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**Democratic Services Section
Chief Executive's Department
Belfast City Council
City Hall
Belfast
BT1 5GS**

18th December, 2014

MEETING OF SHADOW STRATEGIC POLICY AND RESOURCES COMMITTEE

Dear Councillor,

In addition to those matters previously notified to you, the following item(s) will also be considered at the meeting to be held at 10.00 am on Friday, 19th December, 2014.

Yours faithfully,

Suzanne Wylie

Chief Executive

AGENDA:

7. Cross-Cutting Issues

- (c) European Social Fund - Support for Employability (Pages 1 - 6)

To: The Chairman and Members of the Shadow Strategic Policy and Resources Committee

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Report to:	Shadow Strategic Policy and Resources Committee
Subject:	European Social Fund – update
Date:	19 December 2014
Reporting Officer:	John McGrillen, Director of Development, ext 3470
Contact Officers:	Lisa Toland, Head of Economic Initiatives and International Development, ext 3427

1	Relevant Background Information
1.1	Members will be aware that the overall strategic aim of the European Social Fund (ESF) is to help reduce economic inactivity and increase workforce skills by promoting access to employment, social inclusion and skills for growth.
1.2	In Northern Ireland, the programme is administered by the Department for Employment and Learning (DEL). Funding is allocated by means of an open call for projects. Successful projects attract funding of up to 65% of the total project cost and project promoters are expected to find the remaining 35% funding from other sources. Projects run for three years and current projects are due to complete on 31 March 2015.
1.3	A call for projects under the new ESF programme was launched by DEL at the end of November 2014, with a closing date of 9 January 2015. Successful projects will be operational from 1 April 2015 to 31 March 2018.
1.4	The requirement to find match funding presents problems for potential project promoters. Given the previous experience of the council in receiving many requests for match funding, the Shadow SP&R Committee at its October meeting agreed that the council should make its own application for funding and commission local providers to undertake the delivery against a set of agreed targets. The committee also agreed to draw together council funds and resources transferred from the Department for Social Development (DSD) to provide the necessary match funding required for a bid.
1.5	However, since that decision, DSD has confirmed that the regeneration powers and associated resources will not transfer to the council until 1 April 2016. The £703,000 which is currently used by DSD to match-fund ESF projects in the city and which the council had agreed to allocate towards the bid is therefore no longer available. The resources now available to the council to support employability activity are around £240,000 per year.

2	Key Issues
2.1	<p><u>Key challenges</u></p> <p>Members will be aware that, during the recent engagement process with Bernard Marr to look at key outcomes and priorities in a future Belfast Agenda, inclusive economic growth was identified as a key pillar of a future Belfast. One of the underpinning elements of this was investment in employability and skills – both for those people with no or low skills levels and ongoing investment in our further and higher education institutions in order to continue to attract investment to the city. In addition, creating jobs was identified as the top priority for residents in the council’s 2014 household survey.</p>
2.2	<p>The October report to this Committee identified the scale of the challenge in Belfast: a recent Centre for Cities report ranked Belfast as 64th out of 64 cities in terms of skills levels. This means that we have a higher proportion of low skilled people than any other UK city. While job forecasts indicate that only 1 in 7 jobs will require no or low skills in the future, around 40% of our population are currently in this position. This suggests that future jobs will be filled by those residing outside the city or that future investment opportunities will be in jeopardy due to a lack of skilled labour.</p>
2.3	<p><u>Priority focus</u></p> <p>The report also identified a series of ten “guiding principles” which, it was agreed, should focus any future council engagement in ESF. These include:</p> <ol style="list-style-type: none"> 1. Need for a citywide approach 2. Need to consider targeted interventions and differentiated approaches 3. Partnership between Belfast City Council, DEL and others 4. Support is needed for older males, lone parents, persons with disabilities and minority ethnic communities 5. The role of the private sector is critical 6. Need to avoid duplication/local competition 7. Need to improve data sources and information sharing 8. Need to focus on outcomes and tracking progress 9. Employability and skills cannot be considered as stand-alone interventions 10. Need for transparency in decision-making around funding.
2.4	<p>The European Social Fund is used to develop the skills and employment chances for those furthest from the labour market in order to help them source real jobs. The October report identified that if the council wanted to have a real impact on getting long-term unemployed people into work it would need to:</p> <ul style="list-style-type: none"> – Take a strategic approach to the challenge – Make an application of scale allowing the council to work with a significant number of people – Provide services on a city-wide basis – Be linked to real employment opportunities.
2.5	<p>The focus of any Belfast City Council application therefore must be on helping people find sustainable employment opportunities, as opposed to simply counting those taking part in training programmes. The outcomes of previous programmes have been measured in terms of participant numbers as opposed to the number of people securing employment.</p>

