ESF USER GROUP BRIEFING PAPER

NOVEMBER 2021

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Produced by NICVA on behalf of the ESF Users Group

1. Who We Are?

This briefing has been produced by the **ESF Users Group** - a representative group of voluntary and community organisations, from across Northern Ireland, who are currently in receipt of **European Social Fund** (ESF) funding. Membership of the ESF Users Group includes organisations providing core services to support the long-term unemployed; those with convictions; young people not in education, employment, or training; families and those with a disability. (A full list of ESF Users Group members can be found in ANNEX 1)

2. Executive Summary

Our Concerns

- The European Social Fund¹ (ESF), a vital and unique source of EU funding, helping 10,000 people each year in Northern Ireland overcome major obstacles to social inclusion and entering employment, will end soon post-Brexit with no clear replacement agreed.
- 2. The EU has agreed to extend the life of the programme by a further year until end March 2023 (ESF Call 3), pledging £20 million but this is wholly dependent on approximately £14 million match funding from NI government departments and agencies, which is currently not all secured. Current ESF funding will end in March 2022.
- 3. There is no clarity on how future NI government programmes will meet the social and labour market inclusion needs met for decades by ESF when its funding runs out.
- 4. There is also no clarity on how, when, or whether the future promised **UK Shared Prosperity Fund (UKSPF)** intended to replace ESF will adequately meet these needs.
- 5. Meanwhile 50 voluntary and community organisations currently delivering core services to thousands of people via ESF funding, will be unable to continue their work or retain staffing and expertise unless clear commitments are given as soon as possible regarding both immediate and longer-term funding for services. This places at significant risk the future of these organisations and unless secured, would mean the loss of over 1,000 jobs of those employed to deliver key services. This would result in a critical loss of much needed support to individuals with acute and complex needs, that has

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¹ The European Social Fund (ESF) (total value €450m with €210.5m contributed by the EU) provides dedicated funding for projects across the United Kingdom (UK) aimed at improving the employability and employment levels of vulnerable and disadvantaged people who are usually overlooked within mainstream provision. The strategic aim of the ESF Programme 2014-2020 in Northern Ireland (NI) is to combat poverty and enhance social inclusion by reducing economic inactivity and to increase the skills base of those currently in work and future potential participants in the workforce.

- demonstrated strategic level impact across NI Government departments, specifically Economy, Communities, Health and Justice with no suitable alternative provision in place.
- 6. An independent report by the Strategic Investment Board², jointly commissioned by the Department for Economy (DfE) and the Department for Communities (DfC), highlighted that any break in ESF provision would be highly undesirable, leading to unmet need and a 'cliff edge' in terms of access to suitable support at a time of unprecedented social and economic challenge and therefore must be avoided.

Our Asks

Urgent action is needed to meet the match funding gap necessary to draw down the £20M of EU funding available under ESF Call 3 and to ensure that continued and adequate resourcing for ESF-type activities is made available through both domestic NI Government Departments and/or delivery of the UKSPF.

1. Match Funding/ESF Call 3

- Urgent clarity is needed regarding the match funding arrangements for those projects who have successfully secured funding through ESF Call 3.
- The Department for Economy (DfE), as the managing authority for EU Funds, alongside the Department for Communities (DfC) and other key government departments and agencies must urgently work with providers to ensure adequate financial arrangements are in place and to avoid any immediate loss or disruption of provision.
- The NI Executive, led by the Department of Finance (DoF) should have oversight of the key issues regarding and take timely and appropriate action to ensure that available EU monies are not lost as a result of adequate match funding not being secured.

2. Domestic Policy and Delivery

- NI domestic policy and strategy must adequately mainstream, prioritise and address the needs of those previously provided for under the ESF programme, to ensure there is no break, significant reduction in and/or loss of provision.
- The NI Executive and relevant local Government Departments must ensure the full involvement and participation of the voluntary and community sector and those they

² Strategic Investment Board Landscape Presentation Paper for Strategic Insight Lab, Feb 2021

support in the design of current and future domestic programmes to ensure need is adequately prioritised and reflected in programming.

