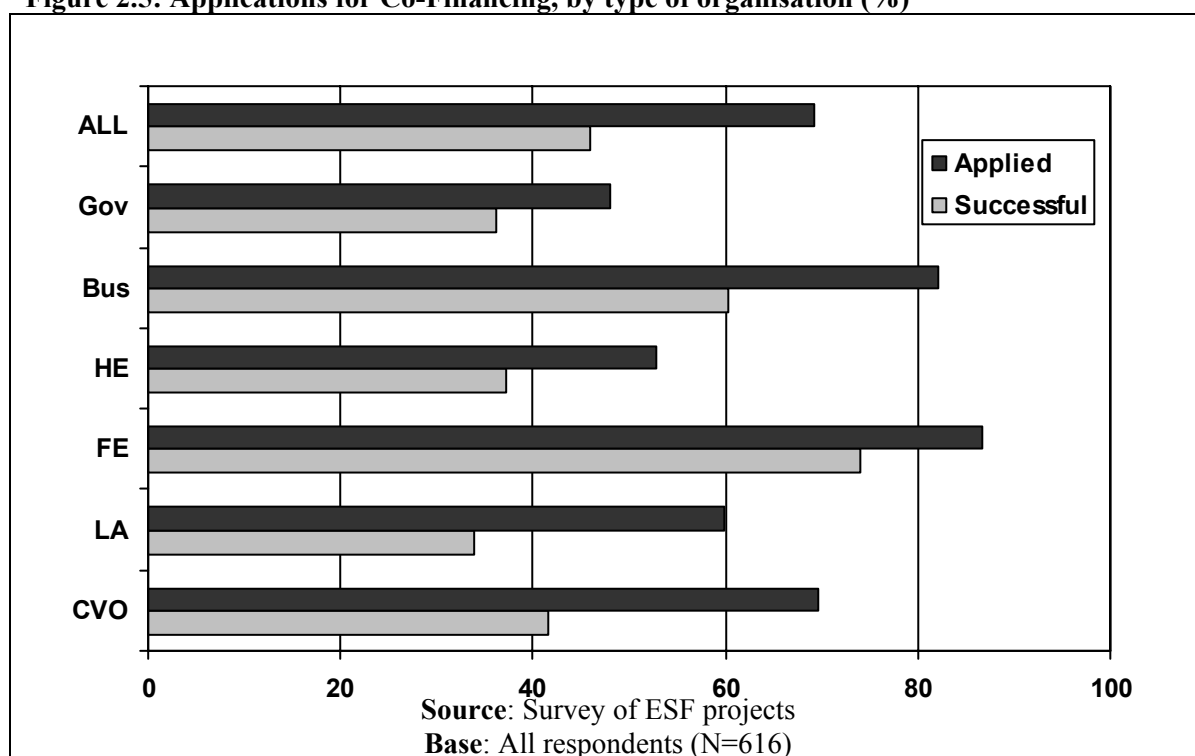
2.35 Survey respondents were asked how helpful they had found co-financing in helping them to develop the type of projects they would like to pursue. Figure 2.6 clearly reveals a wide range of views influenced, as might be expected, by the success or otherwise of the organisation in obtaining funding through the new system. Further analysis of this data reveals **no significant differences in reactions to co-financing by type of organisation**, region or whether the organisation had previous involvement with ESF.

2.36 Further examination of the responses of survey and case study projects (including both successful and unsuccessful applicants for Co-Financing) reveals that many individuals expressed mixed feelings about co-financing and its likely impact on their organisation's activities. This is to be expected, given that co-financing is a new system and some organisations that have benefited from the alternative bidding system have lost out in the early stages of the implementation of CFOs. **The idea of 100 per cent funding was universally welcomed** as a positive move and some respondents did indeed feel that the

application and approval process under co-financing was easier than was previously the case under alternative bidding.

2.37 The findings suggest that the new system represents an improvement for large numbers of organisations, including many that were successful in securing match funding under alternative bidding. The benefits of 100% funding were noted by a wide range of respondents and appear to be particularly important to those organisations that had previously encountered difficulties with finding match funding. However, the balance of opinion among survey respondents was that **it was too early to conclude that the co-financing system has reduced the level of bureaucracy** and that some problems have been faced by the CFOs in getting their systems geared up for the new process. This has resulted in a number of negative comments from survey respondents, and for many this appears to be offsetting to some extent the clear benefits of 100% funding under the co-financing system.

Figure 2.5: Applications for Co-Financing, by type of organisation (%)

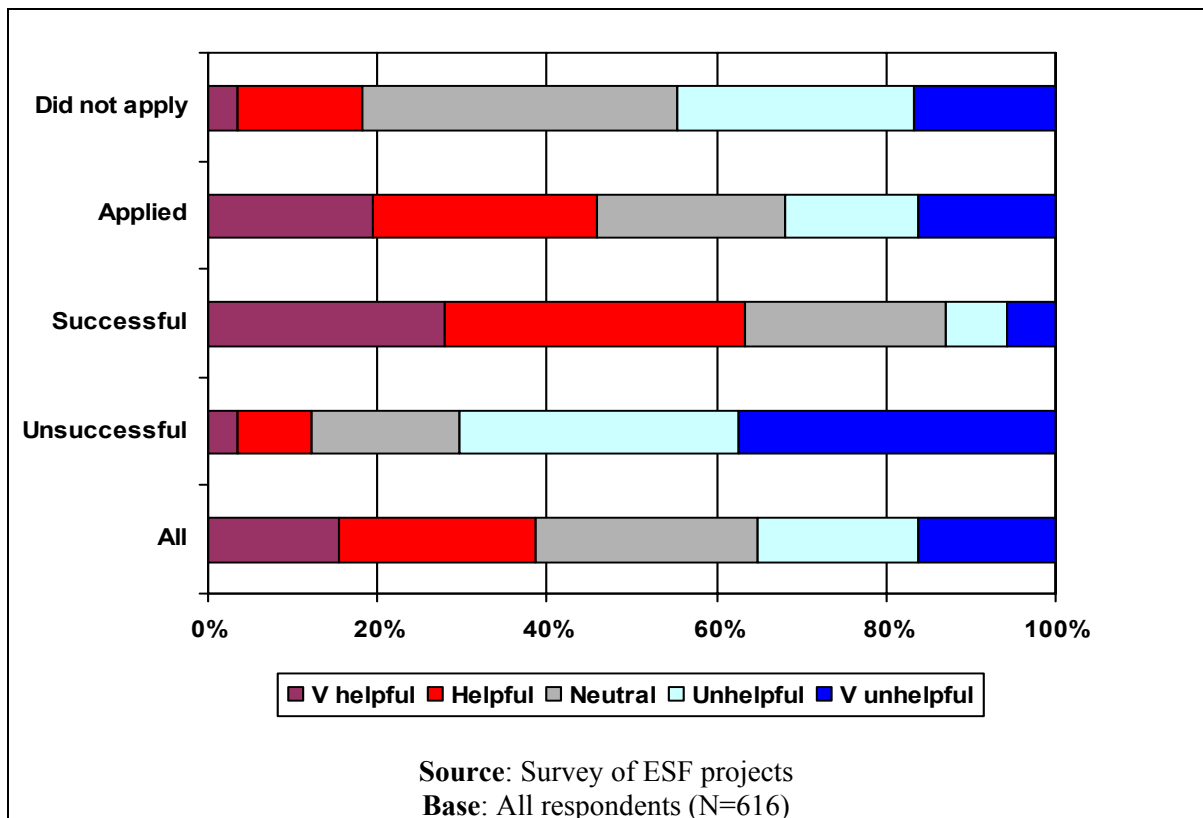


2.38 With particular regard to the potential impact of co-financing on local development, the key issues that were raised by a cross-section of survey respondents were:

- The CFOs, notably LSC and Jobcentre Plus, are national organisations with national priorities and targets, which – in the perceptions of some - may not always coincide with those of local areas or organisations

- The Co-financing process is moving closer to a competitive tendering approach, which some people think might disadvantage smaller, local groups despite the undoubted benefits of 100 per cent funding¹
- There is some concern that some activities in relation to innovation and capacity building, as well as some regional or sectoral projects, may not be emphasised by Co-financing.

Figure 2.6: How helpful is co-financing for your organisation (%)?



2.39 It is clearly too early to judge whether co-financing is being successful in focusing the resources of ESF more effectively on meeting local needs. The research has revealed a picture of mixed perceptions among successful and unsuccessful applicants that had been

involved in ESF under the alternative bidding system, which is to be expected at the current stage of the roll out of a new funding mechanism. It is also clear that, at the early stage, there has been some variation in the ways in which CFOs have approached the process, for example in relation to the communication of information about the provider selection process, which has resulted in the range of perceptions reported in this research.

- 2.40 There is a clear **need for continued monitoring of the progress of co-financing** and for Co-financing Organisations to continue to consult widely with local organisations including those that have been involved in ESF under the alternative bidding system. The identification and dissemination of good practice in the process of soliciting and assessing applications would also appear to be a useful development.

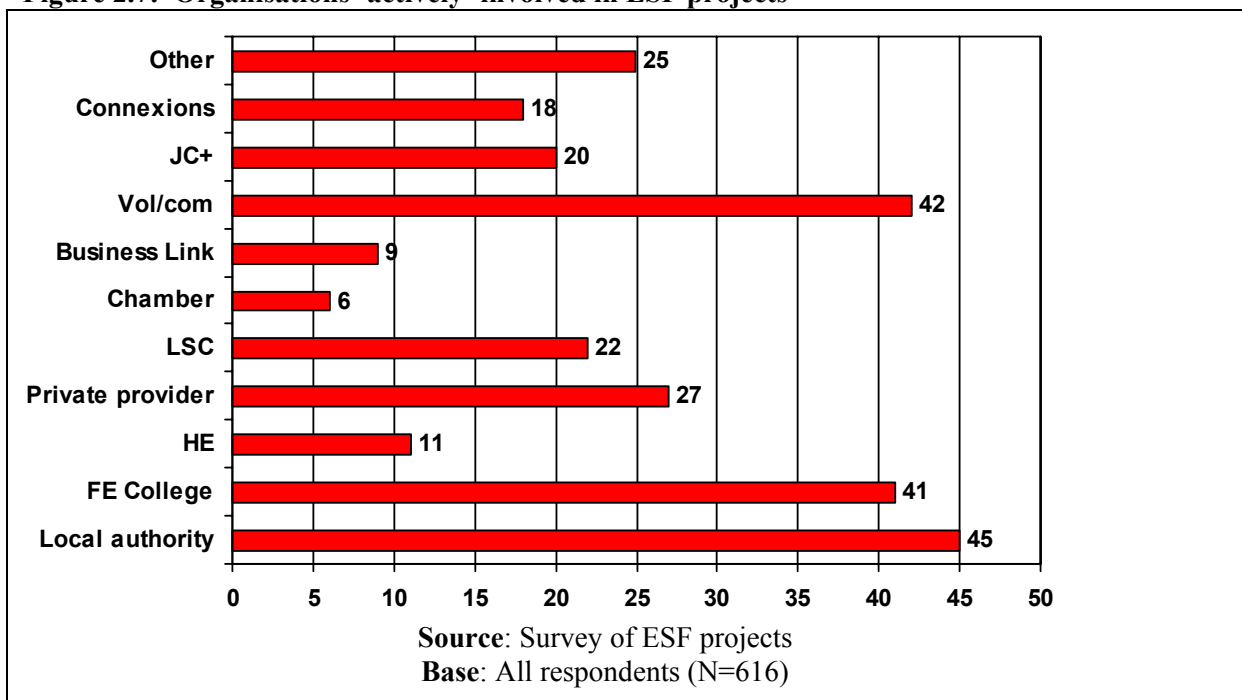
Local communities, systems and structures

Key actors at the local level and their access to local development

- 2.41 This section explores the extent to which, and ways in which, local actors are involved in the implementation of ESF projects. Clearly, this is an important component of the development of improved local systems and structures, an issue that is explored in more detail in section 2.2.2 below.

- 2.42 As noted in relation to links with local and national initiatives, a great deal tends to be promised in application forms with respect to the involvement of other local organisations (in addition to the project promoter) in the implementation of successful projects. The results of the survey of projects indicates that the pattern of involvement of additional organisations tends to reflect the breakdown of types of organisations managing the ESF projects, with the voluntary/community sector, local authorities and FE colleges playing a prominent role (see Figure 2.7). The HE sector and business-related organisations such as Chambers of Commerce and Business Links are less likely than average to become involved in the implementation of ESF projects run by other organisations. The number of organisations involved tends to be higher than average for projects run by local authorities or government-related departments or agencies.
- 2.43 However, the case study research suggests that these figures may to some extent overstate the case. Whilst there is no doubt that most projects do indeed involve at least one other organisation in the implementation phase, there is considerable variation in the extent and nature of partner involvement, particularly when compared with what appears in funding bids.
- 2.44 The most inclusive projects tend to be those that are seeking to assist in the development of local voluntary and community organisations, or to co-ordinate the activities of training providers in a given area. Examples include the Island Community Extranet in the Isle of Wight, the Walsall Basic Skills Network and the East Yorkshire Rural Capacity Building project.
- 2.45 At the other extreme, some projects have proceeded on a "go it alone" basis. These are primarily about specialised activities covering fairly large geographical catchments, either covering sparsely populated rural areas or the entire region. Here the range of other agencies and their ability to contribute effectively are likely to be much more limited than in more localised urban contexts. The Lakeland Upland Path Skills and YHA ICT Training projects are both good cases in point.

