

CEFET'S WRITTEN EVIDENCE TO THE HOUSE OF LORDS SELECT COMMITTEE ON THE EUROPEAN UNION ENQUIRY INTO THE EUROPEAN SOCIAL FUND.

CEFET is the lead body for the Third Sector's involvement in ESF in the East Midlands, and has a membership of nearly 2,000 groups, approximately a third of which are small local grassroots groups in excluded communities. CEFET has been in existence since 1991 and a regional partner in the ESF Regional Monitoring Committees since regionalisation of the funds in 1997. Therefore it has represented the sector in Regional supervision of ESF in three Programmes.

CEFET is currently organising the Grassroots groups it has contact with into local networks with a feed into development of a regional strategy and policy voice for those experiencing exclusion. This is done through regional meetings and the establishment of a Grassroots Network Focus Group with a representative 100 excluded people. The destination for that voice is a newly formed Social Inclusion Policy Forum, which we are leading in partnership with One East Midlands, the regional network and policy platform for the VCS in the East Midlands. The Forum is multi sectoral, with equal numbers of VCS practitioners, other sector decision makers and people facing exclusion. It embodies the 3 principles of 2010 European Year against Poverty and Social Exclusion which are: Poverty Awareness; Grassroots Participation and Lasting Legacy.

Over the life of the last full Programme (2000-2007) the contracts held by bona fide Third Sector organisations amounted to 26.5%, by value, of the Programme. Most interest by the sector was concentrated in Policy Field Two (Social Inclusion) where the figure rose to 60% by value, the rest of the Programme average therefore being just over 15%. The sector has considerable experience of ESF, with expertise concentrated in the field of Social Inclusion. In the East Midlands Policy Field Two, in 2000-6, was all governed by a Community Empowerment Strategy. Under this strategy CEFET led two projects: **CATALYST** and **TIGER**, which funded nearly 700 very small "micro-projects" at local level in excluded communities using a Local Social Capital approach.

CEFET is an active member of the Third Sector European Network (TSEN), which speaks for the sector at the National, European and multi-regional levels. We are aware that TSEN is making a submission to your Lordships' enquiry, and we echo and fully support the points made in that submission. However we believe we can add a specifically East Midlands flavour to the arguments made in that submission, and give a greater level of detail to those observations. We feel the force of our experience and analysis will best elucidate the first 4 questions posed by the enquiry.

CEFET is primarily concerned that the design, management and monitoring of ESF is increasingly dominated by the managerial concerns of the main channels of funding: the Department for Work and Pensions (DWP) and the Learning and Skills Council (LSC).

The results of this domination are:

- The loss of effective strategic partnership at regional level
- The loss of any input into the design of the Programme by NGOs, contrary to Article 11 of the General Regulations
- The squeezing out of expertise on types of action that are effective in countering exclusion, reaching the hard-to-reach and engaging those furthest from the Labour Market
- The effective downgrading of Social Inclusion action in the planning of activity in contradiction to the stated aims of the Programme in the Operational Plan.
- The consequent very low level of Social Inclusion projects actually taking place
- A consequent precipitous drop-off in Third sector involvement in delivery

The following account of how this has manifested itself in the East Midlands ESF programme may well illuminate how the structures are determining the Programme.

Background¹

While ESF is a national Programme it has Regional management. The high level Objectives of the Programme are set in a National Operation Programme, which has been set to give “flexibility” in delivery. Each Region has a Regional Monitoring Committee (RMC) which agrees a high level strategic document to shape the Programme within its region. The RMC is a cross-sectoral Partnership, (where full Third Sector participation is – uniquely – guaranteed by EU Regulations). In the last, 2000-06, Programme the governing plan was called a Regional Development Plan (RDP), in the current, 2007-13, programme it is called a **Framework**.

The East Midlands RDP 2000-2006 had a ring-fenced, £50m, Priority for Social Inclusion which was governed by a Community Empowerment Strategy. That is a strategy, originally drafted by CEFET and developed and adopted by all partners, of identifying projects “*designed by the target communities themselves and founded on their participation and control.*”² Various actions under this strategy have been internally or externally evaluated, always with impressive results in reaching, and progressing, those un-reached by other activity³. Consensus is that the approach was successful and reference *is* contained in the ESF Framework.

The consultation draft on the first Framework (2008-10) recognised this success, explained Community Empowerment and was accompanied by a consultation question: “**How significant a part of Priority 1 should this (Community Empowerment) be when it comes to allocating funding?**” Although the sector made a massive co-ordinated response to this question, those submissions were never analysed and no indication of the required scale of Community Empowerment activity was included in the final Framework.

