



**Department
for Work &
Pensions**



European Union
European
Social Fund

2014 to 2020 European Structural and Investment Funds Growth Programme

Call for Proposals European Social Fund

Priority Axis 2: Skills for Growth

Managing Authority	Department for Work and Pensions (DWP)
ESI Fund	European Social Fund
Priority Axis:	Priority Axis 2 : Skills for Growth
Investment Priority	2.2 Improving the labour market relevance of education and training systems.
Call Reference:	OC22S15P0264
LEP Area:	Liverpool City Region
Call Opens:	14 December 2015
Call Closes:	15 February 2016

Contents

1. Call Context

1.1 National Context

1.2 Local Development Need

1.3 Scope of Activity

2. Call Requirements

3. Required Deliverables

4. General Information

4.1 Compliance and Eligibility

4.2 Intervention Rate & Match Funding

4.3 Applicants

4.4 Cross Cutting Themes

4.5 State Aid

4.6 Funding Agreement

4.7 Procurement

4.8 Retrospection

5. Application Process & Prioritisation Methodology

6. Support

7. Key Documents

8. Document Checklist

9. Document Submission

10. Timescales

11. Appendix A – Common output indicators

1. Call Context

The 2014 to 2020 European Structural and Investment Funds (ESIF) bring the European Regional Development Fund (ERDF), European Social Fund (ESF) and part of the European Agricultural Fund for Rural Development (EAFRD) together into a single European Union (EU) Structural Investment Funds (ESIF) Growth Programme for England supporting the key growth priorities of innovation, research and development, support for Small and Medium Enterprises (SME), low carbon, skills, employment, and social inclusion.

European Structural and Investment Funds are managed by the Department for Communities and Government (ERDF), Department for Work and Pensions (ESF) and the Department for Environment Food and Rural Affairs (EAFRD). In London, the Greater London Authority acts as an Intermediate Body for the European Regional Development Fund and European Social Fund programmes. Unless stated otherwise, the term “Managing Authority” will apply to all these organisations. These Departments are the Managing Authorities for each Fund. The Managing Authorities work closely with local partners who provide:

- Practical advice and information to the Managing Authorities to assist in the preparation of local plans that contribute towards Operational Programme priorities and targets;
- Local intelligence to the Managing Authorities in the development of project calls (decided by the Managing Authorities) that reflect Operational Programme and local development needs as well as match funding opportunities;
- Advice on local economic growth conditions and opportunities within the context of Operational Programmes and the local ESIF Strategy to aid the Managing Authority’s assessments at outline and full application stage.

This call is issued by the Department for Work and Pensions (DWP) to commission ESF Funded projects that will support the **Priority Axis 2 of the Operational Programme: Skills for Growth and Investment Priority: 2.2 Improving the labour market relevance of education and training systems** as set out in the ESF Operational Programme.

All applications will need to be eligible under the European Social Fund Operational Programme for England 2014 to 2020. The [ESF Operational Programme](#) is available for applicants to read. Before funding agreements are signed, the Managing Authority will need to check eligibility against the agreed ESF Operational Programme.

This call for proposal sets out the requirements for any applicants to consider before applying. Applications against this call will be assessed as part of a two stage appraisal process and successful applicants will enter into a funding agreement with the DWP. Further information is given in sections 4 to 10.

Applicants are advised to familiarise themselves with the detail of the Operational Programme, local European Structural and Investment Funds Strategy and the relevant documentation listed in sections 5 through to 8 **prior to** submitting an Outline Application.

All ESF applicants will need to be aware of the requirement to collect and report data on all participants as per Annex 1 of the ESF regulation (see Appendix A). This will be in addition to the requirement to report on the output and result indicators referred to in section 3 of the call for proposal.

1.1 National Context

ESF will not fund activity that duplicates or cuts across national policy on grants and loans for tuition for skills activities. Exemptions to this principle will be considered only where a local specific need and/or market failure has been demonstrated and where the activity falls within the scope of the Operational Programme.