Figure 2.7: Organisations ‘actively’ involved in ESF projects



- 2.46 Typically, however, most organisations are not in a position to undertake the full range of roles required for project delivery to take place, either because of lack of capacity or because particular responsibilities are already the remit of another body operating in the area. The nature of partnership working in this context, then, is very much ensuring that those with the competence to perform the different tasks involved in project delivery are on board. These tasks or roles may be summarised as follows:
- funding provider;
 - accountable body;
 - client referral and advice;
 - training provider;
 - placement/employment provider (not present in all projects).
- 2.47 These roles may be combined under the wing of one organisation. Thus, the project manager is often the representative of a training provider; or the match funding provider may act as the accountable body (usually a local authority). In some cases these partnership relationships serve to reinforce regeneration activity being funded by other programme streams. A good example of this is the Pentra ILM scheme in Chester, where trainees have work placements (and often post-training employment) in one of the city's growing range of social enterprises.
- 2.48 The patterns of intra- and inter-sectoral links suggested by the survey results are explored in more detail in Table 2.1. This shows that organisations running ESF projects are particularly likely to become involved with other organisations within the same sector. For example, four out of five projects run by local authority organisations also involve other local authority bodies⁴. In general, local authorities appear to be the most likely to work with other organisations outside their own sector, whereas FE and HE institutions tend to exhibit lower levels of inter-sectoral working. Voluntary and community bodies are relatively well-connected with other similar organisations and with local authorities, but less so with the education sector.
- 2.49 It is important to note that, in addition to the types of organisations specified in the questionnaire, and indicated in Figure 2.7, respondents mentioned a wide range of other types of organisations that are actively involved in the implementation of their projects. These include:
- Employer organisations;
 - Police, prison and probation services;
 - Social services, youth workers, careers services;
 - Voluntary sector development agencies;
 - Environment and/or conservation agencies;
 - Rural development agencies;
 - Health/disability organisations.

⁴ These may be different departments of the same local authority, or other local authorities in neighbouring areas. The postal survey results are not sufficiently detailed to make this distinction.

Table 2.1: Links between organisations involved in ESF (row %)

<i>Project manager</i>	<i>Organisations 'actively involved'</i>					
	Vol	LA	FE	HE	Bus	Gov
Voluntary	51	42	34	6	28	42
Local Authority	49	81	49	11	40	42
FE	30	36	64	3	26	38
HE	8	13	23	53	23	5
Business /related	22	27	37	11	47	49
Govt dept/agency	63	37	53	17	30	77
ALL	42	45	41	11	33	42

Source: Survey of ESF projects

Base: All respondents (N=616)

2.50 It is clear from this overview that there exists a significant amount of inter-organisational collaboration at the local level in the implementation of ESF projects. This covers a wide range of organisations, often including those that are not primarily concerned with labour market issues. However, the research results suggest that there is scope for more effective working between different sectors and in particular closer links between relevant ESF projects and business-related organisations.

2.51 The key player interviews revealed that a great deal of effort is being made to improve communication channels and means of access to Objective 3 in the different regions. This takes a number of different forms, including:

- representation for all sectors on strategic monitoring groups;
- establishment and funding of information networks;
- use of distribution lists for newsletters, useful contacts, support agency details, etc.;
- creation of specialist staff posts to liaise with "hard-to-reach" groups (mainly involving CFOs);
- events to publicise details of forthcoming or current bidding rounds.

- 2.52 In addition to being seen as somewhat burdensome, the application process was also widely reported by case study respondents to be rather formulaic, i.e. one where success was more likely to be assured through 'pressing all the right buttons', than through 'having a really good proposition'.
- 2.53 As an example, in the West Midlands the use of sub-regional groups as a programme review mechanism and information conduit has tried to ensure that key organisations at Borough and District Council level (LA departments, FE Colleges, Councils for Voluntary Service, etc.) have been kept up-to-date with the latest state of play. The idea is that this information is then passed on to members and clients in the local area, although it is not clear what effect this has. Indeed, one respondent in the Black Country thought that there were several voluntary and community organisations that would not be in this loop, and would therefore be effectively excluded, even though they might have fresh ideas or be able to bring in "hard to reach" target groups. Efforts to identify and contact such groups were only just beginning there.

Impact to date of ESF on systems and structures at local level

Introduction

- 2.54 Local collaborative initiatives are seen as a key feature of both the EU's and the UK Government's attempts to foster job creation, to improve employability and to tackle social exclusion. These in turn are regarded as major elements in reducing inequality and promoting economic and community regeneration. The ESF Regulations also highlight the contribution that such local development initiatives can make, especially in the policy fields concerned with active labour market policies, equal opportunities and social inclusion. One intention here is to ensure that all the appropriate local actors play their part in delivering the programme.
- 2.55 However, not all locally based agencies are able to participate in such initiatives without further developments taking place. These developments fall broadly under two headings:
- a need to develop local partnership structures as the vehicle for inter-agency collaboration;
 - a requirement for many small organisations to develop the ability to deal with the financial and administrative tasks attached to ESF funding, and/or to work in partnership with other organisations.
- 2.56 A portion of ESF Objective 3 resources has been made available for such "capacity-building" activities, although it should be noted that these form only a small proportion of the total. More importantly, the partnership principle is a central tenet of all European Structural Fund programmes, and part of the ESF project appraisal procedure involves an examination of the extent of partnership working. By its very nature, therefore, Objective 3 funding for projects is likely to have significant implications for the strengthening and progression of local partnerships.

Extent and Nature of Partnership Working

2.57 The evidence of the application form reviews, postal survey and project case studies suggests that collaborative and partnership working is widespread amongst those who have been awarded ESF support under Objective 3. Although the number of organisations practically involved in the alliance is generally fewer than claimed in the application form (see section 2.2.1 above), around 70 per cent of projects studied were being delivered via collaborative arrangements between two or more agencies. The average number of organisations actively involved in project implementation was roughly 2.5 (compared with the 4.5 average claimed in application forms).

2.58 The nature of this participation covered a range of activities, including:

- membership of the project steering group;
- referral of clients to the project;
- provision of match funding;
- provision of work experience placements;
- acting as an entry point to wider networks;
- information sharing and exchange; and
- direct delivery of project activities.

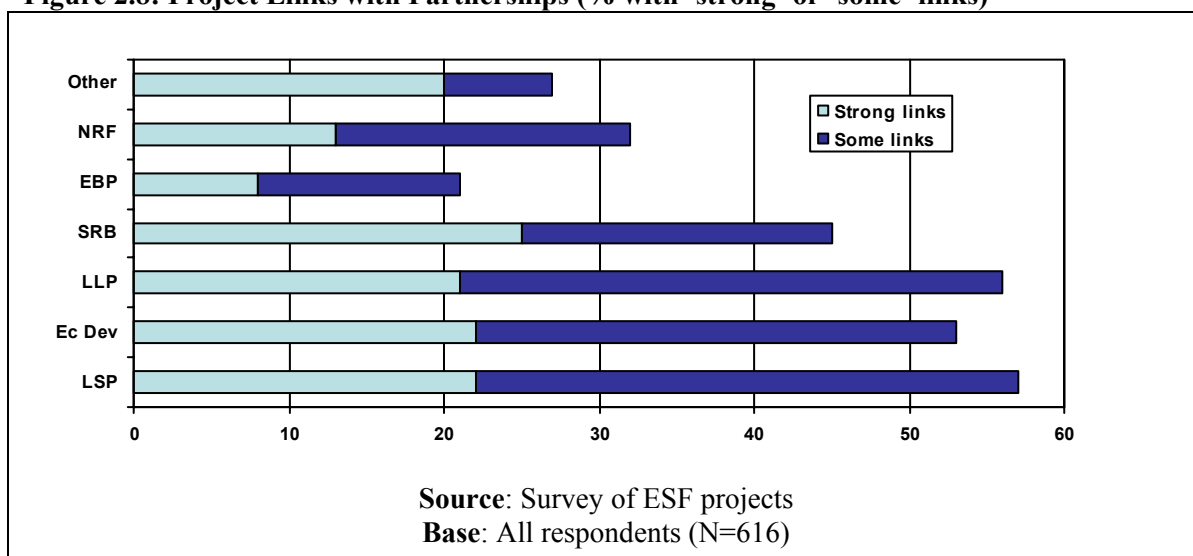
2.59 Most organisations were generally involved in one or two of these aspects, with only a minority contributing in every way. It is also interesting to note that around 60 per cent of projects had emerged from or were making use of existing partnership arrangements. These ranged from generic area-based regeneration vehicles such as SRB partnerships, Local Strategic Partnerships (LSPs) and NDCs to more specific collaborations such as Lifelong Learning Partnerships (LLPs) and Education Business Partnerships (EBPs). Figure 2.8 illustrates the extent and strength of these links.

2.60 More detailed information from the case studies revealed that these relationships were very variable, with SRB partnerships most prominent (often though not always a product of being a provider of match funding). There was an even split between those that were involved with local economic development partnerships and Lifelong Learning Partnerships, whilst those working with LSPs, EBPs and neighbourhood renewal schemes were in a minority. However, from further comments made by case study respondents it appears that these patterns are partly a matter of timing, and partly a reflection of the type of area being served. Thus, some projects had no links with the LSP because it was still in the throes of being established; others were not contributing to the neighbourhood renewal agenda because there were no such schemes in their area. The latter can be seen in a positive as well as a negative light, as it indicates that Objective 3 is managing to reach the people and places in need that headline regeneration efforts have left untouched.

2.61 Around half of the case study projects also had links with other types of partnership organisation. This included sub-regional partnerships, Early Years Development and Childcare Partnerships, local development trusts and community and voluntary sector networks.

2.62 Most projects also had fairly extensive links with a range of other organisations in their areas. Again, there was a slight mismatch between what was claimed on the application forms and what transpired in reality, with an average of 4.7 agency links claimed but the case studies revealing an average figure on the ground of nearer 3. The nature of these "links" was also variable, ranging from being part of a project's consultation network through common membership of overlapping partnerships to awareness of each other's areas of responsibility.

Figure 2.8: Project Links with Partnerships (% with 'strong' or 'some' links)



- 2.63 A number of issues about partnership working emerged from the postal survey and the project case studies. These appear to be common to the partnership approach, rather than specific to ESF Objective 3 alone.
- Partnership structures and memberships can be driven more by the funding process and local politics rather than local representation, project delivery and outcomes. The increasing number of existing partnerships featuring the easily identifiable "key players" may systematically exclude small voluntary and community groups that are harder to reach, but perhaps more vital for delivery. These groups would need to be convinced that becoming involved in partnership work was worthwhile.
 - Some project managers (particularly but not exclusively rural) reported difficulties in "*attracting sufficient (beneficiary) numbers to make the project viable.*" More emphasis on joint bids and collaborative projects might help to overcome this problem.
 - Whilst "links" with a wide range of partnerships were quoted by many programme and project staff, ESF Objective 3 implementation structures at regional, sub-regional and thematic levels appear to operate on a standalone basis, with few strategic feedback loops into other ESF funding streams (Objective 2), domestic programmes or regeneration partnerships.

Impact of ESF on Partnership Working

- 2.64 A key point here is that the development of local partnership structures and systems of collaboration has never been a central objective of the Objective 3 programme. The focus is on improving skills and employability. The intention is that ESF projects should use existing arrangements and alliances as far as possible to do something that is not already being done, or at least to extend the reach of existing provision, either in terms of geographical spread or target group coverage. Partnership working is encouraged, but it is not a necessary condition for securing ESF funding.
- 2.65 In other words, any impact that Objective 3 projects have on promoting or extending partnership structures should be seen more as a desirable by-product of their activity, rather than a primary indicator of success. As long as they meet their objectives, single agency projects are viewed as just as important as any other intervention.
- 2.66 With this caveat in mind, it is not surprising that the evidence of impact on partnership working is mixed. According to both the postal survey and case study findings, around half of projects claimed that ESF had helped them to get more involved in partnerships. However, it is difficult to detect whether this would have happened anyway, given the general increase in partnership working within the regeneration sphere. Certainly this was reflected in comments passed by some case study respondents, although this may have been based on differences in interpretation. Thus, some of these respondents claimed that Objective 3 had not made a difference, whilst others said that it had, even though they also admitted that the same thing would have happened if their activity had been funded from a different source. In other words, specific ESF support helps organisations to become more involved in local partnership working, but no more or less than any other type of regeneration funding.
- 2.67 Increased involvement has taken a variety of forms, ranging from greater contact and consultation between agencies working in the same area, through increased involvement in or formal membership of existing partnerships to establishment of new collaborative arrangements. While the latter have been in a minority (around 12 per cent), their importance in extending what can be done should not be underestimated. Table 2.2 provides some positive comments on the theme of partnership, drawn from postal survey responses.

- 2.68 At the same time, there are examples of projects where the scope for increased partnership working has been constrained. In one case study in the South East, the lead organisation had planned to work closely with six local organisations, but in practice there has been virtually no contact with other organisations, and, apart from gaining New Deal referrals, the project has operated very independently. In another example, the lack of a regional structure has meant that it has been difficult for the organisation to get significantly involved in local partnership activity, although implementation has helped to bring greater contact (and hence mutual understanding) with local organisations.
- 2.69 In another case, the specialised nature and wider geographical reach of the service provided by the project (higher level skills for managers in the tourism industry) has meant that there are no "natural" partners with whom to collaborate. More generally, the tendency has been for project sponsors to work with organisations of the same type, rather than to operate in a broader-based coalition. As one local authority representative in the West Midlands observed:
- ‘... we found that often other organisations did not wish to engage as they saw us (and others) as a threat to their own funding arrangements and operations.’*
- 2.70 This underlines the comment of one key regional player who claimed that the Objective 3 programme had added little to joined-up working at local level.
- 2.71 There was also concern expressed about the potential effects of the co-financing system on partnership working. Some respondents thought that co-financing may be inhibiting or even undermining joint working across institutional boundaries (e.g. health/ employment/ regeneration), as projects are required to align specifically with CFOs’ aims and objectives to access funding.