2.6	<p><u>Funding challenges</u></p> <p>The delay in the transfer of Neighbourhood Renewal Funds has left the Council with a budget of only £240,000 to support ESF activity. This resource in itself will not achieve the significant impact that would have been the case had the resources from DSD also been available. Council officers have, therefore, been exploring alternative approaches as to how the organisation might positively influence a project of scale across the city which, in turn, will present real opportunities for those furthest from the labour market to secure permanent employment.</p>
2.7	<p>Given the large-scale budget cuts facing public sector agencies, those organisations seeking to deliver ESF projects will find it difficult to source match funding. There is a real risk, therefore, that the EU funds may not be drawn down and that activity on the ground will be reduced.</p>
2.8	<p>Council officers have already received approaches from at least 16 organisations all looking match funding over a three year period. The requests range from £50,000 to £300,000 per annum. If the council were to accede to these requests, it would present the following challenges:</p> <ul style="list-style-type: none"> – Only a limited number of requests could be met – The Council has no basis on which to differentiate between projects or to decide which project(s) it would support – As a match funder, the Council would have little influence on defining the outcomes or identifying priority target groups/locations – The Council would not be able to play a strategic role in addressing employability and skills issues across the city – There would be significant management and administration requirements in terms of confirming and agreeing funding.
2.9	<p><u>Potential solution</u></p> <p>Steps 2 Success is the main DEL-funded employment programme delivered on a city-wide basis. As an alternative approach to the council making its own submission, and as opposed to becoming involved in a range of match-funded schemes, there is an opportunity to build an ESF proposal around this funding stream given that:</p> <ul style="list-style-type: none"> – The programme is not already matched with EU funding – It is the principal DEL mainstream initiative focusing on employability for many of our priority residents – Collaboration with the existing programme allows us to develop a solution that avoids duplication and competition – There are systems and processes in place for issues such as employer engagement and participant monitoring and this generates economies of scale and means that there is no need to establish and resource new structures – The programme is focused on employment outcomes and there is already an established data measurement and tracking system that have been agreed by DEL and which would enable us to measure the outcomes of our investment, in terms of both skills development and jobs outcomes for this new client group.
2.10	<p>In considering how the council might address the shortfall in match funding resulting from the delay in transfer of the DSD funds, council officers held an</p>