Where appropriate, training may complement activities delivered within the thematic objectives relating to innovation, low carbon, climate change, ICT and SME competitiveness, especially where improving intermediate and advanced skills can contribute to these thematic objectives. The focus on SMEs complements ERDF priorities, reflects the lower level of leadership, management and enterprise skills in smaller businesses and takes account of the fact that larger businesses in the UK are already eligible for skills support through the Employer Ownership Fund (EOF).

1.2 Local Development Need

Projects must deliver activity which directly contributes to the objectives of Priority Axis 2, Investment Priority 2.2 of the Operational Programme, and which meets the **local development need** expressed in the text below.

Creating the skills needed to increase economic growth and improve productivity presents a significant challenge to the Liverpool City Region. While there have been improvements in skills levels in recent years, these have not happened quickly enough to close the performance gap with national rates.

Liverpool's starting point is that Liverpool City Region partners, through robust research, have a good understanding of the character, design and structure of the indigenous business base and are therefore better able to implement national policy in a way that responds to local needs. Liverpool's aim is to better target resources to deliver growth and prosperity based on higher wages, more jobs and stronger productivity. Liverpool want the freedom and flexibility to determine the level and type of resource that is invested in their priorities, to enable greater specialisation where needed and to support a more highly skilled and appropriately qualified workforce.

From Liverpool's research with local employers it is known that creating high quality professional and technical routes to employment is a priority if we are to increase the number of residents with NVQ Level 3 technical skills aligned to the local growth

sectors. But just to “catch up” with the national average, the Liverpool City Region needs an additional 74,000 working age residents with NVQ Level 3 skills and almost 80,000 additional residents with Level 4 plus skills.

There are currently a large number of employers in the City Region using the Apprenticeship programme as an effective means of building capacity in their workforce, with 16,530 Apprentices starting in 2013/14. However, Liverpool know that the pace of engagement and take up of the new trailblazer Apprenticeships and Degree Apprenticeships needs to be improved, in keeping with the Government’s future policy direction. While a number of these new Apprenticeship standards are in line with Liverpool’s priorities in the sector based Skills for Growth Agreements (for example Actuarial skills, Network Engineering, Manufacturing Engineering) and will be boosted by those in development relating to Maritime, Digital Industries and Automotive skills, much more needs to be done locally to build the capacity of employers and providers to take up these opportunities and in doing so meet latent demand. Liverpool’s sector based Skills for Growth Agreements clearly articulate local businesses’ current and future skills needs and these cover our growth sectors: SuperPort, Low Carbon, Advanced Manufacturing, Life Sciences and Digital and Creative.

The overall approach to the use of European funds is set out in the [Liverpool City Region European Structural and Investment Fund Strategy](#) which applicants should make themselves familiar with. The priorities for Skills are set out in the Skills for Growth Agreements, Skills for Growth Reports and Skills Priorities Statement which should be reflected in the responses to this call. Applicants should also refer to the [Liverpool City Region Innovation Plan and Strategic Economic Plan](#)

Call outline

The Liverpool City Region is made up of the boroughs of: - Knowlsey, Liverpool, Sefton, St Helen's, Wirral (Transition Region) and Halton (More Developed Region).

Liverpool City Region wishes to receive calls for proposals around the following areas of work to utilise up to £4.2m European Social Fund, to be funded £3.7m from Investment Priority 2.1 and **£0.5m from Investment Priority 2.2. (A further Call for Investment Priority 2.1 is linked to this proposal.)**

Higher level apprenticeships

There is a national and local priority to support the development of higher level apprenticeships in support of businesses and residents. The current standards are still being developed and do not yet completely cover the skills needs of businesses in the City Region, particularly growth sectors. The City Region would therefore like to invest in supporting businesses in the development of new high level apprenticeship standards which are in line with City Region growth sectors, alongside promoting the uptake of higher level apprenticeships through the Apprenticeship Hub: this will ensure that education and training provision is more responsive to the needs of the economy. The funding for the delivery of these apprenticeships is not eligible from the ESF Operational Programme and should be picked up by the mainstream apprenticeship budget

