
Report To:	Environment & Regeneration Committee	Date:	14 January 2016
Report By:	Corporate Director – Environment, Regeneration & Resources	Report No:	RC/16/01/05/ SJ/SL
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Subject:	European Structural Funds 2014-2020 - European Social Fund Programme		

1.0 PURPOSE

To provide information on the 2014-2020 European Structural & Investment Fund (ESIF), specifically the European Social Fund (ESF).

2.0 SUMMARY

2.1 The two Scottish Operational Programmes, ERDF and ESF, were approved by the European Commission in December 2014 respectively. Both programmes are available to a limited number of Lead Partners who are able to operate Strategic Interventions. Scottish Government began identification of Lead Partners in 2013, with all 32 Local Authorities identified as Leads for Employability (ESF) and Business Skills Competitiveness (ERDF).

2.2 For ESF, Inverclyde Council has an indicative 2014-2020 allocation across 3 Strategic Interventions as below:

- | | |
|--|---------------|
| - Employability Pipeline | £1.41 million |
| - Combating Poverty & Social Inclusion (Enhanced Employability Pipeline) | £0.40 million |
| - South West Scotland Youth Employment Initiative (YEI) | £ 910,800 |

2.3 Following approval of the Operational Programmes, Scottish Government issued a first call for Strategic Intervention (SI) applications in March 2015, with further SI calls throughout 2015 and 2016.

2.4 Employability Pipeline

2.5 In March 2015, Inverclyde Council, on behalf of Inverclyde CPP, submitted a Strategic Intervention Employability Pipeline application for £775,500 (55% of the allocation, the maximum available for first round applications), to continue to deliver, and develop, an end-to-end Employability service, which has operated in the area since 2008. ESF funding, and its associated match funding, can only be used to support eligible clients, defined as having 2 or more specific barriers to employment. The SI application covers the 4 year delivery period 1 January 2015 – 31 December 2018, with a further SI application to be submitted for the remainder of the allocation (£634,500) for delivery of activity post January 2019.

2.6 Following Scottish Government technical and eligibility checks and Scrutiny and Risk Panel Assessment, the Council's Strategic Intervention for the Inverclyde Employability Pipeline was approved via Ministerial Announcement on 28 August 2015. Acceptance of the SI has been signed by the Chief Executive.

2.7 SI approval was followed by submission to Scottish Government of an associated Operations Application detailing how the activity would be delivered, this was submitted on 20th November 2015. Retrospection of funding to 1 January 2015 has been confirmed. Following technical and eligibility assessment, and Scrutiny & Risk Panel assessment, Scottish Government anticipate the Operations Application will be approved before year end, enabling the formal ESF

Inverclyde Employability Pipeline Offer of Grant to be made. This will require to be accepted by the Chief Executive.

2.8 Poverty & Social Inclusion (Enhanced Pipeline Provision)

2.9 LA's have an allocation from the Poverty & Social Inclusion SI to fund activity that will enhance provision for those who are supported through the Employability Pipeline. Inverclyde Council, on behalf of the CPP, will submit SI and Operation Applications to Scottish Government early in 2016, for delivery of activity post March 2016. The activity will be tendered and will dovetail with existing services, providing a more in depth service to those most in need in the Pipeline, including those with disabilities.

2.10 It should be noted that the Enhanced Pipeline monies are additional to the Poverty & Social Inclusion monies that will be available to Inverclyde via the Strategic Intervention lead by BIG Lottery. Five geographic areas in Scotland have been selected to benefit from BIG Lottery/ESF funds under the SI. BIG Lottery will award one contract for delivery in each area, and Inverclyde's Financial Inclusion Partnership is progressing with this. It is wholly additional to, and separate from, the Enhanced Pipeline provision.

2.11 South West Scotland Youth Employment Initiative (YEI)

2.12 This element of the ESF programme is geographically restricted to South West Scotland, is for a 3 year period, and has a singular focus of supporting young people into work, training, education or self-employment. YEI is a results oriented programme with the expectation that a high proportion of participants will achieve long term results.