Table 2.2: Comments on Partnership Working

<ul style="list-style-type: none"> • <i>‘ESF has enabled a partnership to be built of voluntary organisations providing employment and training opportunities for disabled people’</i> (LA, Eastern) • <i>‘Additional resources allowed more involvement in LSP around Community Strategy’</i> (Voluntary sector, EM) • <i>‘Has enabled outreach work linking villagers and small communities together with support agencies.’</i> (LA, EM) • <i>‘Our co-financed project is to help us offer training to companies on Trafford Park. We have been able to work more closely with Trafford Park Business Forum and the Trafford Park Leadership Team as a result because we are delivering results rather than just talking about doing things.’</i> (FE, North West) • <i>‘Through match funding we have become more involved in partnerships with the match funders and have gained access to new partnerships which they are involved with.’</i> (Voluntary sector, North East) • <i>‘All the local partners were involved to ensure the needs of the beneficiaries fit within the local strategic plan.’</i> (SME, North West) • <i>‘It acts as a vehicle and justification for organisations to overcome internal politics and work with other bodies.’</i> (Business, West Midlands)

- 2.72 Within this, however, there was some divergence of views, mainly according to the scope and perspective of the agency concerned. Thus, one FE College criticised co-financing for being too local:

'We operate regionally, so no co-financing bodies can fund us - they all have a purely local remit.'

Conversely, some voluntary bodies thought that their approach is not local enough:

'Co-Financing priorities do not meet needs on the ground.'

- 2.73 From either perspective, there appears to be an sense among some established ESF 'players' of a loss of partnership working between funding bodies and projects. In the words of a survey respondent from a government agency:

'The benefits of partnership working have been lost to the necessities of contract delivery.'

Impact of capacity building at the local level

- 2.74 As with partnership working, the role of ESF and Objective 3 in "capacity building" is intended to be a limited one. It is certainly possible to use it for this purpose, but only to the extent that it enhances the ability of organisations to meet the central objectives of improved skills and employability in their subsequent work. In the words of one key player, helping organisations develop the ability to extend the range of their activities "is not an end in itself."
- 2.75 Those capacity building projects investigated as case studies appear to have played a key role in assisting smaller voluntary and community organisations in accessing finance, in reaching otherwise neglected groups and in developing innovative approaches. The two projects described in the boxes on the following page are good examples of this. These illustrate that capacity building cannot be achieved overnight, and progress in securing any advances can be slow. Even with appropriate support some organisations will be unable to reach the standards of professional and administrative competence required.

Case study 1 – basic skills project in West Midlands

The aim of this project is to facilitate the co-ordination of local providers, referral agencies and communities to provide a seamless service, with emphasis on removing barriers that prevent those in greatest need from accessing opportunities. There are three main components to this project's capacity building:

- 1) Further development and regular updating of a local Basic Skills Directory. This lists all those organisations providing courses in basic skills. The information is updated every 6 months and the directory is circulated to all relevant organisations in the area.
- 2) Funding of small pilot/innovative projects. This is designed to assist in trying out different ways of delivering basic skills training, especially in terms of attracting people with these needs into provision. Some successful schemes have gone ahead, around activities like financial literacy and language specific provision for particular BME groups, but there has been a problem of low awareness of the availability of this money, which has meant that the volume and size of project ideas has been insufficient to take up the whole allocation.
- 3) Network meetings and events. This includes monthly meeting of members to discuss issues, new ideas, reports on funded activity, guest speakers to provide information on particular subjects, new policy initiatives etc.

Case study 2 –regeneration project in Yorkshire and the Humber

This project aims to tackle rural isolation by working with community groups to develop social enterprise and business start up.

It is based at a local resource centre and has links with a number of local agencies, notably Business Link and the county council. A number of training providers, selected through competitive tender, deliver training for local individuals and groups. A key element of the project is the existence of an outreach worker with a specific responsibility for building links between local groups, including the Playing Field Association, mother and toddler groups and the Workers Educational Association.

The manager of this project is clear that the ESF funding represents a valuable resource, enabling the outreach worker to build on and develop existing networks with a specific focus on social enterprise issues. However, there is recognition that raising awareness and establishing a reputation in the local community takes time, and that it takes even longer for the benefits of this to feed through into local economic development.

- 2.76 In spite of the achievements of specific capacity-building projects funded by Objective 3, a number of commentators were critical of the approach. Firstly, there is a possibility that those most in need of assistance actually miss out. This means that there is a danger of capacity building remaining with those already *au fait* with ESF protocols and practices. In the words of one respondent:

'Capacity building tends to focus on those that already have some capacity, those that already have the know-how and expertise to apply for funds.'

- 2.77 Secondly, using just a limited number of capacity-building projects may result in other opportunities being overlooked. For example, giving greater representation to local agencies on the committees and boards involved in considering approving applications for ESF funding would build programme knowledge and funding expertise across a broader community. This was seen to be particularly important in rural areas. As matters stand, however, existing structures tend to be dominated by professionals and large institutions (LA's, LSC's, GO's, CVS's, Chambers, JCP's, RDA's etc).

'There seems to be a gap between those administering ESF and those delivering projects on the ground... there is no personal contact so the reality of the project is merely a paper exercise for the funding body.. There is no opportunity for exploring future options for development.' (NHS Trust, West Midlands)

- 2.78 A critical aspect of this for the voluntary and community sector is that representatives have to give up their free time to attend meetings or participate in partnership activity, whereas it forms part of the everyday duties of paid officers from government bodies and statutory agencies.
- 2.79 Finally, there are also tensions between rationing Objective 3 funds on a local area basis and capacity building. Respondents from a range of perspectives (LA Officers, Voluntary Organisation Managers, Project Staff) made the point that short-term funding and difficulties of securing repeat funding for successful projects can reduce local capacity and undermine efforts to build sustainable employment.

Key points

- 2.80 The evidence presented in this section suggests that, to a large extent, the ESF Objective 3 Programme in England, as it has operated since 2000, has provided a framework within

which local organisations are able to address the needs of target groups at the local level. The introduction of the Co-financing system, with regional, sub-regional and local organisations (CFOs) combining internal and ESF resources to provide 100 per cent funding for projects, has the potential to add a more strategic dimension to the local impact of ESF. However, the system is relatively new and CFOs as well as providers are just beginning to get used to operating it. Moreover, there appear to be considerable variations in approach between CFOs, resulting in a wide range of views being expressed about the new system by project promoters.

- 2.81 Our research suggests that, while there do exist links between ESF projects and mainstream programmes at local level, these are often not as strong as suggested in the initial application forms, with considerable variations in the nature of these links. Similar conclusions can be drawn from our analysis of partnership activities and the role of ESF in assisting the development of local systems and structures. The overall picture is varied, but there are many examples of ESF projects working constructively with other local organisations and of partnerships being developed or strengthened as a direct or indirect result of ESF activity.
- 2.82 There remains a concern that some groups and organisations that could, in principle, add to the social capital of local areas by getting involved in ESF, are constrained in doing so by limited capacity to deal with the required administrative and managerial processes. The research identified a number of capacity building projects that are playing a very important role in this process of building local social capital, but some respondents expressed concerns that building capacity is a long term process and that there is a need to ensure that capacity building activities are in fact assisting those that need it most.
- 2.83 The key points emerging from this section can be summarised, therefore, as follows:
- The primary focus of the ‘alternative bidding’ programming and application process is on target groups, but the process generally provides **scope for local/regional actors to interpret messages** in RDPs etc. and develop projects to address specific local needs
 - However, the need for match funding, complex procedures and short-term funding is felt to have **deterred some local/community groups** from getting involved in ESF
 - In principle, **Co-financing may further sharpen the focus on local needs** and help more local organisations to get involved, with 100% funding seen as major advantage.
 - It is too early for definitive judgment but **mixed views on Co-financing** were expressed by a range of informants and projects, suggesting a need for careful monitoring of the relatively new system
 - Partnership working and links with mainstream programmes is emphasised in applications, but the **reality on the ground is mixed**
 - The application process may encourage bid writers to exaggerate likely extent of partnership working and links with mainstream programmes
 - Evidence suggests a **positive but limited / incremental impact on local systems and structures**, with ESF helping many local/community organisations to become (more) involved in partnerships than might otherwise have been the case
 - **Capacity building appears to play a small but important role** in helping local organisations to get involved in ESF and/or local partnerships

3 Impact of ESF in rural areas

- 3.1 This section considers the extent to which, and the ways in which, the specific issues faced by rural areas are being addressed in the 2000-2006 ESF Objective 3 programme in England. It draws upon analysis of the relevant programming documents and application forms, discussions with key informants, analysis of survey responses from projects that are addressing rural issues and 6 case studies that were undertaken in rural areas.

Specific problems of rural areas

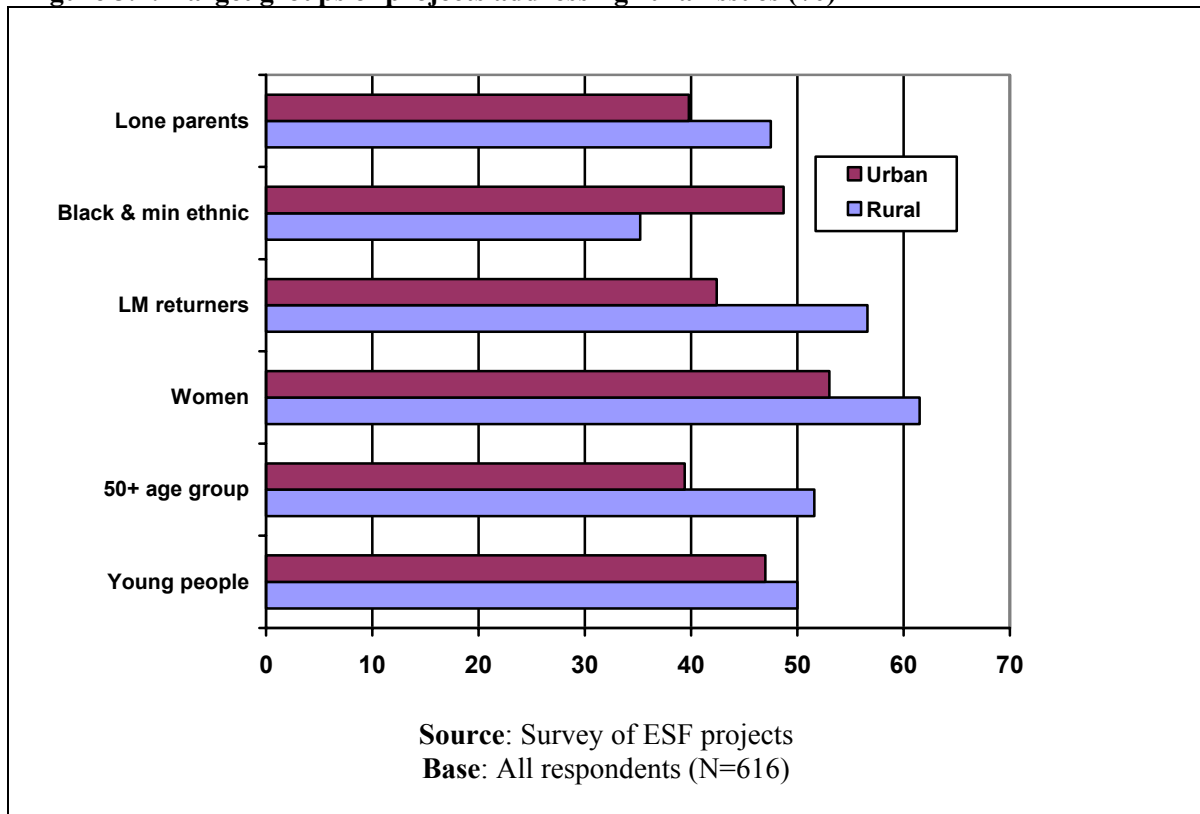
- 3.2 While it is difficult to generalise about rural areas, a term which covers a range of different types of locality, the research suggested a broad level of agreement that rural areas face a range of specific problems which need to be addressed with the assistance of ESF funding. The most commonly mentioned issues were:
- There is a common misconception that most rural areas are relatively prosperous, but often local pockets of deprivation do exist and are not always pinpointed through analysis of official statistics
 - While the nature of rural areas may vary, costs and logistical problems associated with remoteness (for providers and clients) are issues faced by most organisations attempting to run rural-based training or advice programmes
 - Problems associated with rural industries (notably the widespread impact of the outbreak of foot and mouth disease) may need specific solutions, such as diversification programmes for the farming sector
 - Some informants commented on what they felt were low / limited aspirations among individuals and businesses in some rural areas
 - Concern was expressed about the limited capacity to deliver ESF and related projects in some rural areas, which do not have the required critical mass of organisations in key sectors such as Further Education, private training providers or voluntary/community groups
- 3.3 Discussion with key informants and examination of programming documents suggests that there is indeed recognition of these issues, with people living in rural areas mentioned frequently as target groups for ESF-funded activities. In addition, Technical Assistance funding has been directed towards support agencies in rural areas such as North Yorkshire and Cumbria. Beyond this, however, there is little evidence of any specific stimulus to rural-based projects within the alternative bidding system. Projects addressing rural issues have had to compete for funding with other projects at the regional level. Indications from the early operation of the Co-financing system suggest that the situation is likely to be little different, although the specific allocation of funding to CFOs located in largely rural areas (e.g. North Yorkshire) may lead to such areas receiving a higher proportion of the total available funding than in the past.

Features of ESF projects addressing rural issues

3.4 Just over one in five survey respondents stated that their project addressed specific rural issues⁵. Analysis of the information provided by these projects reveals the following:

- There is a concentration of rural projects in a few regions, with the Eastern region, East Midlands and the South West accounting for almost half of such projects
- Community or voluntary sector organisations manage a smaller proportion of rural (34 per cent) than urban projects (45 per cent)
- The target groups for rural projects are skewed towards older people, women, labour market returners and lone parents (see Figure 3.1)
- On average, rural ESF projects involve a wider range of partners in implementation than do urban-based projects. The average rural project involved 3.25 other organisations, compared with 2.59 for the average urban project, a difference that is statistically significant.