Higher level skills

There is an increasing demand from many businesses in the growth sectors for more higher level skills, and many of these are at the cutting edge of knowledge and technological development. This means that it is not always cost effective for education institutions to develop the curriculum materials required to meet the skills needs of businesses. The City Region wishes to invite proposals around curriculum development and initial module based funding, which are rooted in the needs of businesses in growth sectors in the City Region.

Details of the local ESIF Strategy [can be found here](#)

1.3 Scope of activity

This call invites Outline Applications which support the delivery of **Priority Axis 2, Investment Priority 2.2 Improving the labour market relevance of education and training systems** of the European Social Fund Operational Programme and responds to the local development need set out in the **Liverpool City Region Local Enterprise Partnership Area European Structural and Investment Funds Strategy**.

This call aims to address the identified shortfalls listed in section 1.2 Local Development Need above.

2. Call Requirements

All applications are competitive.

Indicative Fund Allocation:	Indicatively, through this call the Managing Authority expects to allocate approximately £0.5 million ESF in total- 90% £450,000 allocated to the Transition Region 10% £50,000 allocated to the More Developed Region The Managing Authority reserves the right to decrease and increase the indicative allocation, or support more or fewer projects subject to the volume and quality of proposals received.
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Minimum application level	<p>European Social Fund investment is intended to make a significant impact on local growth. Applications are expected to demonstrate appropriate scale and impact. The Managing Authority does not intend to allocate less than £250,000 of European Social Funding to any single project.</p> <p>The minimum project size both ESF & match funding, is dependant on the intervention rate determined by category of region; 60% Transition Region & 50% More Developed Region. As Liverpool City Region LEP area spans two categories of region Transition and More Developed, applicants will need to provide separate financial and indicator tables detailing the appropriate intervention rates for each category or region.</p>
Duration of project approvals	Projects should be for a maximum of three years, however the Managing Authority reserves the right to vary the maximum duration in exceptional circumstances.
Geographical Scope	All interventions are confined to activity and beneficiaries within the Liverpool City Region Local Enterprise Partnership area.
Specific call requirements	This call for ESF investment has been issued with complementary calls under ESF Investment Priority 2.1 and the European Regional Development Programme. Priority will be given to applicants that submit linked proposals across the two funds. See 'Local Priorities' section for further information.
Call Deadlines	For this specific call, all applications will be assessed following closure of the call.
Application selection	All applications will be scored in line with the ESF scoring criteria, but the MA reserve the right to invite projects to full application stage where they complement other activity or provide niche activity to target groups within the OP.
Applicant proposals	These can only contain activities which are eligible for ESF
Eligible match funding	Applicants will need to have eligible match funding for the balance of costs, which must be from a source other than the European Union. For all outline applications proof of match funding will need to be supplied as part of the assessment.
Operational	Operations must be completed no later than 31 st December

completion	2019.
Procurement	All procurement must be undertaken in line with EU regulations
State Aid law	Applicants must demonstrate compliance with State Aid law
Audit/ Compliance	All expenditure and activities will be subject to rigorous audit and non-compliance may lead to financial penalty

ESF cannot be used to duplicate existing activities or activities that do not address market failure. ESF can only be used to achieve additional activity or bring forward activity more quickly. Applicants must be able to demonstrate that proposals are additional to activity that would have occurred anyway or enables activity to be brought forward and delivered more quickly than otherwise would be the case in response to opportunity or demand.

3. Deliverables required under this Call:

Applications will be expected to achieve Programme Deliverables by contributing to the following Investment Priority. The definitions of which can be accessed at the [ESF Operational Programme](#).