3. Implementation and Delivery of the UK Shared Prosperity Fund (UKSPF)

- Urgent clarity is needed as to whether the UKSPF will be a viable 'successor' programme
 to ESF, including the level of funding and timeframe in which this is realistically to be made
 available.
- The powers to allocate and manage funding through the UKSPF in Northern Ireland should be fully devolved to the Northern Ireland Executive in line with its responsibilities for social inclusion and economic development. This will also help ensure compliance with the statutory duty to promote good community relations and equal opportunities.
- In the absence of this, all efforts must be made by both the UK and NI Governments to ensure that there is significant practical involvement of the NI administration in the preparation, implementation, and management of the UKSPF funds, including determining funding priorities. This is necessary to ensure that resources are most appropriately targeted in NI; that gaps in provision for those with complex needs are avoided; and to prevent any duplication of effort or misdirection of resourcing etc by either government.
- The UK Government must urgently engage with all relevant NI stakeholders, including the
 full involvement of relevant community and voluntary sector partners, to ensure the UKSPF
 is fit for purpose in terms of its priorities and plans for implementation and delivery in NI.
 This is necessary to address the unique landscape of need in NI³ and to help sustain
 essential, embedded services.

³ As captured in the latest NISRA Labour Market survey (Oct 21) NI had the lowest employment rate and the highest economic inactivity rate of all the UK regions. https://www.nisra.gov.uk/statistics/labour-market-and-social-welfare/labour-force-survey. The disability employment gap for NI in 2020 was 42.2pps, compared to 27.9pps for the whole of the UK. Since 2014, the disability employment gap has consistently been higher in NI than the rest of the UK. https://www.nisra.gov.uk/system/files/statistics/Disability-employment-gap-NI-2020.pdf. The number of young people who are NEET in NI has increased to 26,000, equivalent to 13.2% of young people aged 16- 24 years and is above the UK rate of 12.4% (LFS November 2020).

3. Introduction & Background

Our organisations remain deeply concerned about the absence of any clear plan from both the UK and NI Governments to ensure continuity of funding for European Social Fund (ESF) projects which were formally due to finish in less than 6 months (31st March 2022), with a current proposal <u>ESF Call 3</u> to extend the programme until end March 2023, remaining wholly dependent upon the securing of adequate match funding.

In addition, the longer-term future of this provision remains unclear, given the uncertainty with regard to the development of the <u>UK Shared Prosperity Fund</u> (UKSPF), which is proposed as a 'successor' programme to EU funds and the implications therefore for its delivery in Northern Ireland. In addition, current domestic policy and strategy does not adequately prioritise or address the longer terms gaps in provision that shall be left by the ending of EU funds.

For decades, the funding provided by ESF has provided critical support to and developed the skills of many of the most disadvantaged and vulnerable members of Northern Ireland society whose needs have not been met by mainstream public policy and services. It has also uniquely provided outcomes spanning responsibilities in various government departments, such as the Departments for Economy, Communities, Health and Justice.

The COVID-19 pandemic has amplified many of these aspects of social exclusion, with the need for continued and appropriate investment in effective interventions and supports more critical now than ever.

The current NI ESF budget is £168m delivered across 66 projects⁴. In the 7 years up to March 2022 ESF projects will have helped develop the employability and social inclusion of over 77,000 people, over 9,000 of these will have entered paid employment directly, and over 10,000 will have entered education or training. Recent data from the ESF Managing Authority shows that providers have met or exceeded all impact targets for the programme.⁵

ESF supported projects in NI have demonstrated consistent success and expertise in their work to address inequalities and ensure greater social inclusion, and in providing real opportunities to individuals to ultimately achieve meaningful and sustained employment⁶. Delivery of the ESF programme in Northern Ireland has been recognised as an exemplar

⁴ 66 projects (involving 50 organisations across NI), are currently operational under the 2nd Call of the NI ESF Programme 2014-2020. The 66 projects are broken down into the following four categories – unemployment and economic inactive (22), NEET (18), Disability (24) and Community Family Programme (5). https://www.economy-ni.gov.uk/publications/66-european-social-fund-call-2-projects-by-constituency-and-council-area

⁵ An Impact Evaluation of the Northern Ireland European Social Fund Programme, 2014 -2020, Department for Economy, December 2020 Impact evaluation of the NI ESF Programme 2014-20 (economy-ni.gov.uk)

 $^{^{\}rm 6}$ Chief Inspector's Report E2016- 2018, Education and Training Inspectorate

model across Europe in addressing many aspects of social exclusion and economic inactivity. External evaluation and review of the programme has routinely evidenced tangible benefits for both individual participants, the wider community, and the economy⁷.