Figure 3.1: Target groups of projects addressing rural issues (%)



3.5 Projects stated that they addressed specifically rural issues in a number of ways, illustrated by the following examples:

- Outreach provision using mobile units and/or local facilities (such as village halls, schools, libraries, youth hostels)
- Provision of transport and/or refund of transport costs for participants
- On site provision of child care

⁵ Note that some projects that have been placed in the 'rural' category for the purposes of this analysis operate in both urban and rural areas.

- Use of ICT-based training / laptops
- Telephone / email help lines, video conferencing
- Building the capacity of rural-based providers

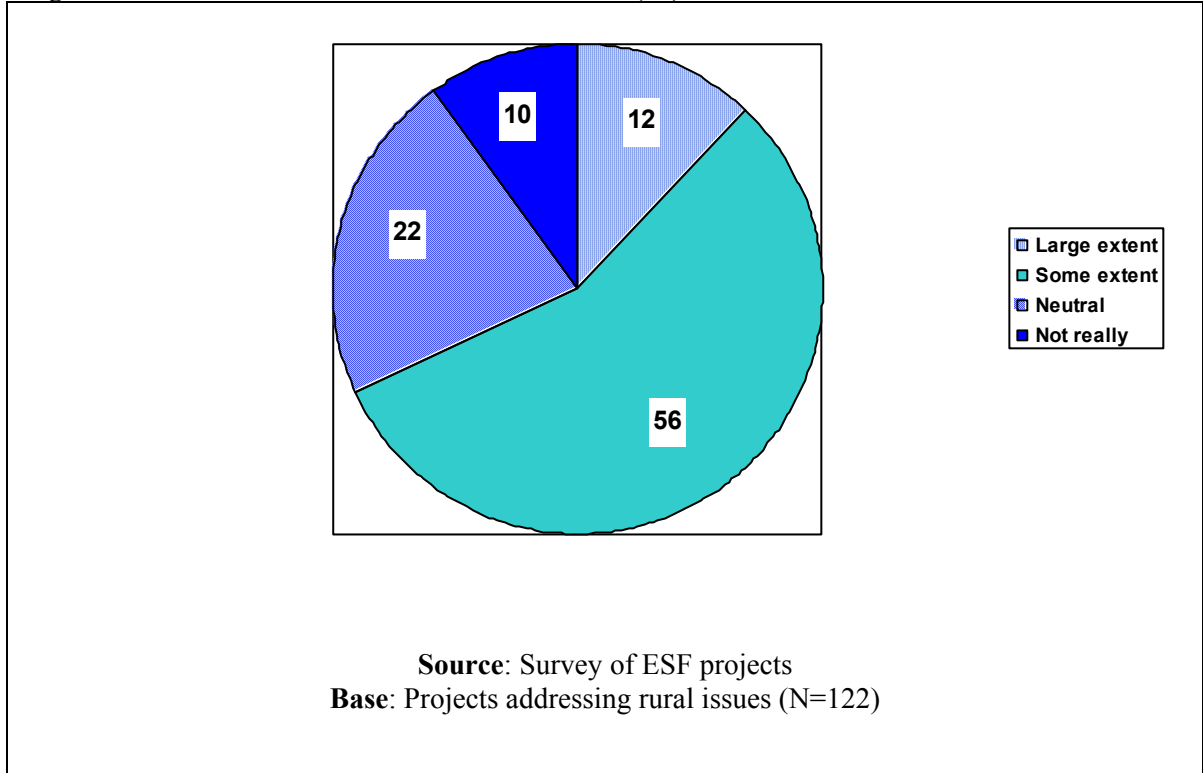
3.6 Examples of the above, drawn from the survey and case studies, are as follows:

- A project operating in a mainly rural part of the North West, with a history of coal-mining, aimed to address problems of low skills, limited aspirations and a lack of 'entrepreneurial outlook' among young people. One element of this integrated project was a mobile facility designed to bring services to the more remote, disadvantaged communities, delivering a range of activities (outdoor pursuits, environmental activities, basic skills training etc.) designed to contribute to personal development.
- An ICT training project in North Yorkshire deliberately focused on the European Computer Driving Licence (ECDL) as a qualification that is suited to rural communities due to its flexible nature and the ability of trainees to study during 'unsocial hours' which is necessary in farming communities. Training sessions and assessments were held in accessible locations such as youth hostels, and participants without their own PC were loaned a lap top computer.
- Two other projects in Yorkshire and Humber focused their attention on SMEs which are seen as a key component of rural economies. One project was attempting to build capacity in the local area to provide support for start up and young businesses, provision of which was limited due to the rural nature of the area. The other project concentrated on helping SMEs to develop managerial and other higher-level skills by delivering training on-site or in local learning centres, as opposed to HE or FE institutions which were inaccessible.

Problems faced by rural projects

- 3.7 Comparison of the responses of rural and urban-based projects suggest very few differences in terms of problems faced in establishing the project, with the important exception that rural projects are more likely than average to have faced problems in identifying and obtaining match funding. Other specific problems noted by rural projects include the dispersed nature of employment opportunities for beneficiaries and problems with transport to training facilities. Some respondents stated that it was difficult to recruit and retain project staff and others noted problems with publicising their project to all relevant groups.
- 3.8 It is clear, therefore, that projects that are addressing rural issues face a number of problems that are directly related to the type of area in which they are working. However, in general, the problems of rural projects are very similar to those of other types of project, for example in terms of dealing with administrative requirements and working around the relatively short term nature of ESF funding.

Figure 3.2: Doe ESF take account of rural issues (%)?



3.9 The vast majority of rural projects felt that the ESF programme did indeed take account of rural issues (Figure 3.2) and consultations suggest that project promoters particularly welcome the flexibility of ESF in allowing for variations in unit costs arising from rurality, an issue which many find problematic when dealing with some mainstream programmes.

3.10 Nonetheless, there were some calls for the ESF programme to focus more explicitly upon rural issues and to better recognise the needs of rural areas in the programming, application and approval process. Given widespread concerns about the limited range of providers covering many rural areas, it seems clear that capacity building projects have a particular role to play in rural areas. The following comment from an FE college operating in a predominantly rural area, sums up the feelings of many rural-based projects:

‘(There is a need for) recognition of the particular issues for people living in rural areas and that even in areas which are indeed advantaged there are pockets of deprivation which need to be addressed. Also that often training has to be offered in small groups that are not always viable under current funding arrangements.’

Key points

3.11 The findings from this research suggest that ESF is a useful source of funding for projects that are addressing the particular problems faced by rural areas, particularly those that suffer from ‘hidden’ problems despite being located in ostensibly affluent areas. Such areas tend to receive limited, if any, funding from spatially-targeted initiatives such as SRB or the Neighbourhood Renewal Fund, meaning that ESF is one of the few sources available to project promoters in many rural areas. The ability of applicants to claim unit costs that are justified by circumstances rather than fixed in advance is an important positive attribute of

ESF in relation to rural projects. There is some concern that this advantage may be eroded under the Co-financing system.

- 3.12 The survey of projects also suggests that ESF projects in rural areas tend to be particularly focused on women and older people, two groups that are likely to face multiple problems in accessing the labour market while living in remote locations. The research also identified a number of specific approaches to addressing and overcoming rural-related constraints, many of which would be difficult to incorporate within mainstream programmes. The flexibility of ESF can be seen therefore as a major advantage in the rural context.
- 3.13 There is a strong suggestion from the research that rural-based projects tend to operate within more extensive partnerships than those operating in mainly urban areas. Concern expressed by some key informants about limited capacity among providers in some rural areas may be addressed to some extent by the observation that rural organisations appear to work closely together, perhaps in an effort to overcome the isolation and limited resources that typify many individual organisations in rural communities. In this context, capacity building appears to play a particularly important role in rural areas.
- 3.14 Most respondents were positive about the contribution that ESF has made in rural areas, with the vast majority feeling that ESF has addressed rural issues. The key points emerging from this element of the research can be summarised as follows:
- ESF supports a **range of projects that are addressing the needs of rural areas** in different ways
 - Key concerns of rural projects relate to recognition of **rural issues and higher unit costs**
 - In general, rural-based projects feel that **ESF is geared to meeting the needs of rural areas**
 - But there are continued concerns about **limited capacity** to deliver in rural areas and specific impact on rural projects of **unit cost restrictions** and/or short term funding
 - There is a potentially important role for **capacity building** in rural areas

4 Impact of ESF on sustainable development

Incorporation of sustainable development into the ESF Programme

- 4.1 Sustainable development is one of the horizontal themes within the ESF Objective 3 Programme, which should cross-cut and underpin all activity. It is also identified as a horizontal theme within the European Employment Strategy and is included in the 1999 European Employment Guidelines.

At the national strategic level the National Operational Programme (2000-2006) refers to the well known Brundtland definition of sustainable development. The Programme states that:

'Education and training supported by ESF can make a considerable contribution to addressing environmental issues – especially where linked to ERDF⁶, EAGGF⁷ and FIFG⁸ projects – and to delivering the environmental component of sustainable development in the longer term' (National Operational Programme p.102)

- 4.2 The Programme suggests that many of the socio-economic aspects of sustainable development are by their nature already included in the ESF Objective 3 remit – for example through the promotion of equal opportunities. It is suggested that because of the relatively new nature of sustainable development in relation to ESF, then the first half of the programme would focus on education and the second half would focus on the implementation of best practice.
- 4.3 At a regional level sustainable development is incorporated into regional planning processes through the Regional Development Plan. With the introduction of Co-financing, it must also be incorporated into Co-financing Plans by Co-financing organisations.
- 4.4 Interviews were undertaken with Cross Cutting Theme Managers within Regional Government Offices. Whilst there was some variation regionally, it was generally felt that there had been 'minimal' incorporation of sustainable development objectives both into Regional Development Plans and also into the actual implementation of Objective 3. Nevertheless, the need for sustainable development objectives to be incorporated into plans does seem to have been addressed to some extent in subsequent revisions of Regional Development Plans. A particular issue in some regions, however, was that Regional Development Plans linked poorly to other strategies such as regional and national sustainability strategies, as well as regional planning guidance.

Mechanisms to promote and support sustainable development

- 4.5 A number of mechanisms have been established to incorporate sustainable development into the Objective 3 ESF Programme. At the national level, the National Environment and Structural Funds Forum (consisting of key national government departments, Regional Government Offices and Competent Environmental Agencies) has been set up to promote the incorporation of the environment and sustainable development into the Structural Funds

⁶ European Regional Development Fund

⁷ European Agricultural Guidance and Guarantee Fund

⁸ Financial Instrument for Fisheries Guidance

(in particular Objectives 1 and 2). A steering group has been established to identify ways in which the integration of sustainable development into Objective 3 could be improved. One key development has been the appointment of a National Sustainable Development ESF Co-ordinator who will work with Regional Government Offices on the integration of sustainable development into ESF.

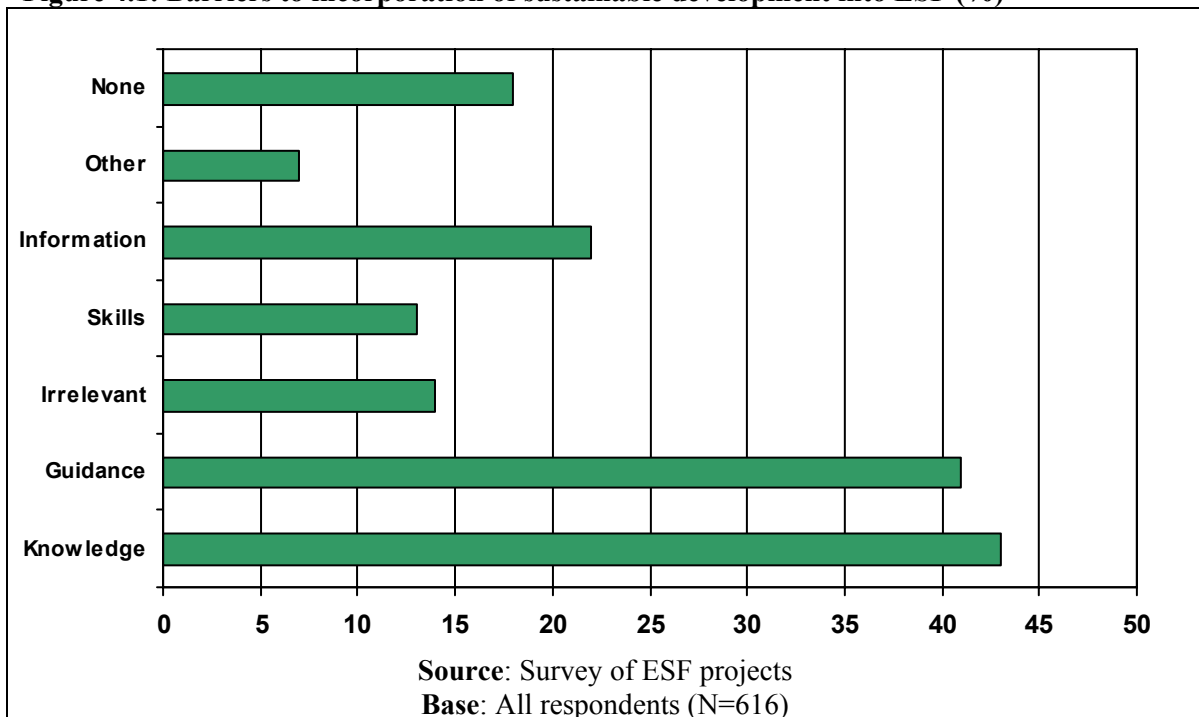
- 4.6 At the regional level, Government Offices have a number of roles to play in the integration of sustainable development into ESF, including strategic planning through the RDP process, working with Co-Financing Organisations, project appraisal and monitoring as well as providing a range of support and guidance for Co-financing Organisations and project applicants.
- 4.7 Interviews with regional Cross Cutting Theme Manager revealed **that the extent of this guidance and support for project applicants varied widely**. Some regions had a dedicated Sustainable Development Officer or Cross Cutting Theme Manager with responsibility for sustainability. In other regions there was no one with a clear responsibility for the integration of sustainable development, and staffing resources were much more constrained.
- 4.8 To support the integration of sustainable development at the regional level, a series of **regional workshops** on sustainable development was planned for late 2002 and early 2003. Only one workshop was subsequently delivered in the West Midlands region. The purpose of the workshops was to *'raise awareness and identify concrete solutions/ideas for the Programme Monitoring Committee to take forward'*.
- 4.9 A survey was undertaken of participants at the workshops. 91 per cent of participants found the workshop to be either useful or very useful. All of the respondents felt that the workshop had met their expectations. 73 per cent found the EU and UK policy information on sustainable development to be helpful and 91 per cent felt that the workshop had assisted them in their work. Some concerns were expressed however that the workshop had been too theoretical and it is therefore clearly important that training events and guidance are practically focused and targeted at the right audience.
- 4.10 The **application scoring process** is one of the key mechanisms for the incorporation of sustainable development at the project level. During 2000-2002 the horizontal themes, including sustainable development, were covered in four separate scoring questions on the application form. Scoring criteria are generally set at the regional level.
- 4.11 Interviews with the Regional Cross Cutting Theme Managers, however, suggested there was a consensus that the scoring process for sustainable development was inadequate. The actual weightings applied to the sustainable development criteria were not felt to be a sufficient incentive for project applicants to focus effort on that area, and they were more likely to focus on 'higher scoring' areas of the application. The scoring process was felt to be a very mechanistic 'tick box' type process.
- 4.12 Further issues also emerged around the scoring of applications in relation to sustainable development. It emerged that scoring panels were often unclear about how to score projects in relationship to sustainable development. One Regional Manager commented:
- 'the scoring panel is not sure what they should be looking for...the concepts are too woolly...if sustainable development is even mentioned then the project will be scored with the middle of the range mark'*.