Investment Priority	2.2: IMPROVING THE LABOUR MARKET RELEVANCE OF EDUCATION AND TRAINING SYSTEMS
Specific Objectives	<p>Improving the labour market relevance of education and training systems facilitating the transition from education to work, and strengthening vocational education and training systems and their quality, including through mechanisms for skills anticipation, adaptation of curricula and the establishment and development of work based learning systems, including dual learning systems and apprenticeship schemes.</p> <p>To promote improvements in the labour market relevance of skills provision through active engagement with relevant institutions and employers, particularly SMEs and Micro businesses.</p> <p>The additional support from this investment priority will enable the design of skills provision which will help individuals gain skills and qualifications relevant to the needs of the labour market</p>

Indicative Actions	<p>Under this investment priority indicative actions to be supported by the European Social Fund may include:</p> <ul style="list-style-type: none"> • support for collaborative projects, placements, internships or other activities with SMEs that enable students and graduates to gain industry relevant experience and skills; • building capacity in SMEs to provide project/placement/internship opportunities and enhance the contribution of advanced skills to SME growth, including programmes to specifically engage the most disadvantaged groups or those who face particular local disadvantages in utilising advanced skills; • brokering opportunities to encourage and increase work experience, work placements, traineeships, apprenticeships, and graduate placements particularly through wider employer engagement and involving supply chains; • promoting apprenticeships (especially at advanced levels in manufacturing and other priority sectors) by developing a supportive environment for employer engagement; • developing better links with business to equip students with the skills to start and grow a business to meet local business needs.
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ID	Result Indicator	Target value for this call
R9	Small and Medium Enterprises successfully completing projects (which increase employer engagement; and/or the number of people progressing into or within skills provision)	75%

ID	Output Indicator	Target value for this call
CO23	number of supported micro, small and medium-sized enterprises (including cooperative enterprises, enterprises of the social economy)	50

Applicants will be required to demonstrate how they will achieve the deliverables within their proposal along with any methodology that will be used to record achievement. Applicants will also need to ensure robust systems are in place, and be able to describe them, to capture and record the targets and to report quantitative and qualitative performance across the Liverpool City Region LEP area. All operations will be required to collect data and report progress against the deliverables with each claim. Where an operation underperforms against their deliverables they may be subject to a performance penalty.

There must be a fully evidenced audit trail for all contracted deliverables.

4. General Information

Essential information to support the drafting of an application and delivery of a successful ESF funded project is available at the [European Growth Funding](#) website pages.

4.1 Compliance and Eligibility

When developing an application, Applicants should refer to [guidance](#) on eligible Applicants, activities and costs. These are for guidance only and Applicants should take their own specialist advice if in doubt. It is the responsibility of the Applicant to ensure that the rules and guidance are adhered to both at application stage and following approval.

ESIFs are governed by European regulations and national rules. Applicants are advised to familiarise themselves with the relevant documentation listed in the 'key documents' section prior to submitting an Outline application. If successful, Applicants will enter into the standard Funding Agreement and must abide by the standard terms and conditions contained therein. Applicants are therefore strongly advised to read these terms and conditions to ensure that they would be able to enter into such an agreement prior to responding to the call. Once a Funding Agreement has been issued it should be signed and returned within a short timescale.

4.2 Intervention Rate & Match Funding

ESF is funding used where no other funding can be obtained (the funder of last resort) and the maximum ESF intervention rate for the operation is 60%. This means ESF can contribute up to 60% of the total eligible project costs, subject to State Aid regulations. The remaining 40% or more must come from other eligible sources. For all outline applications proof of match funding will need to be supplied as part of the assessment.

ESF is not paid in advance and expenditure must be defrayed prior to the submission of any claims. Applicants may be asked to demonstrate how they are able to cash flow the operation.

