

Financial Control of ESF Projects

Romania - RTP 41263 Cluj

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Change images below as required





ESF - Structural Fund- 2007-2013

ESF was created in 1957 and is an important source of funding for activities to develop employability and human resources

The overall EU budget for 2007 -2013 is €864bn



European *Social Fund*

➤ ***ESF – Two main Priorities:***

- Extending employment opportunity for all
- Developing a skilled and adaptable workforce



Extending employment opportunity for all

(UK specific challenges)

- Developing employability and skills of unemployed and economically inactive people
- Overcoming barriers to work faced by disadvantaged groups (e.g. people with disabilities and health conditions, lone parents, older workers and ethnic groups)
- Supporting small community projects to mobilize disadvantaged and excluded people and facilitate their integration into labour market



Developing a skilled and adaptable workforce (UK specific challenges)

- Increasing participation in learning for young people
- Improving basic literacy and numeracy for adults
- Tackling the skills deficit in the workforce (e.g. helping workers gain Vocational Qualifications)
- Training men & women who want to enter occupations or sectors where they are unrepresented
- Training managers and workers in small businesses who need to develop skills

ESF Objectives



Member states will concentrate on specific challenges

“Convergence and competitiveness”

- Improving adaptability and entrepreneurs
- Enhancing the access to employment and sustainable inclusion in the labour market of job seekers
- Reinforcing social inclusion of disadvantaged people
- Combating discrimination in the labour market
- Promoting partnerships, in the field of employment and labour market inclusive



Development of “Project Proposal” *under the European social fund 2007-2013*

You need to consider the four areas of actions :

- Increasing adaptability of workers and enterprises
- Enhancing access to employment and participation in the labour market
- Reinforcing social inclusion by combating discrimination and facilitating access to the labour market for disadvantaged people
- Promoting partnership for reform in the fields of employment and inclusion



Developing project ideas

- Identify specific challenges against priorities and objectives
- Discuss programme and management structures with your potential stakeholders & partners
- Think about “gaps” in your service or provision
- Added Value – **ESF can make a difference**
- Attend as many seminars and training opportunities to:
 - ✓ developing project ideas
 - ✓ bid writing
 - ✓ project delivery and management



Developing project ideas

- Read all guidance notes and legislation relevant to ESF
- If there is guidance on scoring “ use it “
- Check beneficiary eligibility
- Partners – must be involved through out
- Consultants – should we use them ?
- Sustainability / Exit Strategies / Main Streaming
- Planning and preparation must start now – if not already started



Common mistakes in application

- Eligibility
- Not realistic
- Too many or not enough beneficiaries
- Value for money
- Not answering question FULLY
- Not showing understanding of target groups
- Not relevant to current legislation
- Needs of project do not match RDP (Regional Development Plan)
- Partnerships – not showing their involvement
- Not showing the project is really needed
- Not innovative enough (all ready happening)
- No proven track record

Match Funding - definition

- Public match funding = central or local government e.g.. Local Authority
- Private match funding = money originating from private enterprise including:
 - Public limited companies
 - Private limited companies / Voluntary Organisations
 - Co-operatives
 - Self employed people
 - Individual investors

Partnership working

- Disseminates existing good practice
- Develops new ideas and approaches
- Brings together vocational guidance and advice
- Stronger links with employers
- ***Partners must be eligible to apply for and receive ESF:***
- Public / Private / Voluntary sector
- Identify Project activity and resources
- Identify where & when project requires partners
- Identify project objectives and outcomes
- Agree contractual responsibility for delivery

Match Funding and Partners

Points to consider:

- Match funding must be for specific project
- The match funder must keep clear records showing the actual costs Expenditure must be eligible for ESF
- Staffing costs “in kind” must be supported by time sheets of time spent on the project
- Materials or services must be supported by invoices / evidence.
- In kind contributions **MUST** be: “ eligible costs”

Finance resources – ESF rules

- All costs must be eligible and relate to ESF activity
- Must be within the project period
- ESF activity must add value to existing activity
- You can not increase your approved ESF amount
- Neither you or your partners can make a profit from ESF
- You must have “Clean” match funding in place – at least 10% from a public source
- ***The Lead applicant is responsible for everything that happens during the life of the project***

Revenue & Capital Expenditure

ESF – will only fund Revenue costs

Revenue: is the cost of delivering services i.e. “running costs”

For example: Staffing costs / Beneficiary costs / Other costs

Capital: is the costs of acquiring or improving “assets”

For example: Buildings / Equipment / Roads /Bridges etc.

