



Report to:	Shadow Strategic Policy and Resources Committee
Subject:	Council support for employability – proposed approach
Date:	30 th January 2015
Reporting Officer:	John McGrillen, Director of Development, ext 3470
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1	Relevant Background Information
1.1	Members will be aware that, over the past few months, officers have been working on a number of employability issues. These include the development of an Employability and Skills Strategy for the city and looking at how the impact of any investment in European Social Fund (ESF) projects can be maximised.
1.2	The European Social Fund aims to reduce economic inactivity and increase workforce skills by promoting access to employment, social inclusion and skills for growth. The fund is managed by the Department for Employment and Learning (DEL) in Northern Ireland. While some funding is ring-fenced for mainstream DEL programmes, much of it is allocated through 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. The most recent call for projects closed on 9 January 2015.
1.3	While the council was originally planning to submit its own bid for funding, using its resources and resources to be transferred from the Department for Social Development, the delay in the transfer of regeneration powers meant that this approach was no longer feasible. An alternative approach – working to draw funding in through other DEL-funded programmes – was also not possible after further investigation. The council therefore decided not to bid directly for funding under the ESF call. However, the council did provide letters to a number of projects that were making applications for support. DEL had confirmed that engagement with potential match-funders was a pre-requisite for any applications. However the letters from the council confirmed only that the organisation had made contact with the council, and there was no commitment to provide funding.
1.4	Given this change in approach, this report considers the proposed way forward for the council in terms of employability and skills development support, including support for European Social Fund activity.

2	Key Issues
2.1	<p>Members will be aware that the council is currently in the process of developing an Employability and Skills Strategy. This work is likely to be completed by March 2015. There are currently four draft objectives against which a range of activities are being identified. These include:</p> <ol style="list-style-type: none"> 1. To develop a coherent and city wide employability and skills partnership 2. To provide a rounded and whole-life package of entry and lower level skills development and provision 3. To generate higher level skills which meet the demands of employers and investors 4. To enable progression routes and employability skills for all.
2.2	<p>It is anticipated that the strategy will provide a framework against which the council and its partners can invest their resources in a series of targeted activities that will address the key skills and employability challenges that the city is currently facing. Members will be aware that, for many years, economic inactivity has been one of the most significant drags on the city's competitiveness. Over the decade of significant growth from 1997-2007, economic inactivity rates in the city remained more or less constant as the jobs were filled by those commuting into the city for work. Likewise, the skills requirements in the city have changed significantly and there are many people who either have no formal skills training or whose skills are not appropriate to the needs of the current labour market.</p>
2.3	<p>While the issue has been on members' radar in recent times and emerged as a priority issue during the planning work on the Belfast Agenda, the council currently has very limited resources to allocate to this activity. It is therefore critical that decisions about how the funding is used take account of how the greatest impact can be achieved and also how activity can lever funding from other partners.</p>
2.4	<p>At the Development Committee in September 2014, members agreed to ten guiding principles proposed to steer future council decisions concerning investment in employability and skills development activities. The principles were:</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
2.5	<p>It is suggested that these principles still remain valid and that, when decisions</p>

	around council support for employability and skills activities are considered, they are assessed against their alignment with these principles.
2.6	At present, DEL is assessing the funding bids submitted on 9 January 2015. It is expected that the assessment process will conclude by 6 February 2015. Project promoters will then be advised as to whether or not they have been successful in their application. At this stage, they will be offered a letter of offer “in principle”. This letter of offer is subject to the project receiving a positive appraisal from DEL economists and also to the project promoter being able to provide confirmation that they have secured the requisite amount of match funding. Project promoters will have up to three months to find their match funding. If they are not able to do so at this point, the letter of offer can be withdrawn.
2.7	In the run-up to the call for projects, DEL made a number of changes to project criteria and eligibility. One of the most significant changes was that ESF can now only provide training to level 1. In reality, employment prospects really only improve significantly once individuals are trained to level 2 and above. This change will limit the impact that many projects can make and could considerably impact on employment outputs that they can expect to achieve from the intervention.
2.8	As with previous ESF calls, there are likely to be many projects that, while they are providing high quality local employability and skills training in their areas, are unlikely to meet all or many of the council’s guiding principles identified in 2.4. Given that there will be more projects seeking funding than there are resources available, it is proposed that an assessment will be required to look at which of those projects most closely align with the council priorities and therefore can help deliver on the Employability and Skills Strategy objectives.
2.9	In addition, given that ESF only has a limited focus and – in particular – given that the funding is now limited to level 1 qualifications only, it is proposed that council decisions around how to allocate its resources look not only at match funding ESF projects but also at kick-starting some projects identified through the emerging Employability and Skills Strategy or adding value to ESF projects as opposed to just providing match funding support. DEL have agreed that, once they are in a position to award letters of offer, they will engage with the council to look at potential match funding requests and to see how these could be met from existing resources within the organisations, if possible.
2.10	Therefore, once all of this information is available, it is proposed that officers bring back a report to the relevant committee incorporating recommendations as to how available resources might be used to address employability and skills challenges in the city.

3	Resource Implications
3.1	An estimated budget within the Economic Development Unit budgets for 15/16 is £240,000.

4	Equality and Good Relations Considerations
4.1	Equality and Good Relations considerations will also be factored into the

	prioritisation and assessment process.
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5	Recommendations
5.1	<p>It is recommended that members:</p> <ul style="list-style-type: none">– Note the update on the Employability and Skills Strategy and the ESF call for projects– Agree to consider a future report incorporating proposals as to how the council can maximise the impact of its investment in employability and skills, including potential match-funding support for some European Social Fund projects.

6	Decision Tracking
Timeline: March 2015	Reporting Officer: Lisa Toland

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