Those individuals and communities ESF projects have typically supported are among the most socially excluded in NI. They face significant personal, societal, and financial barriers when trying to access employment or learning; these challenges only amplified by the continued impacts of the pandemic and growing economic uncertainty. This includes young people, particularly those that are not in education, employment, or training; the long-term unemployed; people with disabilities and health conditions; people facing multiple complex barriers to employment, those with convictions and families. To date ESF has been the primary and consistent source of funding for these projects.

In the context of an exceptionally challenging 'post Covid-19' labour market, there are likely to be further complex societal and employability challenges emerging and ESF provision has routinely demonstrated its capacity to adapt and respond to emerging need, as highlighted throughout the pandemic. An independent evaluation of the ESF programme by Grant Thornton⁸ found that ESF projects not only demonstrated excellent value for money but noted key strengths as being flexibility of approach; investment in relationship building; and the provision of tailored, demand driven supports. This includes 'the delivery of 'added value' through a 'wrap around' support approach including intensive mental health and wellbeing supports to cohorts of unemployed people who are particularly distant from the labour market and who have complex needs.'

4.Current Context

Following the UK's decision to leave the European Union (EU) in 2019, the UK Government committed to keeping in place current ESF arrangements until EU funding came to an end and to create an appropriate 'successor' fund⁹

Despite this, neither the ESF Programme's beneficiaries nor our organisations as providers have been offered any security or assurances on either the immediate or longer-term future of this provision.

⁷ Strategic Investment Board Landscape Presentation Paper for Strategic Insight Lab, Feb 2021

⁸ An Impact Evaluation of the Northern Ireland European Social Fund Programme, 2014 -2020, Department for Economy, December 2020 Impact evaluation of the NI ESF Programme 2014-20 (economy-ni.gov.uk)

⁹ Services in NI are currently being delivered as part of the current ESF funding round for 2018-2022, until March 2022. The UK government stated that in the case of a 'no-deal' departure from the EU, projects will continue to be funded until the end of the current cycle.

Mainstream provision does not meet the needs of those individuals currently supported by ESF funded projects; therefore, the loss of ESF funding and the need to replace it with, as a minimum, the same level of resourcing, is a critical issue. This is particularly important to ensure equity of access to skills development and training and employment opportunities for those most removed from the labour market and excluded from meaningful participation in society.

At present however the future of this vital provision remains more uncertain than ever and as a result there is a need for urgent action to ensure that future delivery is prioritised and protected.

ESF Call 3

In an earlier briefing produced by the ESF User Group in 2020¹¹ we highlighted the urgent need for a 'bridging or transition' period to protect the continued delivery of ESF provision, whilst both domestic and UK Government policy was being further developed, and associated funding secured.

We welcomed the continued efforts and commitments made by the Department for Economy (DfE) as the managing authority for ESF to explore all options regarding, including the announcement of the *ESF Succession Project* in partnership with DfC and in securing a planned one-year extension to the current ESF programme via EU funds to be known as <u>ESF Call 3</u>.

However, decision making by DfE in June 2021 not to continue with the ESF Succession Project due to funding uncertainty and their recent confirmation that they may be unable to meet all Match Funding requirements under ESF Call 3 has left ESF providers in a precarious and uncertain financial position.

Whilst we appreciate the continued efforts of DfE to advocate for appropriate funding for ESF type provision, we are acutely aware they do so in the face of competing internal and cross departmental budgetary pressures and demands. With less than 6 months remaining until the current programme comes to an end and successful Call 3 projects set to come on board in April 2022, the match funding position remains unclear, with a risk that over £20 million in EU Funds may not be able to be drawn down and therefore lost to NI due to this funding gap.

