



Belfast City Council

Report to:	Development Committee
Subject:	European Social Fund and DEL Skills Strategy
Date:	11 August 2010
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Relevant Background Information

Members will be aware that, since 2008, match funding has been provided by Council for four European Social Fund (ESF) projects. ESF projects have a three year duration and match funding for the projects must be re-confirmed each year. At the December 2009 meeting of Development Committee, Members agreed that funding would not be provided for year 3 of the projects. However the HARTE (Hospitality and Retail Training for Employment) project which was submitted by the Council for ESF funding continues and is still producing positive employment outcomes.

A second call for projects under ESF is expected to take place in late September 2010. In anticipation of this, it is proposed that Members take an agreed approach to match-funding potential projects under this funding stream, in order to maximise the impact of the interventions supported. A proposed approach is outlined below.

Members will also be aware that, in early 2009, approval was given by the Development Committee to work with key partners on the development of an agreed employability and skills agenda for the city in order to maximise the impact of our intervention in this field. Since then, a range of meetings have taken place and a draft Belfast Skills and Employment Strategy was presented to the Development Committee in April 2010. In order to allow more detailed discussion on the content, Members requested that a series of party briefings be undertaken. These briefings were concluded in June 2010.

DEL is a key partner in this process and has remained supportive of developing a collaborative approach to employability and skills in the city. The department has recently produced its skills strategy for consultation – Success through Skills 2: the

Skills Strategy for Northern Ireland. They have indicated the importance is ensuring congruence with the key themes of this strategy for any collaborative projects. A draft Belfast City Council response to this skills strategy is attached for Members' endorsement.

Key Issues

European Social Fund projects

A call for projects under Priority 1 of the European Social Fund (ESF) – Helping people into sustainable employment – will be launched in September 2010 and will close in November. Successful projects will run for a three year period from April 2011.

ESF projects are 40% funded through EU Structural Funds and 25% supported through the Department for Employment and Learning (DEL). Project promoters are expected to identify a match funder from the public sector to provide the 35% to complete the project expenditure. At application stage, details of the potential match funder are required, although there is no compulsion on the project promoter to show any evidence of engagement at this stage.

Under the last round of funding, 73 projects were successful in drawing down funding. Of these, 35 were focused on working within the Belfast area. Four of these 35 projects received match-funding from Belfast City Council for two years at an annual cost of around £150,000 per annum to the council.

In addition to match funding these projects, Belfast City Council also developed the HARTE (Hospitality and Retail Training for Employment) programme. This initiative was a response to the growth in the service industries at that time and the desire to increase the opportunities for long-term unemployed people to find jobs within these sectors. To date, around 80 people have gained employment through this project. The match funding contribution from Belfast City Council to the project has been on average £40,000 per annum. Given that two years of the project have been completed, this means that the cost per job to Belfast City Council has been around £1,000. This compares very favourably with mainstream schemes and with other similar pilot initiatives.

As previously noted, the Council has been working with partners across the city on the development of an agreed agenda for skills and employability. A draft strategy and action plan has been developed and party briefings on this were undertaken in the period April-June 2010. Under the strategy, two strategic priorities are identified, namely:

- Connecting people and jobs
- Enhancing the level of skills in our most disadvantaged communities.

A range of actions is also identified in the plan. These actions have met with broad agreement from all partners and there is now a commitment to developing collaborative projects to deliver on the actions.

One of the key partners in this collaborative approach has been DEL, given their statutory responsibility for employability and skills development in the region. DEL is

committed to working with the Council on the delivery of these actions. As with all public agencies, they are facing challenging budget cuts and are working hard to identify how they can maximise the impact of their spend.

Initial discussions with DEL have identified a range of key issues on which they would be keen to collaborate with Belfast City Council in order to deliver on the actions in the draft employability and skills plan. The potential availability of funding under the European Social Fund offers an opportunity to combine resources towards agreed objectives which will meet the identified needs.

DEL is currently pursuing funding for a number of schemes which could be enhanced if there was wider engagement and additional investment. While the progress of these schemes is subject to agreement by the Northern Ireland Executive, it is proposed that the Council continues to work with the Department to flesh out the detail of these potential projects.

From the Council's perspective, there are a number of conditions to the development of any future ESF projects in which we are involved. In order to ensure that they meet our agenda, it is proposed that a series of criteria be established. These might include:

- The project aligns with the priorities and actions identified in the Belfast skills and employability strategy and action plan
- The project has a city-wide impact
- The project does not replicate other mainstream or pilot provision
- The project is focused on employment outputs
- The project aligns with those key industry sectors which are accessible to those who are not currently in the labour market. These might include hospitality, retail, creative industries, financial services and the public services
- The project focuses on the long-term unemployed/unemployed graduates
- The project should be subject to performance-related targets to be agreed in advance.

These criteria would be used to guide the development of any potential application for funding under ESF. They would also be used to assess any requests for match funding from potential partners.

The Council match funding for these initiatives will have to be identified as part of the forthcoming business planning process and will be subject to Committee approval.