2.13 Inverclyde's YEI activity will sit within the Employability Pipeline, and deliver to a specific cohort of young people a range of options from engagement, learning, participation and progression, tailored to individual client needs.

2.14 Inverclyde Council submitted in March 2015 the SI application, which was approved by Scottish Government on 4 November, and has been accepted by the Chief Executive. The associated Operation Application was submitted on 20 November, and following technical and eligibility assessment, and Scrutiny & Risk Panel assessment, Scottish Government anticipate the Operations Application will be approved before year end, enabling the formal ESF Inverclyde YEI Offer of Grant to be made. This will require to be accepted by the Chief Executive.

2.15 Delivery will be procured early in 2016, with activity commencing in April.

2.16 European Programme Management

All ESF programme activity; Employability Pipeline, Youth Employment Initiative, Poverty & Social Inclusion (Enhanced Pipeline), will be managed by the Regeneration & Planning Service.

3.0 RECOMMENDATIONS

3.1 That the Committee note the position of Inverclyde's ESF 2014-2020 funding.

3.2 That the Committee approve continued use of the Council's Regeneration Fund to provide match funding to ESF programmes.

3.3 That authority be delegated to relevant officers to accept European Offers of Grant.

3.4 That the Committee note the need to submit further SI Employability Pipeline and Poverty & Social Inclusion (Enhanced Pipeline) applications for delivery post January 2019 and provide authority for these to be made within the timeline yet to be determined by Scottish Government.

4.0 BACKGROUND

4.1 In December 2014, the European Commission approved Operational programmes for Scotland's 2014-2020 European Structural and Investment Fund (ESIF). Activity is delivered through the European Regional Development Fund (ERDF), European Social Fund (ESF), European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (MAFF). The Programmes support the objectives of Europe 2020 to deliver Smart, Sustainable and Inclusive growth.

In Scotland ERDF and ESF are delivered through a new governance structure targeting funds around key themes and areas to maximise the benefits being delivered and to ensure Scotland is delivering the EC strategic aims. The 2014-2020 ERDF and ESF programmes are structured around specific themes, with large-scale funding allocations known as Strategic Interventions (SIs) administered by Lead Partners. The themes will ensure funds are invested in key growth areas, while the revised structure of the programmes places the majority of the administrative responsibilities on Lead Partners, who are policy directorates, agencies and local authorities with the required level of administrative capacity and experience to comply with the EC's regulatory requirements. The revised structure takes into account the ability of Lead Partners to provide match funding alongside EU funds and creates a single point of contact for organisations to submit funding applications.

Lead Partners have the responsibility for:

- Confirming that the additional funding to match the European funding allocated to the Strategic Intervention is in place.
- Running activity, such as a Challenge Fund or Procurement exercise, to allow other organisations to deliver eligible activity.
- Ensuring funds awarded to delivery partners/contractors are used wholly on activity which is eligible under the new European Structural Funds rules.
- Ensuring there is an audit trail demonstrating that the funds and match funding are being used in accordance with the standards required by the European Commission.

Lead Partners are:- Big Lottery; Highlands & Islands Enterprise; Scottish Enterprise; Scottish Funding Council; Scottish Local Authorities; Scottish Natural Heritage; Skills Development Scotland; Transport Scotland; Zero Waste Scotland; Digital Strategy and Programmes Division; Innovation, Investment and Industries Division; Low Carbon Investment and Public Sector Energy Efficiency; Enterprise and Cities Division.

5.0 IMPLICATIONS

5.1 Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments

5.2 **Legal**

None.

5.3 **Human Resources**

None.

5.4 **Equalities**

None.

5.5 Repopulation

Regarding the economic case for repopulation and issues related to unemployment or underemployment in the area; by providing additional training and employment options for all residents we are creating opportunities that will encourage people to stay within the area.

6.0 CONSULTATIONS

6.1 Procurement and Legal Services have been consulted on the tendering and contractual arrangements for Employability services activity.

6.2 Partners on the Inverclyde Regeneration & Employability Group are provided with updates.

7.0 BACKGROUND PAPERS

7.1 None.