Barriers to the incorporation of sustainable development into ESF

4.13 Identifying and overcoming the barriers to the incorporation of sustainable development into ESF Objective 3 is critical if progress is to be made.

4.14 Project managers were asked to indicate any barriers to the incorporation of sustainable development in their ESF project (see Figure 4.1). The most significant barriers were a lack of knowledge of sustainable development issues (mentioned by 43 per cent of respondents) and a lack of guidance or support (41 per cent of respondents).

Figure 4.1: Barriers to incorporation of sustainable development into ESF (%)



4.15 It is of interest that only 14 per cent suggested that sustainable development is not relevant to their project, and 18 per cent suggested that there were no real barriers. Case studies and interviews with regional players did indicate however that there were real issues around the practical application of sustainable development to projects, particularly less 'obvious' projects that perhaps did not have an environmental theme, for example a mainstream training project.

4.16 Interviews with regional managers in Government Offices identified relatively similar barriers to project managers. It emerged that a lack of understanding about sustainable development and how to apply it in a practical way were the biggest barriers to the incorporation of sustainable development within the programme. One Regional Cross Cutting Theme Manager commented that:

'People don't think it is relevant to ESF...because they're not affecting the environment...they don't realise that sustainable development is broader than the environment'

4.17 Regional managers also felt that project applicants view sustainable development as an add on, creating additional work for project applicants:

'it is seen as an add on...a nice concept but not one that supported growth or regional development'.

4.18 Within some regions there was limited capacity to address sustainable development issues, and to provide advice and support to project applicants. This meant that in some regions what was viewed as 'non-essential work' tended to be 'squeezed out':

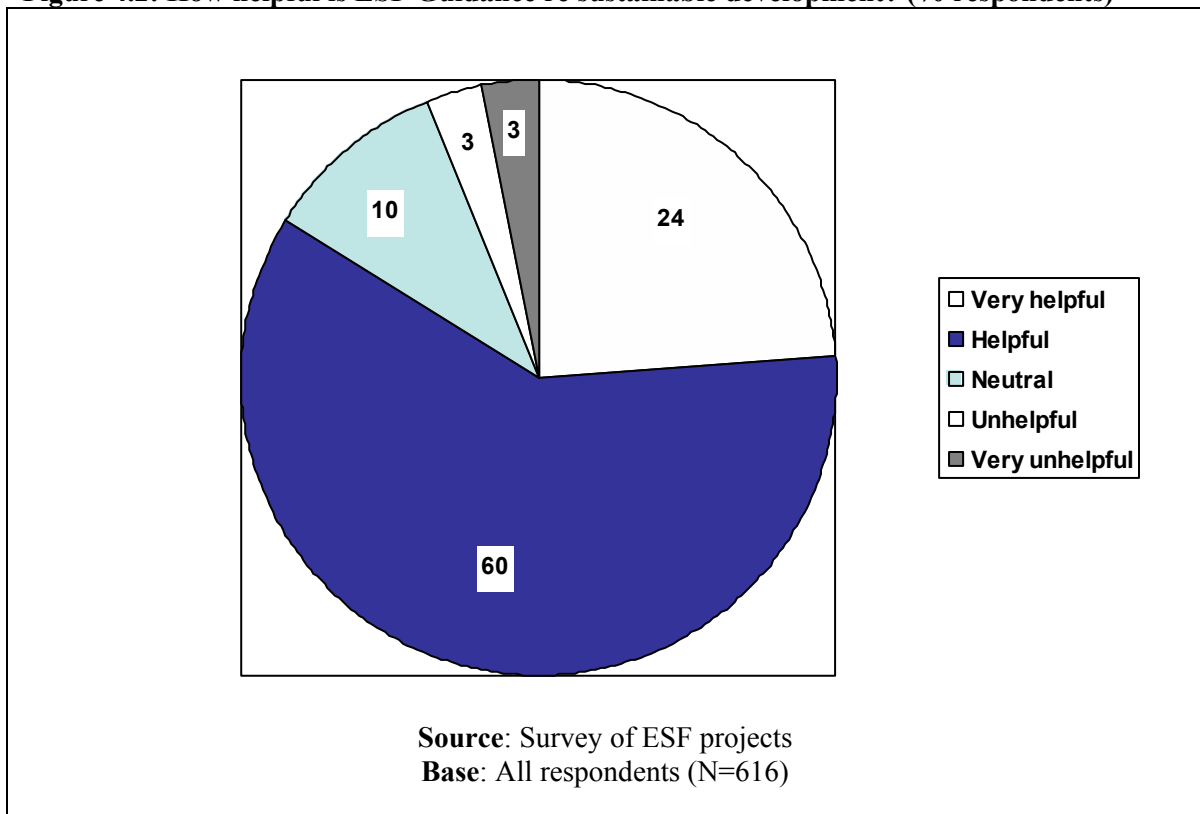
'Lack of capacity is a significant issue....they would like to be more strategic but there simply isn't the capacity available, and sustainable development comes a long way down the list of priorities'.

Impact on sustainable development at the project level

4.19 At the project level, awareness by project managers of the focus on sustainable development within the ESF Objective 3 programme was generally high with 85 per cent of postal survey respondents claiming to be aware of it.

4.20 In terms of written support provided to project applicants (in the Regional Development Plan and other Structural Funds documentation) this was generally found to be either helpful (40 per cent of respondents) or neutral (44 per cent of respondents) (see Figure 4.2).

Figure 4.2: How helpful is ESF Guidance re sustainable development? (% respondents)

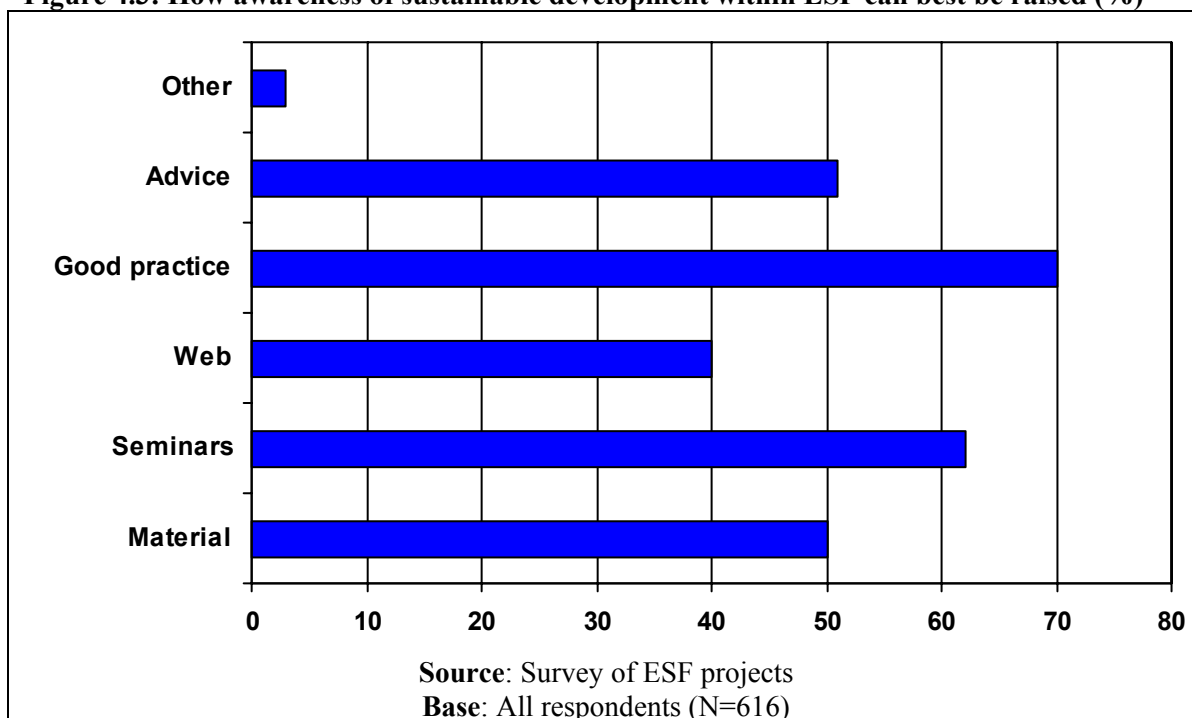


4.21 There does appear to be widespread confusion amongst projects about the meaning and applicability of sustainable development. This in part appears to be due to the use of key terms, in particular sustainable development, environmental sustainability and project

sustainability (i.e. continuation after the programme has finished). For example one project interpreted it as *'the ability of the project to stand on its own two feet after funding has run out'*.

- 4.22 This lack of understanding was also reflected to some extent in the review of project applications and in the case studies. The case studies indicated that projects frequently paid lip service to sustainable development. In one case study where the project had not initially been approved, the project applicant simply had to 'write some more words' under the sustainable development section to get the project approved. Furthermore there was little evidence of monitoring of the impact of projects on sustainable development. One regional Cross Cutting Theme Manager noted that those projects that have had a positive impact on sustainable development would have done so anyway. It was also noted it took five years for environmental sustainability to be evidenced within the ERDF Programme, and immediate results could not be expected in relation to ESF.
- 4.23 It is clear that some projects lend themselves more easily to the incorporation of sustainable development (for example environmental management skills training) whereas it is more difficult for (for example) more mainstream training projects. One national stakeholder noted that *'projects where the goal is to train a certain group/number of people might not directly see the relevance of environment and sustainable development'*. According to one regional manager, project applicants tend to view sustainable development as extra work and that it is not integral to the project.

Figure 4.3: How awareness of sustainable development within ESF can best be raised (%)



4.24 Project managers were asked how greater awareness of sustainable development within ESF can best be achieved (see Figure 4.3). Good practice examples of projects were the most popular mechanism for raising awareness, mentioned by 70 per cent of respondents, followed by local or regional seminars or events (mentioned by 62 per cent). Around half of all respondents also noted that documentary information and/or practical advice would be helpful.

Key points

4.25 A number of conclusions may be identified:

- The research has suggested whilst there are some [limited] examples of good practice, **sustainable development is not yet fully embedded** within the ESF Objective 3 Programme. There is widespread confusion at all levels around the use of key terms (notably sustainable development, environmental sustainability and project sustainability) and most projects pay only lip service to it.
- A number of barriers emerged around the incorporation of sustainable development, the most significant of which were a **lack of understanding** and how to **practically implement it**.
- **Some support is provided** at the regional level, but there is a lack of capacity and/or prioritisation within some regions. This may, at the moment, reflect the low prioritisation of sustainable development by Government Offices and project applicants.
- There is **limited/non-existent monitoring** of the sustainable development impact of projects or of any follow up.
- Evidence suggests that **the impact of projects on sustainable development has been relatively limited**. Sustainable development applies itself neatly to some projects, but is more difficult to apply to other more mainstream training projects. It is likely there will be some lead-in time before sustainable development can be evidenced in relation to ESF.

5 Added value of ESF at local level

Introduction

5.1 This section of the report considers the added value at the local level of the ESF Objective 3 Programme for 2000-2006, building upon a framework developed for a wider national study of the value added of Structural Funds, sponsored by the Department of Trade and Industry (DTI) and the Office of the Deputy Prime Minister (ODPM). Essentially, the DTI/ODPM framework identifies a wide range of ways in which Structural Funds interventions might add value to already existing activities. These can be categorised into four broad types:

- **Strategic and programme level impacts**, focusing primarily on the potential role of Structural Funds in influencing the approaches that are adopted to meeting the needs of the target groups and the direct contribution that may be made towards meeting national and regional policy targets
- **Project and output additionality**, incorporating the impact of Structural Funds activities on the activities of projects, the volume and nature of groups supported, qualitative differences in approaches to meeting needs and the difference between domestic programmes and projects funded by Structural Funds
- **Funding effects**, particularly any influence that Structural Funds activities have upon the allocation of domestic funding
- **Process and administrative effects**, for example the impact of Structural Funds upon the effectiveness of project delivery and any wider administrative costs or benefits associated with Structural Funds mechanisms

5.2 The 'Local Impact of ESF' project addressed these issues through two main exercises:

- Where possible, key informant interviewees and case study project managers were asked to respond to a series of questions on value added designed through the ODPM project. Time constraints meant that this was not possible in all cases, and the discussion focused primarily on value added at the local level, in line with the wider focus of the research
- Respondents to the postal survey of ESF projects were asked to outline how they felt that their individual project was adding value at the local level

5.3 It should also be noted that the majority of the projects that were included in the survey and case study phases of the research were ongoing projects and no data was collected about outputs and/or outcomes. Hence, most of the evidence presented in this section is based upon the assessment of individual project managers and individuals that are operating mainly at the strategic levels of the ESF programme. Furthermore, given the local focus of the research, the bulk of the evidence relates to project and output additionality.

