

Item 5

Lancashire ESIF Programme Performance - ESF

1. The Lancashire ESIF Programme has so far committed/contracted 39% of resources;

ERDF	£44.01 million	35% of ERDF
ESF	£38.95 million	47% of ESF
EAFRD	£0.22m	5% of EAFRD
Total	£82.96 million	39% of all funds

2. As has been indicated in the Output information that has previously been reported to the ESIF Committee the targets associated with Lancashire ESIF programme are based upon a division of national targets, linked to resources, along with some additional weightings. In the case of ERDF, the Lancashire programme, per the most recent data considered at the National Growth Board, is the 2nd best performing Transition Area and in the top 3rd of areas for ESF commitments. This may have changed given that several ESF calls have been issued in other LEP areas since October 2016 (but not in Lancashire) and that 5 Lancashire ERDF Calls were issued in December 2016.
3. As discussed at a previous ESIF sub committee meeting all 39 LEP areas have been requested to submit proposals for moving resources between ERDF priorities, based upon local need and deliverability of outputs, and the use of the additional £2m+ allocated to the ERDF element of the ESIF Programme. The Lancashire proposals have now been submitted although there is no timescale for when the Government will take a decision. Thus, the ERDF calls that have recently been issued are based upon the existing allocations between priorities.
4. It was generally felt at the start of the Lancashire programme that the ESF targets were challenging and have been made even more so by changes in Exchange rates that have reduced the Lancashire ESF allocation. In the case of the ESF programme most of the resources have been committed via Opt In organisations, with a smaller amount via Open Calls.

ESF Opt Ins	£37.95 million	46% of ESF Funds
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5. In terms of overall outputs the ESF programme have contracted for 45% of the overall participants against 47% of the resource. This goes up 56% of overall participants against 58% of resources when the 1.4 Open Call and BIG Lottery Digital Inclusion projects are taken into account. Given the challenging nature of the outputs this position should be regarded as good especially as it incorporates outputs from the DWP Opt In which are extremely low for the level of ESF that has been committed (6% of resources for 3% of programme outputs).
6. There are effectively two types of target in the ESF programme – an aggregate Participants target broken down by gender which is inclusive of a series of sub targets. Thus, a participant could be designated as one of the sub target individuals and can be included in one or more sub targets. Committed/Proposed outputs are;

Lancashire ESF Programme Outputs	Total	Committed/ Proposed	Remaining	Committed as % of Targets
Participants	61600	34751	26849	56%
Participants (below 25 years of age) who are unemployed or inactive	7750	4232	3518	55%
Total Participants	69350	38983	30367	56%
Participants - Men	35750	16680	19070	47%
Participants - Women	33600	15362	18238	46%
Unemployed (incl long-term)	22490	14368	8122	64%
Inactive	10130	8037	2093	79%
Participants over 50 years of age	11710	7368	4342	63%
Participants from ethnic minorities	8090	2578	4962	39%
Participants with disabilities	10540	3128	5192	51%
Participants without basic skills	10540	5245	5295	62%
Participants who live in a single adult household with dependent children	4840	2610	2230	50%
Number of supported micro, small and medium-sized enterprises	590	0	590	0%

7. As the sub committee will see the overall target committed figures tend to range between mid-40% to up to low 60%. However, two of the sub targets stands out due to the level of outputs committed. The commitments for the sub target for the economically inactive is high compared to others at 79%. In comparison, the Participants from Ethnic Minorities is lower compared to others at 39%, with an 12% difference to the next lowest sub target (Participants with Disabilities at 51%). This does not necessarily mean that participation by Ethnic Minorities in the Lancashire programme will be low as they may be recorded under one of the other sub targets. These figures are inclusive of the proposed, but not yet committed, outputs from the 6 Project Full Applications currently being considered and the minimum outputs from the Big Lottery Opt In Digital Inclusion project.

However, it is a reason to review existing commitments and possible future calls given the issue of lower than average economic participation by ethnic minority individuals was highlighted as an issue in the Lancashire ESF Strategy and Employment and Skills Framework.

8. Consideration has been given to the Skills Funding Agency (SFA) Opt-In and the recent variation in the Memorandum of Understanding (MoU) undertaken via written procedure. £41.1m was allocated to the SFA opt-in, however due to uncertainty about the SFA's future and ability to co-finance, activity has been procured with a restricted delivery period and only 2/3 of the allocation has been contracted. The remaining £13.7m (spread across ESF Measures 1.1, 1.2 and 2.1) has been removed from the MoU with the SFA through the variation. Consideration is

required regarding options for procuring £13.7m worth of activity. The following options have been discussed:

- 1) Procure, through Open Calls or otherwise, new activity immediately (or as soon as DWP will enable). This may result in duplication and there may be challenges in sourcing match funding locally.
- 2) Plan to procure activity, through Open Calls or otherwise, which will commence once the current SFA opt-in projects have completed (March 2018 or if extended July 2018). This would reduce the risk of a gap in activity (during the current ESIF programme), avoid duplication and enable consideration to be given in relation to match funding. Providers accessing SFA funds may be able to match locally if the SFA is no longer a co-finance organisation, or the Adult Education Budget may be devolved which would provide a source of local match (via the evolving Combined Authority). If the programme was to finish early, there is a risk that the funding may be lost, although indications at present are that activity will continue until the end of 2019, and potentially the end of 2020.

The options will be discussed at the Skills and Employment Board on the 11th January 2017 and a verbal update will be provided at the ESIF Committee.

9. As referred to above the Lancashire programme, as part of a national approach, has been allocated an additional £2+m of ERDF and £2+m of ESF (the additional ERDF is addressed elsewhere). Initially, DWP stated that they wished to see the additional ESF funds allocated equally across the ESF programme. Given the current output position and the status of future SFA type activity it would seem sensible to refrain from formally allocating any of the additional resources until further work has been undertaken.

10. Recommendations

That the sub committee note the contents of the report and request that ESIF officers;

- 10.1 meet, in conjunction with the Lancashire Skills Hub, with Opt In Organisations to review delivery and the achievement of priority group participation figures
- 10.2 undertake a review of pipeline projects that could support improved performance in the achievement of the Ethnic Minority participant target
- 10.3 engage with the Lancashire Combined Authority to explore future match funding opportunities in the event the SFA is unable to continue as an Opt In organization,
- 10.4 report back on the above issues to the next meeting of the Lancashire ESIF sub committee

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