¹⁰ ESF Users Briefing on Future Replacement of ESF Funding Post-Brexit | NICVA

¹¹ ESF Users Briefing on Future Replacement of ESF Funding Post-Brexit | NICVA

As a recent Strategic Investment Board¹² report commissioned by DfE concluded, any break in ESF provision would be highly undesirable. This report highlighted that such a break would greatly impact people who are deeply disadvantaged socially and economically and who at present do not have access to any suitable alternative provision. The report suggested that any break in provision would lead to unmet need and a 'cliff edge' in terms of access to suitable support at a time of unprecedented social and economic challenge and therefore must be avoided. The report further highlighted that a break or significant delays in securing delivery/provision would also likely mean the loss of providers; their staff and the valuable partnerships, infrastructure and expertise built up via delivery of the ESF programme. The report anticipated that it would be both highly complex and costly to develop this capacity to deliver, from scratch, after or as result of any break in provision.

The UK Shared Prosperity Fund (UKSPF)

There remains significant uncertainty as to whether the <u>UK Shared Prosperity Fund</u> (UKSPF), proposed as a successor fund for EU funded projects, will be in any way adequate to address the needs of those previously provided for under the ESF programme, with all policy insight and intelligence to date suggesting that this is unlikely to be the case.

Whilst many practical details of the fund remain unknown, it is clear that the design and operation of the UKSPF has critical implications for how current ESF funded programmes might be funded in both the immediate and longer-term future. Given this, we have fully supported previous recommendations¹³ that devolved administrations and their partners should hold responsibility for the detailed design and delivery of relevant parts of the fund, with powers to allocate funding through the UKSPF in Northern Ireland fully devolved to the Northern Ireland administration, in line with its responsibilities for social inclusion and economic development.

It appears however that the UK Government aim to retain responsibility for the design and delivery of this fund, centrally, with the role played by the NI Executive to date¹⁴ in informing its priorities and/or plans for its implementation appearing to remain extremely limited at best. This is despite the fact that the fund will spend money on matters that lie primarily within areas of devolved responsibility for the NI Government such as transport, skills, and economic development.

 $^{^{12}}$ Strategic Investment Board Landscape Presentation Paper for Strategic Insight Lab, Feb 2021

¹³ <u>All-Party Parliamentary Group (APPG) on Post-Brexit Funding for Nations, Regions and Local Areas</u>

¹⁴ The UK Shared Prosperity Fund (parliament.uk)

In addition, the timeframe within which UKSPF funds might realistically become available 'on the ground' remains a concern, given the pace at which its predecessor the <u>UK Community Renewal Fund</u> is being delivered and the significant delays regarding decision making and allocation of funding etc.

Suggestions that providers might come together to make a collective match funding bid to the proposed UKSPF, for a period of one year, to address immediate funding gaps regarding ESF Call 3, therefore appear wholly unrealistic, given the pace at which the UKSPF is being developed. Even if feasible, this would require significant intervention and leadership by NI government departments given the timescales and complexities involved.

In addition, the absence of detailed information about the UKSPF and the policy vacuum in which the programme and its future priorities are being developed mean that the practicalities of providers securing longer term or multiyear funding via the UKSPF after ESF monies come to an end are likely to remain complex, fraught with uncertainty and significant practical challenges.

Without the appropriate involvement and direction of NI Government in its planning and implementation, there is a very real concern that UKSPF resources may be misdirected and opportunities to help secure appropriate longer-term resourcing for ESF provision via this fund missed or underutilised.

This concern is reinforced by the October 2021 budget announcement that total UKSPF allocations will be £400m in 2022-23, £700m in 2023-24 and £1.5bn in 2024-25 – i.e. only building up to the £1.5 billion shortfall from lost EU receipts in 3 years' time. There is also deep concern as to whether Northern Ireland's allocation from this fund will be based on need, i.e. will **at least** the existing levels of ESF funding for Northern Ireland projects be maintained under UKSPF, upholding the UK Governments commitment that Northern Ireland will 'not be a penny worse off' as a result of Brexit.

Questions also remain as to how the UKSPF will operate in the specific context of Northern Ireland in order to comply with the statutory duty to promote good community relations and equal opportunities.

Domestic Policy Development

At present there is no clarity on how future NI government programmes will meet the social and labour market inclusion needs met for decades by ESF when EU funding runs out.

We believe that the provision of supports to those who are socially excluded and are most marginalised from the labour market is a major area of public policy responsibility for Northern Ireland government that deserves to be led by strategy rather than a funding stream.