Strategic / programme level

5.4 There was broad agreement among key informants that the value added of ESF at the strategic / programme level was focused mainly upon the ability of the programme to provide funding to support target groups that are not always well supported by mainstream programmes and to allow the quantitative extension of activities that could not meet demand on the basis of mainstream funding alone. This was not a universal view, however, with one Government Office respondent stating that he felt that the 'easiest to reach' groups benefited most from ESF funding.

- 5.5 Respondents from both Government Offices and CFOs felt that Co-financing was likely to lead to a more strategic view being taken at the local level (for example by LSCs and local authorities). One CFO respondent felt that the new system was ‘reducing disjointedness’ at the sub-regional level, with a greater degree of dialogue between the LSC and providers aimed at identifying gaps and the projects needed to fill those gaps. A local authority respondent noted that the organisation was now able to take a much more strategic view across the authority now that it was a CFO rather than a recipient of funds. The previous system had led to a ‘silo’ situation, where ESF funding was spread across different departments, with no strategic overview. Other CFOs, at an earlier stage of development, spoke about taking a more strategic view of their local areas and identifying gaps, activities that may not have occurred to such an extent in the absence of ESF.
- 5.6 Finally, there are some indications from this research that some CFOs, notably Jobcentre Plus, welcome the Co-financing system as a means of adding value to their own activities, particularly in reaching groups that they have found hard to reach in the past. In so doing, ESF may help with the achievement of Public Service Agreement (PSA) targets such as those focused upon helping economically inactive people into employment.
- 5.7 Clearly, there are many potential benefits at the strategic level of the Co-financing system which may lead in the future to added value at the local and sub-regional level to a greater extent than was possible under alternative bidding. However, it should be noted that most views expressed during this research related to expectations for the future rather than actual experience to date.

Project and output additionality

- 5.8 It was beyond the scope of this project to undertake independent assessments of value added at the project level taking into account important issues such as deadweight and displacement. However, our consultations with key informants, survey of projects and particularly the project case studies provide a useful indication of the ways in which ESF-supported projects add value at the local level.
- 5.9 The interviews with key players explored the issue of value added at the local level through a number of questions designed to link in with the DTI/ODPM study. The level of detail provided by respondents varied, but the following key points emerge from an overview of this information:
- For a substantial proportion of projects (estimated by one respondent at about 50 per cent), added value primarily takes the form of a **quantitative** addition to the numbers of people that are able to benefit from activities that are essentially little different from those undertaken by mainstream providers. The impact at the local level of this additional activity is difficult to assess from the viewpoint of national or regional organisations, but the CFOs – in principle – are in a position to identify areas in which there exists under-provision and/or excess demand
 - A considerable number of ESF-funded projects are aimed at providing services to specific **target groups** which may be excluded from mainstream provision by the eligibility criteria or may face particular difficulties in accessing mainstream services. These types of ESF projects are often very similar to mainstream provision in terms of (for example) the training provided, but more resources may be put into recruiting people from ‘difficult’ groups and/or providing extra support. Again, the local dimension to this aspect of value added is difficult to judge from the national or regional level.
 - Respondents also recognised a potential **qualitative** dimension to the value added of ESF projects, coupled with an acceptance that ESF funds can and should be used to support

- some projects that are innovative or experimental in nature. This dimension also incorporates the process by which ESF projects help to link organisations together to learn about and spread good practice. Respondents at national and regional levels found it difficult to judge whether quality improvements were taking place as a result of ESF funding.
- 5.10 There was an overall view that, in the majority of cases, ESF-funded projects are adding some value in terms, primarily, of the three criteria outlined above. However, it is very difficult to give an aggregate picture of the extent and nature of this added value on the basis of document reviews and high-level interviews. It is even more difficult to assess the local dimension of this added value from this perspective. The survey and case studies of ESF projects that were conducted as part of the ‘Local Impact of ESF’ study provide a more detailed picture of added value at the local level.
- 5.11 The local impact of ESF projects, as described by project managers, can be summarised under the following headings:
- The most common response was for project managers to refer to an increase in the **number of people benefiting** from the programmes being run by the provider, with respondents in many cases stating that they would have been unable to provide any service at all without ESF support.
 - A further extremely common claim made by survey and case study respondents was that the project is providing focused assistance for specific **‘hard to help’ or ‘hard to reach’ groups** that mainstream programmes have found too difficult and/or expensive to identify and involve in initiatives. Mostly, this type of comment related to a particular social group such as lone parents or people with disabilities, but some respondents also noted that certain sectors (e.g. forestry, construction) or types of employer (SMEs) fit into this category
 - Enabling services that are available in certain areas under other funding regimes (particularly SRB) to be made available across a **wider area**, or enabling national providers to focus efforts in particular areas of need, represent the main elements of ‘spatially specific’ value added.
 - Considerable numbers of survey respondents noted that ESF funding enabled them to improve the **quality of services** provided through the provision of additional resources to enhance mainstream initiatives in a number of ways, for example in terms of modes of delivery, provision of child care, outreach work etc
 - Direct contribution to the **economic performance** of local areas, for example through assistance to local SMEs with skills issues, was a less common response in relation to value added
 - Survey responses also indicate that ESF is felt to add value through improvements in wider **partnership working** within the local area, at both strategic and operational levels, by involving new partners and facilitating increased involvement by organisations with limited resources

- 5.12 Survey and case study evidence (see Table 5.2 for some examples of survey responses) suggests that such impacts tend to be modest and incremental, rather than effecting any dramatic change in local circumstances. The case of the Portsmouth Ethnic Minority Support Group provides in many ways a typical example. ESF funding enabled them to provide a wide range of training opportunities for ethnic minority beneficiaries, representing a quantitative addition to what would otherwise have been the case. ESF also facilitated the extension of the range of groups supported by providing finance to support the appointment of three additional teachers and two interpreters that would not otherwise have been employed.
- 5.13 The Surrey Youth Inclusion project illustrates the potential value added that arises when ESF funding is combined with a range of other initiatives in order to provide a degree of coherence and continuity. The project organisers suggested that ESF has played a role in enabling cross-referral and networking between ten different projects assisting disadvantaged young people. This has led to more young people being assisted, and more support for these beneficiaries, for example through the employment of additional Youth Intervention Workers.
- 5.14 The Youth Hostels Association (YHA) Rural ICT Training Project is an example of an initiative in which new activities have been introduced into a geographical area where there had been none before. The project essentially involves using the YHA network of hostels to deliver training to rural communities that would otherwise have very limited access to facilities.
- 5.15 In a similar vein, ESF has provided funds for the Lakeland Paths Project in Cumbria, established in order to meet an identified training need in the area for a small number of specialists with the skills to maintain and improve rural paths in a way that does not adversely impact on the local environment. While this project is on a small scale (12 trainees) the likely impact on the local area, which is heavily dependent upon tourism but wishes to maintain the quality of its environment, is significant.
- 5.16 Given the scale of ESF resources, this type of relatively small-scale and incremental value added is the most that can be realistically expected at the local level, and the research findings reinforce the argument for achieving maximum synergy with other local initiatives through effective partnership working.

Table 5.1: Value Added of ESF at Local Level. Examples of Survey Responses

*'Has allowed this organisation to become **more outcome orientated** particularly in relation to training and supporting people at a local level into work experience and supported employment with local employers. We have become **more locally focused**, developing local partnership with Health & Social Care.'* (Voluntary sector, Eastern)

*'It enables **more work to be done**. It enables partnerships to be strengthened. It enables **new approaches** to employee training to be introduced. It builds **relationships with local employers** and attracts new companies into training for their work force.'* (FE, Eastern)

*'It is helping local voluntary sector providers to **improve their capacity** and ability to play an effective role in partnerships, funding initiatives, etc, aimed at ESF target groups.'* (Voluntary sector, Eastern)

*'Provides funding of a flexible nature that **fills the gaps** within "mainstream" funding processes and supports innovation.'* (Govt agency, E Midlands)

*'Enables us to carry out the **labour intensive work** needed to identify, engage & support people furthest from effective participation in the labour market.'* (Local Authority, North East)

Funding effects

- 5.17 Few respondents were able to provide information or opinions regarding the funding effects of ESF at the local level, for example the influence of ESF on other funding streams. In general, ESF is seen as one source of funding among many and not primarily as a means of levering in other funding. In many cases, project promoters would have secured funding from other sources, notably SRB and New Deal, and applied for ESF funding to expand their activities by focusing on new target groups or extending provision to greater numbers of people or different areas. One respondent from a Government Office stated that, in principle, successful ESF projects may be able to secure funding from other sources, but there are few examples of this occurring. While ESF funding may be a significant source of income for providers, in the context of most local areas ESF funding is relatively modest. Moreover, until the advent of Co-financing, there were no 'local pots' of ESF money. Rather, the available funding was spread over a large number of localities at the regional level, further restricting the potential for ESF funding to exert any significant leverage effect at the local level.
- 5.18 Noting again the relatively short period of time in which Co-financing has been in operation, the research uncovered some signs that the local funding effects of ESF may be greater under this system than in the past. For example, one CFO in the North West region is actively looking at mainstreaming some of the work done with ESF funding, to provide support for a range of disaffected groups to help them into learning. While this is a single example, it does illustrate the potential for ESF to add value at the local level through demonstrating the value of new types of activities and working with mainstream organisations to incorporate the lessons learned.

Process and administrative effects

- 5.19 In principle, the processes associated with ESF funding should lead to an improvement in the way in which projects are managed and implemented, which can be interpreted as 'added value' in the direct sense of improving efficiency and indirectly through increasing capacity among provider organisations. Respondents broadly accepted this argument, with one Government Office representative stating that the quality of applicants had definitely improved as a result of ESF processes. However, other respondents were more wary, suggesting that many ESF applicants had learned to put in applications that fitted the criteria, with the quality of applications not always reflected in the quality of project management and/or delivery.
- 5.20 There was a common view that dialogue and partnership working with providers at the application stage, and effective monitoring of projects should improve quality, but there was little evidence (particularly from projects) of this occurring.
- 5.21 The overwhelming impression from the surveyed projects and case studies in particular is that the ESF monitoring and financial process is too bureaucratic and complex to the extent

that resources may be diverted away from delivery to meet administrative requirements. Improvements in this area, according to many respondents, would lead to value added in the future, but the extent of such value added at the moment is limited.

Key points

5.22 Clearly, the Mid Term nature of this study precludes any definitive statements about the added value of ESF activity at the local level, given that the main focus of the study was on process issues and the fact that most projects and programmes were ongoing meant that it was not possible to measure outputs, outcomes and impacts in any meaningful way. Nonetheless the findings of this study provide many indications of ESF-supported activities that appear to be adding value in a number of ways at the local level. Drawing on the DTI/ODPM framework, some key points are as follows:

- Added value at the **strategic and programme level** was difficult to isolate in this study, given its primarily local focus. However, there are some indications of a more strategic approach being adopted by CFOs operating at sub-regional and local levels, with an expectation of a more direct contribution of ESF to the achievement of strategic (including PSA) objectives in the future
- It is at the **project level** that the local impact of ESF is felt most clearly and is more straightforward to identify and isolate than strategic level impacts. Added value, according to key informants and project promoters, takes the form of a combination of quantitative additions to client numbers, reaching out to different client groups and qualitative developments in the way that services are delivered. Extending the geographical coverage of services is also important, particularly for those in rural areas and in ‘pockets of disadvantage’ within otherwise affluent areas.
- The research uncovered little evidence of significant **funding effects** at the local level, with ESF being seen largely as one funding source among many, rather than as exerting a major influence over other funding regimes.
- On balance, respondents felt that the **process and administrative effects** of ESF were negative due to the complex and bureaucratic nature of the application, monitoring and reporting process. However, there was some recognition of the potential for ESF to exert a more positive influence by working constructively with projects to ensure high quality management and subsequent outcomes.