4.3 Applicants

Applicants must be legally constituted at the point of signing a Funding Agreement, and be able to enter into a legally binding Funding Agreement. The Applicant will be the organisation that, if the application is successful, enters into a contract for ESF and therefore carries the liability for ensuring that the terms of the ESF Funding Agreement are met by them and to all delivery partners. If there is more than one organisation applying for the funds, a lead organisation must be selected to become the Applicant. It is this organisation that carries the responsibility and liability for carrying out a compliant project.

The Managing Authority will consider the Applicant's track record, both positive and negative. If the Applicant has been involved in the delivery of previous European grants and any irregularities with this (these) grant(s) have been identified, the Managing Authority will look into these and expect to see how and what steps have been taken to ensure that these have been addressed to mitigate the risk of further irregularities in the future. It is acknowledged that some organisations will be new to ESIF funding and will not have a track record.

4.4 Cross Cutting Themes

All applications received under this Call should demonstrate how the Cross Cutting Themes have been addressed in the project design and development. Cross cutting themes for ESF are 'gender equality and equal opportunities' and 'sustainable development'.

For ESF, the project applicants will be required to deliver their services in-line with the Public Sector Equality Duty (as defined in the Equality Act 2010). All projects must have a gender and equal opportunities policy and implementation plan which will be submitted at full application stage and in-line with Managing Authority guidance. Project applicants will also be required to answer a number of ESF-specific equality questions which will be set out in both the full application form and the related guidance.

For ESF, all projects will also be required to submit a sustainable development policy and implementation plan (in-line with guidance produced by the Managing Authority).

The ESF programme particularly welcomes projects that have an environmental focus that can meet the strategic fit at local and programme level whilst also adding value by:

- supporting environmental sustainability; and/ or

- complementing the environmental thematic objectives of other programmes such as ERDF; and/or
- using the environment as a resource to help motivate disadvantaged people

Further information is available in the [ESF Operational Programme](#)

4.5 State Aid & Revenue Generation

Applicants are required, in the Outline Application, to provide a view on how their proposal complies with State Aid law. Applicants must ensure that projects comply with the law on State Aid.¹ Grant funding to any economic undertaking which is state aid can only be awarded if it is compatible aid, in that it complies with the terms of a notified scheme or is covered by the De Minimis Regulation. Guidance for grant recipients, explaining more about State Aid, is available; it is important that Applicants take responsibility for understanding the importance of the State Aid rules and securing their full compliance with them throughout the project, if it is selected into the Programme.

The Managing Authority is not able to give legal advice on State Aid. It is the responsibility of the Applicant to ensure that the operation is State Aid compliant.

Where the Applicant does not perceive that there is any State Aid, it should state whether or not it considers Articles 61 and 65(8) of regulation 1303/2013 to apply. This revenue should be taken into account in calculating eligible expenditure. Article 61 refers to monitoring revenues generated after completion of the project, and Article 65(8) how to deal with differences in the forecast and actual revenues at the end of the operation. The details of this will be tested at the full application stage.

4.6 Funding Agreement

The Funding Agreement is a standard, non-negotiable and legally binding document. Any successful Applicant will be subject to the terms and conditions contained within this agreement. Applicants are strongly advised to seek their own advice to ensure that they would be able to enter into and abide by the terms of the Funding Agreement.

Failure to meet any of the conditions of the agreement or the commitments within the application will result in claw back of funding.

Applicants should be aware that additional provisions and securities may be included within the Funding Agreement to protect the investment. These will be further discussed if relevant following the Full Application stage.

Article 107(1) of the Treaty on the Functioning of the European Union provides that: "Save as otherwise provided in the Treaties, any aid granted by a Member State or through state resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market."

4.7 Procurement

All costs delivered by the Grant Recipient (the applicant) and/or delivery partners must be delivered on an actual cost basis. Other costs must be procured in line with EU regulations. The most common error identified during audit has been failure to comply with relevant procurement regulations and crucially to maintain a full audit trail to prove that they have complied with the relevant regulation. Robust and transparent procurement is required to ensure that Grant Recipients:

- consider value for money;
- maximise efficient use of public money; and
- maintain competitiveness and fairness across the European Union.

