
Report to: Enterprise & Environment Committee

Date of Meeting: 21st May 2015

Subject: European Structural Funds 2014-20

Report by: Head of Development & Environment

1.0 Purpose

- 1.1. This report details the new European Social Funds (ESF) programmes for 2014-2020 and outlines how the Council intends to bid into and utilise the new funding programme.

2.0 Recommendations

It is recommended that Committee :

- 2.1. Notes the European Social Fund (ESF) allocation to Clackmannanshire of £1.34m to the end of 2020 and the delegated authority to the Chief Executive to accept formal 'Offers of Grant' from the Scottish Government.
- 2.2. Notes the detail of the development of the ESF programme and how the Council plans to use these funds to enhance the services it delivers to local residents and businesses.

3.0 Considerations

Background

- 3.1. European Regional Development Fund (ERDF) and European Structural Fund (ESF) resources have underpinned the delivery of employability initiatives, principally through Clackmannanshire Works, for a number of years. As reported to the Committee in September 2014 the 2011-14, European Structural Funds Programmes had been extended to December 2014. The ERDF Programme closed at the end of December 2014 with Officers successfully negotiated a partial extension of the ESF Programme to 31st March 2015. This extension provided an opportunity for the Council to draw down the maximum funding available over the 2011-2014 period thus generating revenue of around £1.29m.
- 3.2. Employability is a Making Clackmannanshire Better policy priority, participation in ESF Fund 2014-20 and associated activities support the delivery of positive employment opportunities for all in Clackmannanshire.

- 3.3. The UK Operational Programmes for European Structural & Investment Funds 2014-2020 were approved by the European Commission in December 2014. The Operational Programme includes a 'Scottish Chapter' which sets out specific details of the use of funds in Scotland organised under 3 themes; 'Inclusive', 'Smart' and 'Sustainable'. Funding models and Programme rules are still being finalised by Scottish Government. The Council's acceptance of funding would, therefore, be conditional on satisfactory resolution of any outstanding issues.
- 3.4. Under the Inclusive theme there are two ESF 'investment priorities' to which the Council can apply. One is for the delivery of enhanced employability pipelines, the other for addressing poverty and social inclusion. The Council has been notified of its indicative allocation for both priorities: £1.12m for employability and £0.22m for poverty and social inclusion, totalling £1.34m to the end of 2020. This represents a decrease on previous funding levels as all 32 Scottish Local Authorities have access to the fund as opposed to only 16 in the last programme.
- 3.5. The reduction in funding levels from £1.29m over 3 years 9 months to £1.34m over 6 years will have implications, in terms of the range and level of services part-funded through the Structural Funds. The main impact will be felt through the loss of ERDF funding whose priorities are now focused on Business Gateway activities and support provided through Scottish Enterprise. This means that our European funded focus will be on core employability activities and on supporting opportunities for clients progressing to self-employment.

2014 -2020 Programme

- 3.6. The overall Programme has been split in two with initial bids covering the period from April 2015 to December 2018. Following a review at the end of this period, taking into account performance and overall available budgets, a revised offer will be made for the remainder of the Programme period. Commitment to any match funding is made on an annual basis.
- 3.7. The funding for employability pipelines can be used to deliver services for those individuals with multiple barriers to progression in the labour market, for example: low-skills, health issues, drug or alcohol issues and long-term unemployment. This is consistent with the Council and SOA focus on prevention and early intervention. The new Programme places a greater focus on working with clients experiencing multiple barriers and, consequently, further away from being able to take up employment.
- 3.8. In the Clackmannanshire bid the services delivered under the employability pipeline will build on the successful key worker approach developed and delivered by Clackmannanshire Works. This will be supported by job brokerage services and business start-up support for clients looking to set up their own businesses. The Programme will take advantage of the strong business and employer links within Economic Development to create and fill opportunities for participants.
- 3.9. The submission date for stage 1 applications for employability pipelines was 9th March 2015. The purpose of the stage 1 application was to set out the general approach to the use of the funds with specific operational detail

agreed at a later stage. The bid was made on the basis of a match funding contribution from the Council of at least 60% of the total bid value. Core Economic Development staffing budgets have been used, in the main, to identify this match funding element