It is an issue which transcends Departmental boundaries and is interlinked with other issues at the heart of creating a better society in NI such as, among others, underachievement in education and tackling poverty.

As the recent SIB¹⁵ report notes the interventions provided via ESF align directly with the Northern Ireland social and economic policy agenda, as evidenced by references in documents such as the draft Programme for Government (PfG), New Decade, New Approach¹⁶ and a range of policy documents produced by the DfC, DfE, DoH, TEO and other government Departments and agencies. These include but are not limited to the development and delivery of: the DfE Skills Strategy for Northern Ireland: Skills for a 10x Economy; DfE Industrial Strategy 2030; the Executive Offices 'Building Forward: Consolidated Covid-19 Recovery Plan', DfC Building Inclusive Communities, Strategy 2020-25, the Department of Health's Health and Wellbeing 2026: Delivering Together Strategy, DfC's Social Inclusive Labour Market Partnerships programme and the delivery of local Councils Community Planning Partnerships and Plans. There is a clear policy link between the needs met via ESF provision and the principles and objectives of the PfG Outcomes 1, 3, 4, 5, 6, 7, 9 & 12 either directly or indirectly¹⁷.

Despite ESF provision delivering across a range of key government priorities, we remain uncertain whether domestic policy and strategy, is moving at a pace or in a direction that will ensure that this strategically relevant and much needed provision is adequately profiled and resourced for within same.

With increasingly limited resources likely to be available across all Government departments and agencies we are concerned that without adequate profiling and recognition, ESF type provision may receive less priority and risk not being funded or funded adequately to address need once EU funds have ended, resulting in a further cliff edge of support and unmet need.

Current ESF funds also provide much wider health benefits to the most vulnerable, such as those with mental health issues, intellectual disabilities, and autism spectrum disorders (ASD

¹⁵ Strategic Investment Board Landscape Presentation Paper for Strategic Insight Lab, Feb 2021

¹⁶ A New Decade A New Approach

¹⁷TEO Draft PfG and Outcome Delivery Plan

and who it is well evidenced have suffered the most throughout the Covid pandemic ¹⁸. For many years over 20 ESF providers have been part of well-established referral routes for these thousands of vulnerable people and when ESF funding ends there is currently no plan to make provision for this support.

5. What Needs to Happen

Action is clearly needed to ensure both the immediate and longer-term future of ESF type provision.

There are clear steps that must be taken by both UK and Northern Ireland Governments to:

- 1) Meet the match funding gap necessary to secure EU funds available under ESF Call 3
- 2) Ensure that continued and adequate resourcing for ESF-type activities is made available through both domestic NI Government Departments and/or delivery of the UKSPF.

These are:

1. Match Funding Position/ESF Call 3

Urgent clarity is needed regarding the match funding arrangements for those projects to be delivered through ESF Call 3, with assurances that there will be no funding gap between the current ESF funding round and the distribution of any new funding.

- The Department for Economy (DfE), as the managing authority for EU Funds, alongside the Department for Communities (DfC) and other key government departments and agencies must urgently work with providers to ensure adequate financial arrangements are in place and to avoid any immediate loss or disruption of provision.
- The NI Executive, led by the Department of Finance must have oversight of the key issues regarding and take timely and appropriate action to ensure that available EU monies are not lost as a result of adequate Match funding not being secured.

2. NI domestic policy and strategy

 Whilst we remain disappointed with the decision not to proceed with the DfE's ESF Succession project, in the absence of this, NI domestic policy and strategy must

¹⁸ European Human Rights Report, Issue 5, Impact of COVID-19 on persons with disabilities (2021) <u>Human Right Centre - Università</u> di Padova | Events and Updates :: European Disability Forum: Human Rights 2020 Report EDF. The impact of Covid-19 on people with disabilities (unipd-centrodirittiumani.it)

adequately mainstream, prioritise and address the needs of those previously provided for under the ESF programme. This is vital to secure longer term funding and to ensure there is no significant loss or reduction in ESF type provision resulting in unmet need. NI government departments, with responsibility for those whose needs were previously met under ESF funded programmes, must ensure that current strategies and those under development maintain and deliver interventions that reflect the link between inclusion, health, wellbeing, and employability, as well as other interlinking barriers.

