

**To: Economy and Jobs Policy Board**

**On: 31 August 2016**

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**Report by: Director of Development and Housing Services**

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**Heading: European Structural Funds 2014-20**

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## **1. Summary**

- 1.1 This report provides an overview of the current EU funding to Renfrewshire Council from the 2014 – 20 EU Structural Funds Programme.
  - 1.2 The report highlights the funding secured for the initial period to 2018 and the anticipated (but now uncertain) balance of funding for 2018-20.
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## **2. Recommendations**

- 2.1 It is recommended that the Board:
    - Note the notional levels of EU funding offered to Renfrewshire for the 2014-2020 European Structural Funds programme as approved at previous Boards;
    - Note that Board has already approved the full YEI offer of grant of £5.03M;
    - Homologate the actions of the Chief Executive to accept the formal offers of grant for applications relating to ESF Pipeline, Social Inclusion and Business Competitiveness Programmes;
    - Note the balance of funding for 2018-20 which may now be lost as a result of Brexit.
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## **3. Background**

- 3.1 There are currently 4 strands of EU Structural funding available to Renfrewshire Council from the 2014-20 EU programmes for Scotland:
  - ESF Pipeline;
  - Youth Employment Initiative (ESF);
  - Poverty and Social Inclusion (ESF);
  - Business Competitiveness (ERDF).

- 3.2 As reported to Board in both March and September 2015, Renfrewshire Council accepted the notional funding allocations from the new European Structural Funds Programme covering the period 2014-2020 as follows:

Programme Name	Status
ESF Pipeline and Poverty and Social inclusion	Combined Notional Offer of Grant of £3.77M accepted at November 2014 Board for the full 2014 – 20 period.
Youth Employment Initiative (ESF)	Notional Offer of Grant £2.1M agreed March 15.
Business Competitiveness (ERDF)	Notional offer of ERDF grant of £706K accepted at Nov 15 Board for the delivery of Business Competitiveness activity across Renfrewshire, East Renfrewshire and Inverclyde.

- 3.3 The Youth Employment Initiative was further reported in February 2016 when an increased and full offer of grant was endorsed for an increased figure of £5.03M ESF as below. This was as a result of applications submitted, approved and letters of award finalised from the Scottish Government.

Programme Name	Status
Youth Employment Initiative (ESF)	Notional Offer of Grant £2.1M agreed March 15.  Application submitted and reported to board for increased funding of £5.03M.  Full Board approval at Feb Board with match funding highlighted for £5.03M ESF.

- 3.4 Following applications under the Social Inclusion, Pipeline and Business Competitiveness Programmes from Renfrewshire Council to the Scottish Government the formal letters of grant have now been accepted by the Chief Executive as outlined below.

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#### 4. Operational Applications

- 4.1 Following the acceptance of the “notional” offers of grant the applications to draw down funds were developed. These applications are described as ‘operations’.
- 4.2 Scottish Government advised applicants to submit operations to cover the first three years of the new Structural Funds Programme. As a result all operations submitted to date are for activity to 2018. The balance of funding would be for activities from 2018 – 20 however this funding is potentially now not available due to Brexit. These funds are outlined in section 5 of the report.
- 4.3 ESF Pipeline Application

This project supports the delivery of the Invest in Renfrewshire Employability Programme offered to Renfrewshire residents of all ages seeking support to access, improve and sustain their employability. The primary focus of this operation is

unemployed and inactive residents aged over 29 years with multiple barriers to employment. Management and Compliance activity is a separate operation from delivery activity.

<b>Operation</b>	<b>Total Expenditure</b>	<b>Match</b>	<b>ESF Grant</b>
Pipeline Delivery	3,700,923.07	2,220,554.10	1,480,368.97
Compliance	517,501.54	310,500.92	207,000.51
<b>Total</b>	<b>4,218,424.61</b>	<b>2,531,055.02</b>	<b>1,687,369.48</b>

Council match funding is confirmed from the Economic Development and Invest in Renfrewshire budgets until 2018.

#### 4.4 Poverty and Social Inclusion Application

This project delivers specialist support to clients with multiple barriers accessing employability services in Renfrewshire.