6 Conclusions and recommendations

Key findings

6.1 This report has presented the main findings of the ‘Local Impact of ESF’ project, which confirm the important role that ESF can play in addressing local needs and facilitating the involvement of a range of actors in the local development process. The report also raises a number of issues that might be addressed in order to sharpen this focus and build a clearer and more effective relationship between the ESF programme and wider sustainable development objectives. The key findings can be summarised as follows:

Programming and application process

- The primary focus of the ‘alternative bidding’ programming and application process is on target groups, but the process generally provides scope for local/regional actors to interpret messages in RDPs etc. and develop projects to address specific local needs
- However, the need for match funding, complex procedures and short-term funding is felt to have deterred some local/community groups from getting involved in ESF
- In principle, Co-financing may further sharpen the focus on local needs and help more local organisations to get involved, with 100% funding seen as a major advantage.
- It is too early for definitive judgment but mixed views on Co-financing were expressed by a range of informants and projects, suggesting a need for careful monitoring of the relatively new system

Local systems and structures

- Partnership working and links with mainstream programmes is emphasised in applications, but the reality on the ground is mixed
- The application process may encourage bid writers to exaggerate the likely extent of partnership working and links with mainstream programmes
- Evidence suggests a positive but limited / incremental impact on local systems and structures, with ESF helping many local/community organisations to become (more) involved in partnerships than might otherwise have been the case
- Capacity building appears to play a small but important role in helping local organisations to get involved in ESF and/or local partnerships

Rural development

- ESF supports a range of projects that are addressing needs of rural areas in different ways
- Key concerns of rural projects relate to recognition of rural issues and higher unit costs
- In general, rural-based projects feel that ESF is geared to meeting the needs of rural areas
- But there are continued concerns about limited capacity to deliver in rural areas and specific impact on rural projects of unit cost restrictions and/or short term funding
- There is a potentially important role for capacity building in rural areas

Sustainable development

- Sustainable development (SD) issues are not yet fully embedded in ESF. There is limited and often confused understanding at all levels, particularly at the level of the individual project
- Research suggests latent demand exists among ESF projects for further information/guidance on SD issues, especially good practice examples and focused seminars/events
- Information / guidance / support on SD issues needs to be practically rather than theoretically based
- Revisions to the scoring process and/or more effective monitoring may help to raise the profile of SD issues in ESF

Recommendations

Programming and application process

- 6.2 In order to ensure that Co-Financing results in the maximum possible impact of ESF Objective 3 at the local level, there is a need for careful monitoring of the development of the relatively new system, with appropriate support and guidance for CFOs. In particular, CFOs should be encouraged and supported:
- To develop and share good practice in the process of soliciting and assessing bids for Co-financing, particularly in relation to communicating the benefits of the system to those groups that felt deterred from applying for ESF funds under the alternative bidding system
 - To continue to ensure that the widest possible consultation takes place around the development of CFO plans and prospectuses, making full use of local and sub-regional networks and partnerships, such as Local Strategic Partnerships (LSPs).
 - To continue to support capacity building activities at the local level with a view to broadening the base of organisations contributing to ESF.
 - To take account of the strategies and objectives of other CFOs and key regional and local actors when they prepare their Prospectuses and to establish appropriate mechanisms for the ongoing monitoring of ESF activities at the local level, with the involvement of relevant local actors
 - To support a range of innovative and/or experimental projects and establish mechanisms through which the lessons learned from these projects can be fed back into other ESF and mainstream projects.
 - To minimise the level of bureaucracy associated with the application and monitoring process, and to continue to provide support for those organisations that have limited administrative and technical resources, particularly within the voluntary and community sectors.
 - Within the framework of the need for fair and open competition for funding, to facilitate the coming together of project promoters – particularly from different sectors – to put forward partnership bids for ESF funding and/or collaborate in implementing projects once funded.
 - To ensure that the time periods allowed for project promoters to put together applications are sufficient to allow high quality bids to be submitted, and do not unduly disadvantage organisations with limited technical or administrative resources.

Rural development

- 6.3 Many rural areas suffer from a range of socio-economic problems that may be ‘hidden’ and are not always obvious from examination of official statistics. In general, the unit cost of delivering projects in rural areas is higher than for similar projects in urban areas. In the light of these observations, the following recommendations are made:
- CFOs and the remaining Alternative bidding arrangements need to be particularly sensitive to the needs of rural areas and, where appropriate, actively seek out potential suppliers and projects addressing rural deprivation issues
 - Particular emphasis should be placed on encouraging and supporting capacity building activities in rural areas where there appears to be limited capacity to deliver ESF projects
 - CFOs and Alternative bidding organisations should ensure that proposals for projects addressing rural issues should not be disadvantaged by relatively high unit costs, where such costs can be justified by the problems of operating ESF projects in rural areas
 - There may be a case for the establishment of a forum involving CFOs and regional bodies in areas with significant rural communities, to share good practice and establish co-ordinated approaches to addressing rural issues through ESF

Sustainable development

6.4 The research has identified clearly that there is scope to improve the understanding of sustainable development issues among ESF projects, and the practical incorporation of sustainable development objectives into the projects themselves. In order to achieve this, the following recommendations should be considered:

- There is a need for a national strategy for the incorporation of sustainable development into ESF Objective 3. This would then provide the framework for guidance and national targets around the links between Objective 3 and sustainable development. This should then be reflected in revised Regional Development Plans and guidance for applicants.
- There is a need for the development of a common understanding of sustainable development and there needs to be consistency in the application of key terms such as sustainable development and environmental sustainability
- *Additional guidance and support should be targeted at both project applicants and those involved in scoring and appraising projects. This should use all potential routes but focus particularly upon good practice examples and/or local/regional events.*
- *There is a need to built capacity within the regions to provide support and guidance for project applicants in relation to sustainable development, and to ensure that this is cascaded to CFOs.*
- The appraisal of projects in relation to sustainable development needs to be more rigorous. To support this there is a clear need for training linked to the appraisal process as well as clear and unambiguous guidelines from the national level.

Annex 1: Research Methodology

The research that forms that basis of this report involved the following exercises:

Document review

The research team undertook systematic reviews of a range of key documents, using a template designed to identify and assess the coverage in the documents of the main research questions. The documents were:

- England ESF Objective 3 Operational Programme
- Regional Development Plans for four selected regions – Yorkshire and Humber, West Midlands, North West and South East
- Co-financing Plans and prospectuses produced by CFOs in the selected regions
- A range of other background documents relating to the ESF Objective 3 programme

Key Informant Interviews

Interviews, using a structured discussion guide, were held with a range of individuals involved in the programming and management of the ESF Objective 3 programme, as follows:

- ESF Division, Department of Work and Pensions
- Environment Agency
- Regional Government Offices in the four selected regions
- Regional Development Agencies in the same regions
- A cross section of CFOs operating in the four selected regions
- Cross Cutting Theme managers in a number of Government Offices

Application Form Reviews

In each of the four selected regions, the research team selected approximately 25 projects, designed to represent a cross section in terms of location (urban/rural), priority/measure and type of organisation. Each application form was systematically reviewed utilising a template designed to assess the way in which the key themes of the research project were addressed by project applicants.

Case Studies

With the assistance of GO staff, researchers selected 25 projects for further in depth analysis, including a site visit and interviews with project managers, operational staff, beneficiaries and partner organisations. The interview utilised a standard discussion guide approach and it is intended that some of the case study reports will be used as good practice examples in the future.

Postal Survey of Projects

Questionnaires were sent to 1511 organisations that had received funding under the alternative bidding system between 2000 and 2003. Respondents were asked to provide information about a named project and to answer a series of questions relating to the local impact of their projects, partnership working, rural development and sustainable development. Completed responses were received from 616 organisations which are broadly representative of the type of organisations engaged in ESF projects

Sustainable Development Review

Specific enquiries were made, through a combination of face-to-face interviews, telephone interviews and an email survey, with the following:

- Cross Cutting Theme managers in Government Regional Offices
- Organisers of a regional seminar on sustainable development, held in the West Midlands in December 2002
- Attendees at the above event

Annex 2: Interview discussion guide

LOCAL IMPACT OF ESF: Discussion Guide for Key Player Interviews

Interviewee details

Name	
Position in organisation	
Organisation	
Contact details	
Main responsibilities re ESF	
Other relevant details	

1.1 Policies and programmes

1.1.1	(How) do the programming documents take account of needs at the local level?
1.1.2	How does the approach to local development differ across the policy fields?
Note	<p><i>Probe whether and how local needs were taken into account during the programming process.</i></p> <p>Probe whether the interviewee feels that there are priorities / measures that are particularly relevant to the local development issues.</p> <p>If it appears from the relevant documentation that local development is emphasised in relation to some measures and not for others, explore why this is the case.</p>

1.1.3	What are the linkages between ESF provision and relevant domestic programmes?
Note	<i>Explore how the interviewee sees the link between ESF and relevant domestic programmes. Are there any examples of this link working particularly well / badly in a local context?</i>

1.1.4	Is there any conflict between national regional and local agendas in the implementation of ESF?
Note	<p><i>The emphasis of this question is upon identifying whether priorities at the different spatial levels conflict in such a way as to affect the implementation of the programme. Issues might include the allocation of funding to different priorities / measures, the relative emphasis given to different target groups, the operational arrangements for delivery etc.</i></p> <p><i>Probe whether the interviewee feels that such conflicts exist. If so, over what types of issues does conflict occur? How does such conflict manifest itself? What are the consequences for the ESF programme?</i></p>

1.2 Local communities, systems and structures

Note: *These questions are relevant primarily for CFOs and other local organisations, as opposed to national or regional representatives.*

1.2.1	Who are the key actors at local level?
1.2.2	How is access to local development assured for all local actors?
Note	<p><i>Explore which organisations the interviewee feels are the most relevant at the local level within his/her area of responsibility. Why are these organisations particularly important?</i></p> <p><i>What is your organisation doing to ensure widespread access to local development? Are there any particular groups for which access is particularly difficult?</i></p>

1.2.3	To what extent have equal opportunities at local level been addressed by ESF?
<i>Note</i>	<i>Are there any specifically local equal opportunities issues within your area(s) of responsibility? If so, how are these being addressed by ESF?</i>

1.2.4	What impact has ESF had on systems and structures at local level?
Note	<i>This question refers directly to the idea that ESF should be an important catalyst for the development and operation of effective partnerships at local level, to address employment issues.</i> <i>In what ways is ESF affecting systems and structures at local level within your area(s) of responsibility? Please give examples e.g. support for partnership working, capacity building etc.</i>

1.2.5	What is the long-term impact of capacity building?
<i>Note</i>	What types of capacity building projects are being funded within your area(s) of responsibility? What do you anticipate will be the longer-term impact of these activities?

1.2.6	What impact has Co-Financing had on the ability of ESF to meet local and regional needs?
<i>Note</i>	Probe for the opinions of the interviewee as to whether the Co-financing system has improved the way in which local needs are addressed. Seek examples and justification for views expressed.

1.3 Implementation and impact

1.3.1	How much awareness of ESF is there at the local level?
1.3.2	How successful is ESF publicity at local level?
<i>Note</i>	<i>Are there any groups / types of organisations that are less aware than others of ESF?</i> <i>Ask interviewee to describe briefly the publicity efforts of the organisations and to provide an honest assessment of how successful these have been at the local level and why.</i>

1.3.3	What use is made of ICT at the local level?
<i>Note</i>	Can the interviewee think of any good examples of the use of ICT within an ESF project, that has particular relevance to local economic development, rural development and/or sustainable development?

1.3.4	What impact has ESF had on the target groups?
<i>Note</i>	Explore the interviewee's opinion as to the main target groups in the local context. To what extent do these coincide with those outlined in the programming documents? Are there any target groups for which ESF is being less successful, in a local context?

1.4 Rural development

1.4.1	How do issues faced by rural communities differ from those faced by others?
<i>Note</i>	What do you see as the main issues and problems faced by rural communities in your area? How do these differ from the problems faced by urban areas?

1.4.3	What has been the specific impact of ESF on rural communities?
<i>Note</i>	Is there any evidence to date of the specific impact of ESF on rural communities? Can you think of any particular projects that are addressing rural issues in a positive / innovative way?

1.4.4	Do you have any suggestions as to how support for rural communities can be improved in the context of ESF?
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2 Sustainable development

2.1 Programme and project level

2.1.1	To what extent were sustainable development issues addressed in the programming process?
2.1.2	How well have sustainable development issues been incorporated into the ESF programme?
<i>Note</i>	Probe interviewee's interpretation of the term 'sustainable development' – particular is it mainly linked to environmental issues, or is there a wider concept? Explore the interviewee's opinion as to how well the ESF programme has incorporated SD issues, and any suggestions for improvement.

2.1.4	Have any linkages been made with ERDF projects?
<i>Note</i>	Only relevant in Objective2 areas Explore how ESF Objective 3 relates to Objective 2. Probe for examples of ESF projects that have linked with Objective 2 projects, particularly where they relate to SD issues.

3 Added Value of ESF

3.1 Strategic / programme level

3.1.1	Has ESF led to different approaches to addressing the needs of target groups?
<i>Note</i>	<p><i>Has the Objective 3 programme led to a different approach being adopted to meeting the needs of the targets groups in this region/in England? If so, could you explain this difference</i></p> <p>PROBING FOR ISSUES LIKE:</p> <ul style="list-style-type: none"> • More emphasis on the combination of different types of interventions? • Emphasis on ‘horizontal’ themes, led to re-focussed priorities that wouldn’t have been given as much prominence? • Has the trans-national dimension to the programme – or links with other EU-funded schemes - led to benefits that would not have been apparent with purely domestic schemes, e.g. transfer of know-how, networking? • contribution of ESF to both national and regional policy objectives PSA targets

3.2 Project and output additionality

3.2.1	Impact of ESF on activities of projects
<i>Note</i>	<p><i>What impact, if any, has Objective 3 had on the activities of projects in the region/in England?</i></p> <p>PROBE FOR</p> <ul style="list-style-type: none"> • Speed/timing • Flexibility • Functions: implementation, management, delivery? • Quantitative or qualitative differences?