In order to progress with the further development of potential collaborative projects under the upcoming ESF call, it is recommended that Members approve the above criteria for use in considering any possible application. While it is not recommended that we proactively encourage match-funding requests, it is important to acknowledge that partners will be actively seeking match-funding opportunities at present. It is also recommended that Members agree not to consider requests for match funding once the application process closes in November.

A supplementary paper will be brought to a future meeting of the Committee to update Members on the detail of the discussions with key partners regarding potential ESF schemes for Belfast.

Draft Skills Strategy for Northern Ireland: Success through Skills 2

The draft Skills Strategy for Northern Ireland: Success through Skills 2 aims to enable people to access and progress up the skills ladder in order to:

- Raise the skills level of the whole workforce
- Raise productivity
- Increase levels of social inclusion by enhancing the employability of those currently excluded from the labour market and
- Secure Northern Ireland's future in the global marketplace.

While some progress has been noted over the last decade, forecasts suggest that a concerted effort is required if the productivity and skills targets set out in the Programme for Government are to be met.

Research carried out by Oxford Economics on behalf of DEL suggests that there will be:

- An increased need for higher level skills
- An increased need for up-skilling of the existing workforce
- A need to reduce sectoral imbalances
- An increased need for management and leadership skills and
- A need to attract skilled labour.

Similar research conducted by Oxford Economics in 2007 at a city council level mirrors these trends. Some of the key findings were:

- 47 out of 51 wards were below the government employment target at that time
- 12 wards were projected to have employment rates of under 50% by 2015 (i.e. more people not working than working)
- Disability Living Allowance (DLA) benefit rate was running at 13% compared to unemployment benefit at 4% (although this has now risen to more than 7%) – the long-term sick share of the working age population was forecast to rise to around 13%
- Over half of the change in job stock in the decade ahead was expected to require graduate qualifications while less than 1 in 7 was forecast to require no qualifications
- Despite the creation of 26,000 new jobs in the decade to 2007, the number of residents employed in Belfast (i.e. those living in the city) actually fell by around 6,000 in that period. To compensate, net in-commuting increased significantly in this period
- Research undertaken more recently has shown that there are currently an estimated 108,000 people who work in Belfast but live outside Belfast (in-commuters). This represents approximately 55 per cent of the estimated total number of persons employed in the Belfast economy.

The strategy sets out a number of strategic goals. These reflect the focus on up-skilling and re-skilling, given that over 75% of the 2020 workforce has already completed compulsory school education at this point. The goals are:

1. Increase the proportion of those in employment with NQF (National Qualification Framework) Level 2 skills and above to 84-90% by 2020, from a baseline of 71.2% in 2008

2. Increase the proportion of those people in employment with NQF Level 3 skills and above to 68-76% by 2020, from a baseline of 55.6% in 2008
3. Increase the proportion of those people in employment with NQF Level 4-8 skills and above to 44-52% by 2020, from a baseline of 33.2% in 2008
4. Increase the numbers qualifying from Northern Ireland Higher Education institutions with graduate and post-graduate level courses in STEM subjects (with an emphasis on physical and biological sciences, mathematics and computer science, engineering and technology) by 25-30% in 2020.

DEL has suggested that these goals are only achievable if the economy recovers and if appropriate levels of financial assistance are available to invest in achieving these ambitions.

As part of the consultation exercise, respondents are asked to provide commentary on a number of questions. These include:

1. The strategy sets out where Northern Ireland is now and where it needs to be if we are to compete globally and build a fairer prosperous society. Do you agree with the analysis and aspirations?
2. The strategy builds on actions from Success through Skills 1 recognising that there needs to be a step change in the skills levels of the workforce in Northern Ireland. Do you agree with the range of actions outlined in the document?
3. Given the pressures on public finances, which actions do you believe will make the most difference and should be priority?

Comments on the draft strategy, in response to these questions, are attached to this report as Appendix 1. If endorsed by Members, it is proposed that these will be forwarded to DEL to constitute the Belfast City Council response to the consultation.

Resource Implications

The resource implications of the ESF match-funding are not clear at this stage but are unlikely to exceed current investment in employability initiatives by the Council. Once projects are defined, a report will be brought to Committee to request the approval of appropriate resources.

Recommendations

It is recommended that Committee:

- Notes the proposed approach to developing collaborative ESF projects
- Agrees to consider potential collaborative projects for endorsement at a future meeting of committee
- Notes the draft response to Success through Skills 2: the skills strategy for Northern Ireland and agrees that this be forwarded to DEL, once ratified by Council.

Decision Tracking

Proposed ESF project ideas to be brought to September 2010 meeting of the

Development Committee.

Time frame: September 2010

Reporting Officer: Shirley McCay

Key abbreviations

DEL – Department for Employment and Learning

EU – European Union

ESF – European Social Fund

HARTE – Hospitality and Retail Training for Employment

NQF – National Qualification Framework

STEM – Science, Technology, Engineering and Maths

Documents Attached

Appendix 1 - Draft Belfast City Council response to Success through Skills 2: the skills strategy for Northern Ireland