



Lancashire Skills and Employment Board

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ESIF Update

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Executive Summary

This paper provides an up-date on the ESIF programme in Lancashire, and in particular the European Social Funds (ESF).

Recommendation

The Committee are asked to note the up-date.

1. LEP ERDF and ESF Programme Financial and Output Allocations

- 1.1 The Lancashire European Structural and Investment Funds (ESIF) partnership has received the revised financial and output allocations for the European Regional Development Fund (ERDF) and European Social Fund (ESF) programme in Lancashire. The revised financial allocations, after exchange rates, have had a significant impact on the level of funding currently available. However, allocations will be reviewed during the programme, so the level of funding may increase (or decrease) if the exchange rate changes. The outputs allocated are also higher than anticipated, based on the initial submission of the Lancashire ESIF Strategy.
- 1.2 The total revised allocation for ERDF and ESF for Lancashire, after exchange rate changes, is £188.28m, a reduction of £38.77m, with ERDF now £112.94m (a reduction of over £23.3m) and ESF £75.34m (a reduction of over £15.5m). **Table 1**, attached, highlights the differences from the original LEP

area allocations by Priority Axis as contained in the Lancashire ESIF Strategy and the revised allocations.

- 1.3 **Table 1** shows the headline allocations for ESF by Priority Axes and shows that less funding has been allocated to Priority Axis 9 (Social Inclusion) than originally allocated in the Lancashire ESIF Strategy.
- 1.4 In addition, the Investment Priority (IP) allocations against the axes have implications for the activity proposed to be delivered via the Skills Funding Agency (SFA) Opt-in. Specifically, this relates to Priority Axis 8 (IP 1.2) and the initial allocation to SFA for 'Not in Education, Employment or Training' (NEET) focused activity which was £6.6m, a figure based upon local knowledge and experience of previous programme delivery. The Lancashire IP 1.2 figure has now been reduced in the revised allocation to £3.5m (£2.9m based upon the exchange rate).
- 1.5 This reduction is particularly significant as NEET was an issue highlighted in the Lancashire ESIF Strategy and the Lancashire Skills and Employment Strategic Framework as being of major importance in large parts of Lancashire. This reduction in funding, and related increase in outputs, may put Lancashire at a disadvantage in seeking to deliver overall programme targets whilst at the same time seeking to deliver quality interventions that will have a meaningful impact.
- 1.6 A request has been submitted to the Managing Authority (MA) to reallocate and better balance the funding against the Priority Axes and IPs to reflect Lancashire's strategic priorities and the proposed activity with the SFA. This would increase the allocation to Priority Axis 9 (Social Inclusion) and enable the LEP to honour activity in the current agreement with the SFA. The output allocations have also been challenged. Feedback from the MA is expected by mid-December.

2. ESF Opt-Ins

- 2.1 A proportion of the LEP's allocation of ESF funding has been allocated to 'opt-ins' with the SFA (41.1m), Department for Work and Pensions (DWP) (3m) and Big Lottery ('Building Better Opportunities') (7.5m). Essentially the opt-in provides match funding to enable the ESF component to be drawn down and spent on projects in Lancashire. The remaining ESF will need to be locally matched by partners (23.7m).

2.2 Skills Funding Agency

- 2.2.1 Timescales for the launch of SFA procurement have slipped throughout the year (originally anticipated in March 2015). As per the recent email communication, the SFA have released further guidance and are now moving to 2 year projects (rather than 3 year). Work is underway with the SFA to re-scope activity in-line with the revised project timelines.

2.2.2 The SFA have also released a revised timeline for procurement activity. Assuming there is no further slippage, it is anticipated that NEET will be launched in December (with delivery commencing in April 2016), Skills Support for the Workforce (SSW) in December (with delivery commencing in May 2016) and Skills Support for the Unemployed (SSU) in January 2016 (with delivery commencing in June 2016). All delivery will need to end by March 2018, but with potential to extend contracts by a further year subject to the position of the SFA and their ability to co-finance come March 2018.

2.2.3 It has been agreed to commit to the revised timelines to enable activity to commence in Lancashire and SFA co-finance to be used, whilst acknowledging that delivery may be challenging due to the restricted timelines.

2.3 **DWP**

2.3.1 A project has been scoped with DWP to focus on supporting unemployed Lancashire residents into work, targeting adults that are pre and post-work programme.

2.3.2 It has been indicated by DWP that a procurement round will be released in Lancashire in the first quarter of 2016.

2.4 **Big Lottery**

2.4.1 The first round of funding was launched earlier in the year for activity targeting hard-to-reach NEETs and over 50s with low or no skills. A call for activity supporting disadvantaged groups closed at the end of November 2015.

3. **ESIF Pipeline – locally matched projects**

3.1 An exercise was undertaken in June/July 2015 to gather ideas from partners in regard to potential ESIF projects.

3.2 Over 100 project ideas were received, some ERDF, some ESF. A report was provided to the Skills and Employment Board in July 2015 providing headline information, in terms of the numbers of projects and the types of activity.

3.3 The pipeline has since been mapped to the priorities in the Lancashire Skills and Employment Strategic Framework under Future Workforce activity, Skilled and Productive Workforce and Inclusive Workforce.

3.4 A number of workshops are being planned for the New Year which will bring together partners with project ideas that are targeted at same client group or were there are similarities in activity. The workshops aim to facilitate

collaboration, with view to developing project ideas to the point at which a tender request can be submitted via the ESIF partnership to the MA.

4. Recommendation

4.1 The Committee are asked to note the up-date.

Table 1: Lancashire ESIF Funding Allocations

Fund	Priority Axis	Description	Revised Allocation (€million)	Revised Allocation Converted to Sterling (£million)	Exchange Rate Revaluation (August 2015) (£million)	Variance Between Allocation and Revaluation (£million)		Lancashire ESIF Strategy Allocation (£million)	Variance Between ESIF Strategy Allocation and Revised Allocation (£million)
ERDF	1	Research & Innovation	€ 29.04	£24.86	£20.62	-£4.25		£33.00	-£8.14
ERDF	2	ICT (Broadband)	€ 8.34	£7.14	£5.92	-£1.22		£8.00	-£0.86
ERDF	3	SME Competitiveness	€ 81.12	£69.45	£57.59	-£11.86		£63.70	£5.75
ERDF	4	Low Carbon	€ 33.64	£28.80	£23.88	-£4.92		£21.00	£7.80
ERDF	5	Climate Change (Flood Prevention)	€ 3.75	£3.21	£2.66	-£0.55		£4.00	-£0.79
ERDF	6	Environment	€ 3.19	£2.73	£2.27	-£0.47		£4.00	-£1.27
ERDF	8	Community Led Local Development (CLLD)	€ 0.00	£0.00	£0.00	£0.00		£2.50	-£2.50
Total ERDF			€ 159.07	£136.20	£112.94	-£23.26		£136.20	£0.00
ESF	8	Employment	€ 33.56	£28.74	£23.83	-£4.91		£26.00	£2.74
ESF	9	Social Inclusion	€ 17.63	£15.10	£12.52	-£2.58		£19.00	-£3.90
ESF	10	Skills	€ 54.92	£47.02	£38.99	-£8.03		£45.86	£1.16
Total ESF			€ 106.12	£90.86	£75.34	-£15.51		£90.86	£0.00
Total ERDF & ESF			€ 265.19	£227.06	£188.28	-£38.77		£227.06	£0.00