3.2.2	Specific impact of ESF Objective 3
<i>Note</i>	<p><i>Have these impacts been simply due to the scale of the resources applied or do you think they are the result of any specific feature of Objective 3? If so, could you tell me a bit about this?</i></p> <p>PROBE FOR</p> <ul style="list-style-type: none"> • Flexibility • Functions: implementation, management, delivery? • Quantitative or qualitative differences? • Administrative requirements? <p>NOTES</p> <p>Looking for a sense of whether ESF provides simply more volumes of same or similar projects and outputs that would be delivered by domestic funding, or whether ESF enables qualitatively different approaches, in terms of target groups, level and quality of activity funded, intensity or longevity of interventions</p>
3.2.3	Dependence of projects on ESF support
<i>Note</i>	<p><i>Do you regard any activities as being particularly dependent on ESF support and if so why do you think this is? Why aren't these funded by domestic programmes?</i></p>

3.2.4	Difference between ESF and domestic programmes
<i>Note</i>	<p>How do ESF funded projects and activities differ, if at all, from those funded solely through domestic programmes?</p> <p>PROBES:</p> <ul style="list-style-type: none"> • Are the projects simply larger in their scale/geographical coverage/volume of outputs? • Does ESF make some projects viable when they wouldn't be otherwise? • Do the projects target particular groups or sectors? Did ESF enable particular groups of people or businesses to access the service? • Or is there something different about the quality of the activities and outputs delivered? <p>NOTES:</p> <p>Here we're interested in two things, the projects themselves and the activities/outputs they deliver, which is a subtle but important distinction. We're trying to get at a sense of both quantitative and qualitative additionality. Quantitative additionality could be seen as enhanced project viability, more projects, larger scale, coverage etc. By qualitative additionality, we mean how the <u>activities</u> funded by ESF differ, if at all, from domestically funded activities. So, compared with the 'standard' offer possible through domestic programmes, are ESF-funded activities:</p> <ul style="list-style-type: none"> • more intensive? • provide some element of customisation? • apply specialist skills or staff? • delivered in a different way? (because of Commission objectives about, say, environmental sustainability or equal opportunities, for instance) -

3.2.5	Nature and extent of additionality due to ESF funding
<i>Note</i>	<p><i>Can you think of any ESF funded projects, where something similar would have gone ahead anyway, without ESF support?</i></p> <p>If yes, probes for:</p> <ul style="list-style-type: none"> • Could you tell me a bit about those projects? • How did ESF make a difference to these projects? <p>If no, probes for:</p> <ul style="list-style-type: none"> • So these projects or something similar would simply not have gone ahead without ESF support?

3.3 Funding effects

3.3.1	Influence of ESF on other funding streams
<i>Note</i>	<p><i>What influence, if any, do you think ESF has on the allocation of other funding streams across the region/across England? If there is an influence, what impact does this have?</i></p> <p>PROBE FOR:</p> <ul style="list-style-type: none"> • Enables regional/national priorities to be tackled more effectively? By leveraging-in funds from other sources? • Provides greater sub-regional or thematic focus? • Does ESF create any scale economies or synergies? • Does it divert domestic resources from other legitimate needs? • Does it expose conflicting funding priorities or inconsistencies between the OP and other national strategies or between the RDP and regional strategies?

3.3.2	Relationship between ESF and domestic funding
<i>Note</i>	<p><i>How do you view the relationship between ESF and domestic funding? Does one follow or influence the other in some way?</i></p> <p><i>Has the application of ESF levered-in additional forms of funding? In general, has the inclusion of ESF made it easier or more difficult to access other funding sources?</i></p>

3.4 Process and administrative effects

3.4.1	Influence of ESF on project development, appraisal and selection
<i>Note</i>	<i>Could you tell me how ESF influences the development of projects and their appraisal and selection?</i>

3.4.2	Effectiveness of delivery of ESF projects
<i>Note</i>	<i>What are your impressions of the effectiveness of the delivery of projects part-funded by ESF?</i>

3.4.3	Administrative costs and benefits of ESF
<i>Note</i>	<p><i>Can you identify any particular administrative costs or benefits of working with ESF?</i></p> <p>Probe for:</p> <ul style="list-style-type: none"> • Mechanisms for claiming funds and their alignment or not with those for domestic funding sources • Performance indicator frameworks • Data collection and management information systems • Use of monitoring and evaluation information • Role of guidance and appraisal, particularly the ex ante evaluations, in the approval of resource allocations and the rationale (or lack of) for resource allocation • How ESF influences the development of projects and their appraisal and selection

Annex 3: Postal survey questionnaire

The Department of Work and Pensions (DWP) has asked the Policy Research Institute to carry out a study of the impact of ESF Objective 3 on local development and sustainable development in England. This study forms part of the Mid Term Evaluation of ESF, which will be submitted to the European Commission at the end of 2003. Results from the survey will help DWP assess whether the ESF programme is making a difference, and the survey findings will be included in a report that will be available on the DWP website later in the year.

As part of the study, we are seeking the views and experiences of projects that have been funded through the 2000-2006 Objective 3 programme. It would be appreciated if you could spare a few minutes to complete this questionnaire. All responses will be treated as confidential and no individuals or organisations will be identified in the report.

SECTION 1 - DETAILS OF RESPONDENT AND ESF PROJECT

Please check that the information listed below is correct. Where necessary please amend/delete as appropriate and/or fill in any missing information.

Name:

Organisation:

Type of Organisation:

Postcode:

Project Name:

Project Reference Number:

Please give a brief description of the nature of the project:

1. Which of these groups does your project target?⁹

(Please tick all that apply)

- | | | | |
|-------------------------|----------------------------|---------------------------|-----------------------------|
| Young people | <input type="checkbox"/> 1 | Black and ethnic minority | <input type="checkbox"/> 8 |
| 50+ age group | <input type="checkbox"/> 2 | Ex-offenders | <input type="checkbox"/> 9 |
| Women | <input type="checkbox"/> 3 | Refugees | <input type="checkbox"/> 10 |
| Labour market returners | <input type="checkbox"/> 4 | Lone parents | <input type="checkbox"/> 11 |
| Homeless people | <input type="checkbox"/> 5 | Drug/alcohol misusers | <input type="checkbox"/> 12 |
| People in rural areas | <input type="checkbox"/> 6 | Long term unemployed | <input type="checkbox"/> 13 |
| Other (please specify) | <input type="checkbox"/> 7 | | |
-

⁹ Note that the category 'people with disabilities' was inadvertently omitted from the questionnaire that was sent out. In cases where this group had not been mentioned under the 'other' category, survey respondents were followed up by telephone to establish whether their projects targeted people with disabilities.

2. Which, if any, of these other local organisations are actively involved in the project?

(Please tick all that apply)

- | | | | |
|------------------------------|----------------------------|---------------------------|-----------------------------|
| Local Authority | <input type="checkbox"/> 1 | Chamber of Commerce | <input type="checkbox"/> 8 |
| Further Education College | <input type="checkbox"/> 2 | Business Link | <input type="checkbox"/> 9 |
| Higher Education Institution | <input type="checkbox"/> 3 | Voluntary/Community group | <input type="checkbox"/> 10 |
| Private Training Provider(s) | <input type="checkbox"/> 4 | Jobcentre Plus | <input type="checkbox"/> 11 |
| Learning and Skills Council | <input type="checkbox"/> 5 | Connexions | <input type="checkbox"/> 12 |
| Other(s) (please specify) | <input type="checkbox"/> 6 | | |

1).....

2).....

None of the above 7

SECTION 2 - THE ESF APPLICATION PROCESS

3. How did you first become aware of the 2000-2006 Objective 3 programme?

(Please tick all that apply)

- | | |
|---|----------------------------|
| Publicity from European Commission | <input type="checkbox"/> 1 |
| Publicity from Central Government | <input type="checkbox"/> 2 |
| Publicity from Regional Government Office | <input type="checkbox"/> 3 |
| Publicity from local organisation (LA, LSC etc) | <input type="checkbox"/> 4 |
| ESF web site | <input type="checkbox"/> 5 |
| Other online sources | <input type="checkbox"/> 6 |
| Involved in previous/other EU programmes | <input type="checkbox"/> 7 |
| Information from local partners or potential partners | <input type="checkbox"/> 8 |
| Other (please specify) | <input type="checkbox"/> 9 |

.....

4. What would you say were the main barriers (if any) to your organisation in getting involved with ESF Objective 3?

(Please tick all that apply)

- Lack of information about the programme 1
- Limited resources to put together proposals 2
- Difficulties identifying sources of co-finance/matched funding 3
- Problems meeting the requirements set out in calls for proposals/application forms 4
- Difficulties with getting local partners involved in proposed projects 5
- Too much bureaucracy involved in the process 6
- Difficulty in understanding the guidance for applicants 7
- Other (please specify) 8
-
- No real problems 9

5. Are you familiar with the ESF Objective 3 Regional Development Plan, produced by the Regional Government Office?

- Yes 1 No 2 *If No, go to Q8*

6. If so, how helpful do you think the guidance it provides for the development of project proposals is?

- Very helpful 1 *Go to Q8*
- Helpful 2 *Go to Q8*
- Neutral 3 *Go to Q8*
- Unhelpful 4 *Go to Q7*
- Very unhelpful 5 *Go to Q7*

7. If not helpful, why not?

SECTION 3 - CO-FINANCING

8. ESF Objective 3 has introduced a new system of ‘Co-Financing’. This involves project promoters applying directly to Co-Financing Organisations (CFOs), such as LSCs or Jobcentre Plus, who provide the co-financing for approved projects. Are you aware of this new system?

Yes 1 No 2 *If No, go to Q13*

9. Have you applied for any funding from a Co-Financing Organisation?

Yes 1 No 2 *If No, go to Q11*

10. If yes, was your application for funding successful?

Yes 1 No 2

11. How helpful do you feel Co-Financing has been to your organisation in developing the type of projects that you wish to promote?

Very helpful 1
Helpful 2
Neutral 3
Unhelpful 4
Very unhelpful 5

12. Please add any further comments that you have about the Co-Financing System.
(Expand on final page if necessary)

SECTION 4 - LOCAL DEVELOPMENT AND PARTNERSHIPS**13. To what extent would you say that your project is linked with any of the following types of partnership organisation, network or grouping?***(Please tick one box per row)*

	Strong links	Some links	Weak links	No links	N/A
A Local Strategic Partnership	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
B Local partnership concerned with economic development	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
C Local Lifelong Learning Partnership	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
D Single Regeneration Budget (SRB) partnership	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
E Education Business Partnership	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
F Neighbourhood Renewal or related partnership	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
G Other type(s) of local partnership (please specify)	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5

.....

14. Would you say that your involvement with ESF Objective 3 has enabled your project to become more involved in local partnership activity?

- Yes, more involved 1 ***Go to Q15***
- No change in involvement 2 ***Go to Q16***
- No, less involved 3 ***Go to Q16***

15. If more involved, please indicate briefly how.*(Expand on final page if necessary)*

16. Please indicate the extent of links between your project and the following local and national initiatives below:

(Please tick one box per row)

	Strong links	Some links	Weak links	No links	N/A
A New Deal	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
B Modern Apprenticeships	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
C University for Industry / learndirect	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
D Adult and Community Learning Fund	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
E Skills for Life	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
F Centres of Vocational Excellence	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
G Skills and Knowledge programme	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
H Single Regeneration Budget (SRB)	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
I Employment Zones	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
J Action Team for Jobs	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
K New Deal for Communities	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
L ERDF Objective 2	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
M Wired-up Communities	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
N Early Years Development and Childcare strategies	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
P Other initiative (please specify)	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5

.....

17. In general, to what extent would you say that the ESF Objective 3 programme is geared to meeting the needs of your local area?

- Large extent 1 ***Go to Q19***
- Some extent 2 ***Go to Q19***
- Neutral 3 ***Go to Q19***
- Not really 4 ***Go to Q18***
- Not at all 5 ***Go to Q18***

18. If not geared to meeting the needs of your area, how do you think ESF could be changed to better meet local needs?

(Expand on final page if necessary)

19. How does ESF add value to what your organisation is doing at the local level?

(Expand on final page if necessary)

SECTION 5 - RURAL DEVELOPMENT

20. Does your project focus upon issues that are faced particularly in rural areas?

Yes 1 No 2 *If No, go to Q25*

21. If yes, please explain briefly how rural issues are being addressed by the project.

22. Which of the following problems have been evident in developing / implementing the project?

(Please tick all that apply)

- | | | |
|---|--------------------------|---|
| Difficulty attracting sufficient numbers to make the project viable | <input type="checkbox"/> | 1 |
| Lack of suitable project partners | <input type="checkbox"/> | 2 |
| Lack of co-financing opportunities | <input type="checkbox"/> | 3 |
| Lack of assistance or support for project design | <input type="checkbox"/> | 4 |
| Transport/access to training facilities | <input type="checkbox"/> | 5 |
| Dispersed nature of employment opportunities. | <input type="checkbox"/> | 6 |
| Other problems (please specify) | <input type="checkbox"/> | 7 |
-

23. To what extent do you think that the ESF Objective 3 programme takes account of the specific issues faced by rural areas?

- | | | | |
|--------------|--------------------------|---|------------------|
| Large extent | <input type="checkbox"/> | 1 | <i>Go to Q25</i> |
| Some extent | <input type="checkbox"/> | 2 | <i>Go to Q25</i> |
| Neutral | <input type="checkbox"/> | 3 | <i>Go to Q25</i> |
| Not really | <input type="checkbox"/> | 4 | <i>Go to Q24</i> |
| Not at all | <input type="checkbox"/> | 5 | <i>Go to Q24</i> |

If not really or not at all, in what way(s) do you think that the programme could be improved?

SECTION 6 - SUSTAINABLE DEVELOPMENT

24. Are you aware of the focus on sustainable development issues within the 2000-2006 ESF Objective 3 programme?

Yes 1 No 2

25. How helpful do you feel the material in the Regional Development Plan and other ESF documents has been in providing guidance to you in incorporating a sustainable development dimension into your project proposal?

31. How do you feel that awareness of sustainable development issues within ESF can best be raised?

(Please tick all that apply)

- | | |
|---|----------------------------|
| More written material / guidance notes | <input type="checkbox"/> 1 |
| Local or regional seminars / events | <input type="checkbox"/> 2 |
| More web-based material | <input type="checkbox"/> 3 |
| Good practice examples of projects | <input type="checkbox"/> 4 |
| Specific advice at project design stage | <input type="checkbox"/> 5 |
| Other (please specify) | <input type="checkbox"/> 6 |
-

SECTION 7 - FURTHER COMMENTS OR SUGGESTIONS

Please feel free to expand on your earlier answers or add any further comments or suggestions that you have for improving the ESF Objective 3 programme. We are particularly interested in your views on how the programme can best take into account local needs and facilitate the involvement of local organisations in the development of their own areas.

If you prefer, you could email comments and / or suggestions to Steve Johnson, Project Manager at the Policy Research Institute on s.g.johnson@lmu.ac.uk

Thank you for your assistance. Please return the completed questionnaire in the pre-paid envelope provided by Friday, 4th April 2003.