But – you can lease equipment and rent buildings

Check financial rules on small items of equipment i.e. computers

Revenue Income

- EC regulations defines receipts (revenue) as “sales, rentals, services, fees and money raised
- ***Any revenue declared is deducted from the claim***
- Please remember your contract will state :

You will receive the ESF contributions towards the money actually spent (the total eligible costs for the period, net of revenue, multiplied by the intervention rate)

How to prepare for your budget

Good planning before you start:

- Check the budget timetable and allow enough time to gather information
- Identify your project needs and partners involvement
- Check your partners have a good track record
- Use your past performance and experience to estimate costs
- Identify the risks -including activity as well as expenditure
- Ensure you consider an exit strategy (what happens next?)

Interim reports

Quarterly Interim reports are the source of monitoring and reviewing project activity and expenditure

Staffing costs :-

full breakdown of actual staff costs (including NI / pensions etc.) staff training / travel / steering group/ trainers etc.

Beneficiary costs :-

clothing and equipment / travel / training / aids & adaptations/ equipment / child care etc.

Other costs :-

rent / rates / office furniture / electricity / gas / stationary etc.

Interim reports

Each project will have identified outcomes & achievements required in the original application and contract

Examples are:

- **Starters** (referrals - ensure you have evidence of eligibility)
- **Leavers** (that did not complete project)
- **Completers** (i.e.. completed the tasks stated in their develop plan)
- **Job outcomes** (remember - to ensure you have evidence / proof)
- **Training outcomes** (with evidence from training provider)
- **Qualifications** achieved (copies of certificates etc.)
- **Employers** approach (always keep records of any meeting etc.)

Interim reports – trigger payments - need to be completed on time

Southampton City Council		Planned delivery								
Deliverable Name	Unit Price	2008	2009	2010	Total	Value	2008	2009	2010	
Participant assessment, planning and support	£40.00	10	34	16	60	£2,400.00	400	1360	640	
Start on non-accredited learning (including SfL assessment)	£890.40	3	10	6	19	£16,917.60	2671.2	8904	5342.4	
Start on accredited learning that does not have a notional NVQ level	£890.40	3	10	6	19	£16,917.60	2671.2	8904	5342.4	
Start on Programme including work placement	£890.40	3	13	9	25	£22,260.00	2671.2	11575.2	8013.6	
Completion of non-accredited learning	£186.40	2	9	4	15	£2,796.00	372.8	1677.6	745.6	
Achievement of accredited learning activity	£186.40	2	9	5	16	£2,982.40	372.8	1677.6	932	
Completion of work placement	£186.40	1	12	7	20	£3,728.00	186.4	2236.8	1304.8	
Progression into further learning	£559.20	0	4	3	7	£3,914.40	0	2236.8	1677.6	
Progression into employment within 6 weeks of leaving ESF project in a job that lasts for 8 hours or more per week further learning	£559.20	1	10	3	14	£7,828.80	559.2	5592	1677.6	
Progression into voluntary work	£559.20	0	3	3	6	£3,355.20	0	1677.6	1677.6	
In work 6 months after leaving the programme	£560.80	0	10	8	18	£10,094.40	0	5608	4486.4	
Participant in job search activity	£559.20	2	3	0	5	£2,796.00	1118.4	1677.6	0	
							11023.2	53127.2	31840	

Contracts (under UK directive)

Lead partner is responsible for management and delivery of project

- Your local government office (will vary for each member state) will provide assistance for the project from ESF monies approved
- The contract agreed amount will only be paid in respect of actual eligible costs. Expenditure prior to project dates are not eligible
- You must notify your Government office of any changes of more than 15% in outcomes, outputs or costs (failure to do so could risk in funding being withdrawn)
- Final payments are deferred until audit certificates and the “Project Closure Report” is agreed.

Why do projects go wrong ?

- Poor project design
- Ambiguous, ambitious, unattainable outputs
- Failure to identify & manage risks
- Inadequate resources for project management & administration
- Poor financial management
- No independent quality evaluation
- General shortage of project management skills
- Poor knowledge of EU Regulations

Remember the “lead” partner is responsible for the entire project

ESF – some good tips !!!

MAKE IT CLEAR you must have :

- Specific, measurable, achievable, relevant and time bound objectives, with clear performance indicators

- You must be able to prove you did what you claimed to have done, spent what you claimed to have spent etc.

GOOD LUCK

Useful Information / Web links

- www.esf.gov.uk
- www.southampton.gov.uk
- www.citylimits.employment@southampton.gov.uk
- www.lsc.gov.uk
- www.NHS.uk
- www.SEEDA.co.uk

