



LEP – Sub Committee

LEP - Lancashire Skills and Employment Board

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ESIF Programme - update and recommendations

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Executive Summary

The report provides a progress up-date in relation to the European Social Fund (ESF) element of the European Structural and Investment Funds (ESIF) programme in Lancashire, and the issue of the call against investment priority 2.2.

The report provides an overview of the current position in relation to funds allocated against investment priorities 1.1, 1.2 and 2.1 in Lancashire against the SFA opt-in, the funds released, and national policy. It is recommended that no further calls are released against these investment priorities utilising the 'released' SFA opt-in allocations until national policy is clearer (including the potential to extend contracts). If policy remains unclear by June this year, it is recommended that calls be developed with DWP over the Summer for release in September 2017.

Recommendation

The committee are asked to:

1. Note the progress report in relation to procurement activity and the release of the 2.2 call.
2. Support the recommendation that calls are not developed for the £13.7m until further clarity is received in relation to national policy; if policy remains unclear by the June meeting of the committee, recommendations will be brought with view to developing calls for projects over the summer for release in September 2017.



Background and Advice

1.0 Background

At the last committee meeting, Sean McGrath (External Funding and Investment Manager, Lancashire County Council and LEP ESIF programme lead) attended the meeting to discuss the latest position in regard to the ESIF programme, and in particular ESF.

This paper provides an up-date on progress since the last meeting, and as agreed at the last meeting, recommendations in relation to the funding released from the Skills Funding Agency opt-in.

2.0 Progress since the last Committee Meeting

It was highlighted at the last committee meeting that there had been no ESF calls issued since the EU referendum result in Lancashire, although calls had been released in other sub-regions. The dissatisfaction of the Skills and Employment Board was raised at the ESIF Committee on the 12th January with DWP representatives. It was reiterated that the two proposed calls developed in June 2016 were aligned with the Skills and Employment Strategic Framework and priorities in Lancashire (and not reactions to the EU referendum result; a number of other areas developed calls quickly to attempt to allocate funding prior to the autumn statement).

The discussion at the ESIF Committee led to DWP prioritising Lancashire in its current planning, and a call was issued on Monday 30th January against investment priority 2.2; this was justified as DWP had not procured any funding against investment priority 2.2 to-date in Lancashire. It is unknown, at present, when further calls will be issued, including the 2.1 call which was also planned in June 2016 (focusing on leadership and management).

The 2.2 call was circulated via email to committee members:

<https://www.gov.uk/european-structural-investment-funds/skills-for-growth-project-call-in-lancashire-lep-area-oc19s17p0576>. The call, developed in June 2016 in accordance with the priorities identified by the Skills and Employment Board, focuses on improving the labour market relevance of provision and the engagement of small to medium enterprises. The process is a two stage process and the deadline for expressions of interest is the 10th March 2017. As this is directly matched locally (as opposed to being part of an opt-in), the ESIF Committee (non-conflicted members) will be asked to comment on the strategic fit of submissions. The Skills Hub and the ESIF Team at County have been raising awareness of the call with providers and employers across Lancashire.

3.0 Unallocated ESF funding

As discussed at the last committee meeting, £13.7m has been released from the SFA opt-in across investment priorities 1.1, 1.2 and 2.1. As per the ESF Operational Programme, the investment priorities are described as follows:



1.1: Access to employment for jobseekers and inactive people (£3.7m) – to help those who are disadvantaged but still relatively close to the labour market to tackle their barriers to work, and enter and sustain employment.

1.2: Sustainable integration of young people (£2.2m) – to focus on helping young people, particularly those who are NEET or at risk of NEET to participate in the labour market and learning in areas.

2.1: Enhancing equal access to lifelong learning (£7.8m) – for all age groups in formal, non-formal and informal settings, upgrading the knowledge, skills and competences of the workforce, and promoting flexible learning pathways including through career guidance and validation of acquired competences.

At present there are 3 projects delivering against the 3 investment priorities through the SFA opt-in (and 1 project against 1.1 through the DWP opt-in) – see the diagram in Appendix 1. The benefit of this approach is that the SFA provides the match funding, which enables the ESF funds to be drawn into Lancashire. Access to Employment (1.1) supports inactive and unemployed to access employment through upskilling in-line with the needs of Lancashire employers who are recruiting (with a focus on the priority sectors); the NEET programme (1.2) provides a range of support to young people who are at risk of or NEET, to support them into work or full-time learning (with a focus on geographical cold spots in Lancashire and a range of priority groups e.g. looked after children); and the Employee Skills Support (2.1) upskills individuals in the workplace, in-line with the needs of their business, to boost workplace competence and to progress people up the skills escalator – the programme is skewed towards businesses in the priority sectors and towards progression to Level 3 and beyond to close the gap in Lancashire.

As the investment priorities are quite closely defined, it is likely that similar activity would be requested; the flexibility that the LEP can define is the prioritisation of the funding towards certain priority groups, geographies and sectors – at present these are defined in accordance with the priorities identified in the evidence base that underpins the Skills and Employment Strategic Framework.

As discussed at the previous committee meeting match funding locally may be problematic. A devolved Adult Education Budget could be used to match at a local level in the future, but it is unlikely that AEB will be devolved within the timescales to ensure that activity continues beyond July 2018 (to avoid a gap in activity); potentially if the SFA was no longer co-financing, then funding received by local providers could be matched provider-by-provider.

Since the last meeting, at which it was agreed that thoughts in regard to timescales for procurement should be recommended, indications are that policy remains unclear and that there may be potential for extensions. The contracts issued by the SFA for the 3 existing projects contained a clause which enabled them to be extended for a further 3 years. At present, it is still unclear whether projects will be terminated in July 2018 or whether there will be an option to extend activity utilising match from Government Departments. It has been indicated that a decision is likely to be made over the next couple of months. As activity is likely to be of a similar nature, with



similar priorities, it would make sense to extend contracts if this was an option, as opposed to procure new activity that would require locally sourced match. It is therefore recommended that a timeline for new procurement activity is not recommended to the ESIF Committee, but that the committee pause to see whether national policy in this area becomes clearer over the next couple of months.

If policy remains unclear, specifications should be developed in the summer, for release in September, with view to contracts being in place in April 2018, so that activity starts to be delivered as the current projects end in the July. It is recommended that this decision is made at the June meeting of the committee, pending clarity on national policy.

4.0 Recommendation

The committee are asked to:

1. Note the progress report in relation to procurement activity and the release of the 2.2 call.
2. Support the recommendation that calls are not developed for the £13.7m until further clarity is received in relation to national policy; if policy remains unclear by the June meeting of the committee, recommendations will be brought with view to developing calls for projects over the summer for release in September 2017.