	<p>exploratory meeting with Ingeus, who are currently contracted by DEL to deliver the Steps 2 Success programme across Belfast. At this meeting, officers explored the opportunity of a partnership arrangement whereby DEL funding for Steps 2 Success could be used as match funding for a city-wide bid to address the economic inactivity challenges.</p>
2.11	<p><u>Programme content and delivery</u> The delivery model would be based on the following broad approach:</p> <ul style="list-style-type: none"> – Referrals from targeting marketing campaigns/ agreed referral routes from community and Council partners as well as a number of specific engagement activities that act as a “hook” to engage potential participants on the programme – Targeted programme of back to work support: working with an advisor to create and deliver an action plan of activity to break down barriers to work and improve employability in a measurable way. Access will be provided to a range of support resources, based on the individual’s needs – Additional wrap-around courses, services and interventions from community-level employment and skills organisations (primarily third sector) will be delivered on a demand-led basis to meet the needs of local businesses and specific customer groups. This would represent an integrated community investment fund. – Focused employer engagement: a structured approach to employer engagement will be undertaken, ranging from SMEs to inward investors. This engagement will enable the council to build a picture of the needs of its businesses and will ensure that the resident population has an increased opportunity to access employment opportunities in the city.
2.12	<p>Council resources would be primarily used to “buy in” specialist or localised support services, such as community engagement and recruitment and specialist training for new growth areas. This would help deliver many of the Committee’s original objectives and ensure that activity is targeted at a local level but within a wider, integrated delivery framework. A call for service providers would be issued and organisations would be invited to submit bids for the delivery of key services.</p>
2.13	<p>Ingeus have offered to undertake project management and administration support services. This would reduce burden of risk to the council.</p>
2.14	<p>In terms of project governance, a Programme Management Committee would comprise representatives from Council and Ingeus. This Committee would oversee the delivery of the whole programme. Additional representation would be sought from key partners (e.g. DEL, employers etc.), in order to ensure alignment with other delivery activity and to confirm that the services were meeting employer needs. This structure would enable much more data sharing and performance information scrutiny than was the case under the previous programmes. Regular reviews would ensure that the project continued to focus on areas of most need and that progress against baselines (both and city and local level) was tracked.</p>

2.15	In addition to the Council and Ingeus, the delivery partnership would include organisations such as Springvale Learning, Armstrong Learning and a wide range of community-sector and specialist delivery partners. Given the short timescales for developing this proposal, further partners will be identified before and after the proposal's submission.
2.16	<u>Project outcomes</u> While the project is still being finalised and definitive budgets and participant numbers/outcomes have not yet been agreed, it is likely that the overall three year budget will be around £12-15million. The council contribution to this would be in the range of £720,000 overall. Based on DEL estimates, this would attract 7,000-8,000 participants in the course of the three year programme, delivering at least 1,400 jobs. This equates to a cost per job for Belfast City Council of around £500.
2.16	<u>Other employability initiatives in Belfast</u> Members are reminded that ESF is a relatively small programme and represents only 7% of DEL's overall programme budget. In addition, there are commitments to a range of other schemes across the city through mainstream DEL provision (apprenticeships, further and higher education, Training for Success, Steps 2 Success) as well as employability projects supported through the Social Investment Fund (SIF). These include: <ul style="list-style-type: none"> - Belfast North Zone: employment fuel poverty project (£2m) - Belfast South Zone: employment programme training in catering, hospitality, retail and IT (£2.2m) - Belfast West Zone: integrated employment programme supporting people back to mainstream employment (£3.3m).
2.17	There is also an employability project in Belfast East Zone which is awaiting approval and there are a number of other projects across the zones that will have an impact on employability support including childcare and family support and early years interventions.

3	Resource Implications
3.1	At present, there is an indicative allocation of around £240,000 in the 2015/2016 Development Department budget which has been set aside for employability and skills development activities. It is proposed that this budget would contribute to an overall funding bid of around £12-15million over three years, to be led by Ingeus. Council match funding will have to be confirmed to DEL on an annual basis.

4	Equality and Good Relations Considerations
4.1	Equality and Good Relations considerations will also be factored into the project application and will be monitored as part of the application process (in line with DEL requirements).

5	Recommendations
5.1	It is recommended that members: <ul style="list-style-type: none"> - Note the live call for projects under the European Social Fund - Note that DSD has confirmed that this will not be in a position to provide

	<p>match funding to the council or other bidders</p> <ul style="list-style-type: none"> – Consider and endorse the proposal to work in partnership with Ingeus on a city-wide bid, with an overall value of around £12-15million. Council resources would be used to support a range of targeted support services for programme participants, to be commissioned from local specialist providers.
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6	Decision Tracking
<p>Timeline: March 2015 report on outcome of funding application Reporting Officer: Lisa Toland</p>	

7	Key to Abbreviations
<p>DEL – Department for Employment and Learning DSD – Department of Social Development ESF – European Social Fund</p>	