- 3.10. On the basis of the feedback received from the Scottish Government delivery of the new Programme started from 1st April 2015 thus ensuring continuity of core services between the new and old Programmes.
- 3.11. The second investment priority, Poverty and Social Inclusion, is being developed to provide additional assistance to clients requiring more intensive and long-term support from workless, low-income and lone-parent households. The range of services to be delivered is still being developed but is likely to include the removal of debt as a barrier to progression, building of financial capability, community capacity building and targeted childcare.
- 3.12. To complement the services delivered by Economic Development there will be a small number of partner projects delivered through both investment priorities. These projects will be designed to support the removal of barriers, such as literacy issues, debt or lack of work experience, or to target particular groups such as young parents or those with mental health issues. The complementary services will be delivered by both Council services and local third sector organisations.
- 3.13. The method of funding under the new programme is based on the achievement of outcomes in comparison with the 2011-14 programme which was based on core budgets and proof of eligible spend.
- 3.14. The Economic Development Service will continue to deliver a series of other related activities aimed at creating jobs, supporting apprenticeships and providing training and work experience opportunities. These activities will be critical in providing progression routes for clients coming through the employability pipeline and will continue to be funded through contracts and core budgets.
- 3.15. A bid under the ERDF Programme is being made by Falkirk Council, as Lead Authority for Business Gateway in Forth Valley, to extend the scope of Business Gateway delivery in Clackmannanshire as well as Falkirk and Stirling Council areas.

4.0 Sustainability Implications

- 4.1. Activities supported through ESF funding will have a positive impact through:
 - Improving the quality of life for the area's residents
 - Achieving sustainable economic development
 - Targeting skills and training and reducing unemployment
 - Reducing social exclusion

5.0 Resource Implications

5.1. *Financial Details*

- 5.2. The basis of bids made under the European Structural funds is that 'match funding' needs to be provided as part of the bid. This will enable the Council to draw down additional funding on the basis of an intervention rate of 40%. The existing Economic Development budget covers the match funding required for the first 3 years of the programme 2014-17.
- 5.3. The reduction in funding level available through the new Structural Funds has resulted in an identified budget reduction in the income received for Clackmannanshire Works of an estimated £129K per annum. The Service has addressed this budget shortfall through staff savings, and a reduction in operational expenditure has maintained priority outcome delivery to ensure the income allocated is received.
- 5.4. The move to an outcome based payment regime will mean that income will be weighted towards later years in the Programme as outcomes will take time to achieve as work progresses with clients. This means there will be reduced structural funding income received in 2015/16 with income increasing in years 2 and 3. The overall aim, however, will be to achieve a balanced budget over the entire duration of the Programme.
- 5.5. Finance have been consulted and have agreed the financial implications as set out in the report. Yes
- 5.6. *Staffing*
- 5.7. In order to deliver the new European Programme the Service will align its staffing structure and service priorities to support successful delivery of targets and outcomes.

6.0 Exempt Reports

- 6.1. Is this report exempt? Yes (please detail the reasons for exemption below) No

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities** (Please double click on the check box)

The area has a positive image and attracts people and businesses

Our communities are more cohesive and inclusive

People are better skilled, trained and ready for learning and employment

- Our communities are safer
- Vulnerable people and families are supported
- Substance misuse and its effects are reduced
- Health is improving and health inequalities are reducing
- The environment is protected and enhanced for all
- The Council is effective, efficient and recognised for excellence

(2) **Council Policies**

- Clackmannanshire Single Outcome Agreement 2013-2023
- Building Clackmannanshire. Economic Development Framework 2008-18
- Clackmannanshire Employability Strategy 2015-17

8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes No Not required

9.0 Legality

9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

10.0 Appendices

10.1 None

11.0 Background Papers

11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes (please list the documents below) No

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Approved by

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