Specialist staff provide support and advice in relation to health and wellbeing, finance, childcare and housing. Clients accessing these services will also be receiving employability support through the Pipeline or through the Youth Employment Initiative.

Project Search, an intervention for young people with autism and learning disabilities is also supported through the Poverty and Social Inclusion strand.

<b>Operations</b>	<b>Total Expenditure</b>	<b>Match</b>	<b>ESF Grant</b>
Specialist Support Staff	655,433.30	393,261.00	262,172.30
Compliance	158,028.41	94,817.04	63,211.36
Project Search	164,454.93	98,673.00	65,781.93
<b>Total</b>	<b>977,916.64</b>	<b>586,751.04</b>	<b>391,165.59</b>

Council match funding is confirmed from the Economic Development and Invest in Renfrewshire budgets until 2018.

4.5 The combined applications for ESF Pipeline and Poverty and Social Inclusion amount to an ESF grant of £2,078,534 for the period until 2018. This leaves a balance of funding (from the notional grant of £3.77M) of £1,691,466 for the 2018-20 period.

#### 4.6 Business Competitiveness Application

This project is for the delivery of access to finance to meet the needs of growth start-ups and growing businesses in Renfrewshire, East Renfrewshire and Inverclyde and enhance the services available via Business Gateway. This activity will provide suitable financial products which are designed to improve the survival rate of new enterprises and ensure sustainable business growth.

Operation	Total Expenditure	Match	ERDF Grant
Business Growth	891,000.00	534,000.00	356,400.00
Compliance	70,734.75	42,440.85	28,293.90
<b>Total</b>	<b>961,734.75</b>	<b>576,440.85</b>	<b>384,693.90</b>

Match funding for this application comes from the Business Gateway programme and Invest in Renfrewshire budgets until 2018.

- 4.7 Formal offers of grant are now in place for each of these individual operations and it is recommended that the Board homologate the actions of the Chief Executive to accept the offers of grant on behalf of Renfrewshire Council. Overall, £7,493,482 in ESF and ERDF has been secured for the period 2015 to 2018.

## 5. EU Funding Post 2018

- 5.1 Advice at this time from Scottish Government following the UK decision to leave the European Union, is that funds which are formally committed to projects should continue as planned. As such, the projects listed in section 4 should not be affected by the EU exit process.
- 5.2 However the proportion of EU funding allocated for the period 2018-2020 may not now be available for draw down. This amounts to £2,546,773 and consists of:

Programme Name	Status
ESF Pipeline and Poverty and Social inclusion	Notional Offer of Grant: £3,770,000
	Allocated to Applications: £2,078,534
	Balance of Funding for 2018-20 £1,691,466
Youth Employment Initiative (ESF)	This fund was not available for 2018-20 and will be fully committed during 2018.
Business Competitiveness (ERDF)	Notional 2014-20 offer (Renfrewshire, East Renfrewshire and Inverclyde) £1,240,000
	Notional offer of ERDF grant to 2018 £706,112
	Allocated to Applications £384,693
	Balance of Funding available to 2020: £855,307

- 5.3 Further reports on the progress of these ESF and ERDF supported projects and the implications of our exit from the EU will be brought forward to future board meetings.

## Implications of the Report

1. **Financial** – £7,493,482 in ESF and ERDF has been secured for the period 2015 to 2018 however £2,546,773 of EU funding for the 2018-20 period is potentially now lost.
2. **HR & Organisational Development** – a number of posts related to the delivery of these projects must now be focused solely on ESF funded activity
3. **Community Planning – Jobs and the Economy** – The projects supported by EU funding will support the development of the Renfrewshire economy and increase life chances for the economically excluded.
4. **Legal** - none
5. **Property/Assets** - none
6. **Information Technology** – none
7. **Equality & Human Rights** -  
The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report as it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – none
9. **Procurement** – none
10. **Risk** – none
11. **Privacy Impact** - none

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## List of Background Papers

### Economy and Jobs Policy Board:

- European Social Fund Programme Applications 2014 – 2020 – 18 March 2015
- EU Structural Funds Programme 2014-20 - Business Competitiveness – 2 September 2016
- Renfrewshire – Full Youth Employment Initiative – 3 February 2016

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