It is recommended that applicants seek their own legal advice pertaining to their procurement and requirements to publicise any tendering opportunities.

The Managing Authority is not able to give legal advice on procurement. It is the responsibility of the applicant to ensure the project is compliant in this respect.

4.8 Retrospection

There will be no retrospection for applications made against this call, other than in line with the general policy on retrospection which allows costs to be potentially eligible between outline and full application stage, but only where the full application is approved.

5. Application Process & Prioritisation Methodology

There are two stages to the ESF application process; Outline Application and if successful, Full Application. Applicants must fully complete the Outline Application Form (section 9 refers). Guidance is available on the [European Growth Funding](#) website pages. Acceptance of an Outline Application to progress to full application stage does not in any way indicate or constitute an offer of European Social Fund grant. Applications will be subject to a Gateway Assessment undertaken by the Managing Authority under the following criteria:

- Applicant eligibility;
- Activity and expenditure eligibility; and
- The fit with the ESF OP and the call.

Proposals that pass the Gateway Assessment will move into the Core Assessment which consists of the following:

- Strategic fit;

- Value for money;
- Management & control;
- Deliverability;
- Procurement / tendering; and
- State Aid compliance.

The Managing Authority will seek advice from partners when considering applications to ensure its assessment is informed by local economic growth conditions and opportunities within the context of Operational Programmes and the local ESIF Strategy. This will include the relevant LEP Area ESIF Committee and other partners deemed relevant to the application.

The assessment and any prioritisation will be undertaken using only the information supplied as part of the application process. The Managing Authority cannot accept further detail outside this process.

Non-public sector Applicants who are successful at the Outline Application stage may be subject to due financial diligence checks by the Managing Authority, prior to submission of a Full Application. Applicants will be required to submit accounts, and to clarify financial or other organisational information. New Applicant organisations may be required to provide details of a guarantor.

6. Support

Please note that this is a competitive call and to preserve impartiality we are unable to enter into correspondence with applicants over their Outline application. Details of where guidance can be found are contained throughout this calls document. In exceptional circumstances, if there are issues with accessing this guidance, please contact:

✉: ESF.2014-2020@dwp.gsi.gov.uk

7. Key Documents

- Outline Application Form;
- Outline Application Form Guidance;
- LEP area's ESIF strategy; and
- ESF Eligibility Rules.

8. Document Checklist

Failure to provide the following documentation will result in the application being rejected

Outline Stage:

- fully completed Outline Application;
- financial tables;
- Outputs, Results and Indicators tables; and
- three years financial accounts (if private or voluntary and community sector).

9. Document Submission

Completed Outline Applications must be submitted to✉: 2014-2020.ESFAPPLICATIONS@DWP.GSI.GOV.UK

10. Timescales

Launch of Call advertised on gov.uk.	14 December 2015
Deadline for submission of Outline Application	15 February 2016

Outline Application forms not received by the deadline will not be assessed. Outline Applications which are not fully completed will be excluded.

For this call applications will normally be required to **commence delivery/activity within three months** of the award of contract.

Any changes related to the deadline for the submission of the Outline Application form will be notified on the [European Growth Funding](#) website pages.

11. Appendix A – extract from Annex 1 of the ESF regulation

Common output and result indicators for ESF investments

Common output indicators for entities are:

number of projects fully or partially implemented by social partners or non-

governmental organisations
number of projects dedicated at sustainable participation and progress of women in employment
number of projects targeting public administrations or public services at national, regional or local level
number of supported micro, small and medium-sized enterprises (including cooperative enterprises, enterprises of the social economy)

Notes

The data for longer-term result indicators shall be collected via a cohort/leavers survey commissioned by the ESF Managing Authority based on a representative sample of participants within each investment priority. Internal validity of the sample shall be ensured in such a way that the data can be generalised at the level of investment priority.