The Third Sector formally refused to sign off the consultation and only agreed to let the Framework go forward on the understanding that GOEM seek an assurance from each Co-Financing organisation (CFO) (mainly the LSC and DWP [through Job Centre Plus]) to implement Community Empowerment. There is no evidence that they have honoured those assurances or of any specific Community Empowerment activity, as defined in the Framework, in the Programme.

¹ For a fuller account of this background please see <http://www.cefet.org.uk/documents/CommunityEmpowermentinESF.pdf>

² For the full Community Empowerment Strategy see the “Key to Inclusion” (p24-25) and other material on the L-POWER website <http://www.l-power.org.uk/docs/L-POWER%20final%20report.pdf> .

³ *ibid* pp 30-31, for example

The 2011-13 Framework

Now the time has come to revise the Framework – or “refresh” it as the Guidance puts it. The RMC tasked a working group (composed of regional representatives of the Co-Financing bodies; emda; the regional Employment & Skills Partnership (which has no Third Sector representative); the Equalities & Human Rights Commission; the Further Education and Third sectors) to formulate a new version of the Framework. This was mainly to take into account Labour Market changes and “support economic recovery”.

CEFET attended the two meetings of the Working Group and corresponded by e-mail with other members in between, particularly on the issue of redrafting the chapter on Priority 1 (*Extending Employment Opportunities*) which includes the endorsement of Community Empowerment referred to above.

Again we sought to raise the issue of how Community Empowerment would be realised if no mention of the relative scale of it was included in the Framework. We proposed that a minimum level of contracting be set for Community Empowerment activity. After all Co-Financing had operated successfully under Community Empowerment in the last Programme, allocating perhaps £40m. The method also offered a strategic response to the challenge of achieving one of the Objectives of the Programme in the East Midlands: **“Economic inclusion, which aims to overcome the barriers or market failures that prevent people from participating fully in the regional and local economy.”**

At the Working Group meeting we were asked explicitly if Community Empowerment was compatible with the major CFOs procurement systems. We responded that although there were difficulties they could be overcome through intelligent and imaginative commissioning, of which there were examples in the last programme, and which we (the Third sector) have the expertise to help develop.

Others disagreed and expressed the view – with regret in most cases – that the CFO procurement systems were not now flexible enough to respond to this type of challenge.

This produced, what seems to us to be, a more fundamental discussion on the role of the Framework. We expressed the view that the Framework should set out the priorities and needs of the region and reflect regional experience and expertise in methods of addressing them. This should be – literally – the Framework to which the CFO plans should conform, and we had confidence that if required to do so the CFOs could inflect their commissioning practices to achieve it. Everyone else thought this unrealistic, and we were informed that **in practice the Framework had to conform to the core business and procurement systems of the CFOs.**

The Third Sector alone dissented from this view.

Therefore *no* mention of allocation for, or any other means of identifying the volume or scale of, Community Empowerment will be contained in the draft Framework. Given the logic of the arguments advanced it must be extremely dubious that any input into the consultation will reverse this judgment, which presumably was also (covertly) behind the suppression of responses to the last consultation.

This being so, it is likely on the basis of experience so far, that there will be no Community Empowerment activity in the Programme, despite a well documented and evaluated successful programme, pioneered in the East Midlands and, among other endorsements, showcased at the UK Presidency ESF event.

The foregoing shows how the explicit dominance of the procurement and business models of the major CFOs (rather than Co-Financing per se) are frustrating the aims of the Programme.

We have no confidence – under the proposed East Midlands Framework (and other similar regional Frameworks that don’t even pay lip-service to specific Inclusion methodologies)

and despite it being a stated aim of the Programme – that ESF is contributing directly or significantly to bringing excluded people towards the Labour Market.

Indeed given the imperative to conform activity to existing funding mechanisms it appears that any impact on exclusion will be *incidental* to mainstream training and skills delivery. However we know⁴ that – even specifically targeted – mainstream training and skills delivery will only attract **9%** of potentially attractable excluded people.

In addition let us say that the procurement practices and core business models of the main Co-Financing agencies skew the programme to larger providers and make it difficult for those best placed to deal with specific local problems to engage. However we are confident that this point will be elaborated fully by other Third sector responses to this call for evidence.

The *structural* issue we are seeking to stress is that ESF is now no longer constructed strategically but explicitly built to conform to these business practices. This introduces a distortion from the highest strategic level throughout the fund, and squeezes out the considerable expertise of those working on Inclusion. The tail is not so much wagging the dog as strangling it!

Laurie Moran
CEFET CEO

⁴ Catalyst (2001-8) engaged, through self-directed Community Empowerment micro-projects, nearly 7,000 excluded people with an average time out of the labour market of 33 months. A survey found that 64% would not have joined an *identical* project run by any other agency, and that ¼ of those that would engage with other agencies would only join VCS provision.