 The NI Executive and local Government Departments must ensure the full involvement and participation of the voluntary and community sector and those they support, in the design of future domestic programmes and in decision making regarding priorities for funding to ensure need is adequately prioritised and reflected in programming.

3. Implementation and Delivery of the UK Shared Prosperity Fund (UKSPF)

Urgent clarity is needed as to whether the UKSPF will be a viable 'successor' programme to ESF, including the level of funding and timeframe in which this is realistically to be made available. In addition, increased involvement of the NI Government is required in the Fund's practical design, management, and delivery, including decision making, to ensure spend is most appropriately targeted and help avoid duplication etc

- Clear criteria must be established for how spending under the UKSPF will be allocated in NI, based on a transparent methodology that adequately assesses and reflects local need.
- Reassurances must be provided to the NI Government regarding the level of funding
 to be made available in NI and the timescale over which funding will be guaranteed,
 ensuring this reflects the commitment to 'not a penny less'.
- There is a need for clarity on how the UKSPF will operate in the specific context of Northern Ireland in order to comply with the statutory duty to promote good community relations and equal opportunities.
- We maintain our position that powers to manage and allocate funding through the
 UKSPF in Northern Ireland should be fully devolved to the Northern Ireland
 administration, in line with its responsibilities for social inclusion and economic
 development. The Northern Ireland Executive has extensive experience of administering
 EU structural funds in a way that supports community relations.

In the absence of this, all efforts must be made by both UK and NI Government to
ensure that there is significant practical involvement of the NI administration in the
preparation, implementation, and management of the UKSPF funds, including
determining funding priorities.

NI Government should exert all influence in making the case to the UK government
as to how they can contribute significant capacity and experience to a more
partnership model/approach to local delivery of the UKSPF (for eg, via a match
funding approach).¹⁹

 The UK Government must urgently engage with all relevant NI stakeholders, including the full involvement of relevant community and voluntary sector partners, to ensure the UKSPF is fit for purpose in terms of its priorities and its plans for implementation and delivery.

In closing we are most keen to meet with both UK and NI Government representatives and officials to discuss our concerns and key asks in more detail. *To request a meeting or more information please get in touch via the contact details below.*

FURTHER INFORMATION:

We are happy to provide further supporting information, including Case Study examples upon request.

For more background and supporting information please also read our earlier Briefing document produced in 2020:

ESF Users Briefing on Future Replacement of ESF Funding Post-Brexit | NICVA

To request more information or to arrange a meeting please contact NICVA via:

Geoff Nuttall, Head of Policy and Public Affairs, NICVA

Tel 07785 278928 Email: geoff.nuttall@nicva.org

¹⁹ shared-prosperity-fund.pdf (instituteforgovernment.org.uk)

ANNEX 1

The following organisations are current members of the ESF Users Group:

- 1. Network Personnel
- 2. Training for Women Network (TWN)
- 3. Include Youth
- 4. RNIB
- 5. Springboard Opportunities Ltd6. The Workspace Group
- 7. Access Counselling NI
- 8. Women's Resource & Development Agency
- 9. Disability Action
- 10. Start 360
- 11. Upper Springfield Development Trust
- 12. Action Mental Health
- 13. Shankill Women's Centre
- 14. Extern
- 15. Triaxtaskforce
- 16. Triangle Housing Association
- 17. RNID
- 18. Youth Action NI
- 19. USEL
- 20. Clanrye Group
- 21. Derry Youth & Community Workshop
- 22. NIUSE
- 23. Cedar Foundation
- 24. The Appleby Trust

- 25. The Ashton Centre
- 26. Tyrone Donegal Partnership
- 27. Compass Advocacy Network Ltd
- 28. Customized Training
- 29. The Orchardville Society
- 30. The Princes Trust
- 31. Access Employment Ltd
- 32. Mencap
- 33. Womens TEC
- 34. The Now Group
- 35. The Women's Centre Derry
- 36. Action Deaf Youth
- 37. First Steps Womens' Centre
- 38. NIACRO
- 39. Skills North West
- 40. Stepping Stones NI
- 41. The Conservation Volunteers
- 42. Women in Business
- 43. Cedar Foundation
- 44. Bryson Charitable Group
- 45. Specialisterne Northern Ireland
- 46. The Bytes Project
- 47. GEMS NI
- 48. Access Centre NI