Report to:	Development Committee
Subject:	Future support for European Social Fund Projects
Date:	19 August 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 European Social Fund (ESF) is an EU fund to address economic inactivity and increase workforce skills. 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.
1.2	At present, Belfast City Council is providing match funding support to 5 externally-managed projects and one project that the council runs itself (but which it has commissioned an external partnership to operate on its behalf).
1.3	The new ESF programme is expected to open for applications in November 2014. Successful projects are likely to be operational from April 2015 (current projects will end in March 2015).

2	Key Issues
2.1	Members will be aware of ongoing challenges around the administration of ESF and the implications for the council presented by the open call process. Previous reports have provided updates on officer engagement with DEL staff to identify a way in which the match funding provided by the council and other public sector bodies can be used to contribute to targeted delivery, as opposed to on a case-by-case basis as is currently the way of working. While many of the individual projects produce positive outputs in their own right, it is almost impossible to measure the overall impact of the investment in terms of skills development or employment outcomes within the city. At present, there are over 50 ESF schemes operating in the Belfast City Council area.

185674

2.2	The transfer to councils of responsibility for community development and regeneration powers from Department for Social Development (DSD) means that there is likely to be a much more significant and diverse demand on council resources to match fund projects in the coming financial year as well as in future years (the open call is for projects with a three year duration). Officers have identified that, in the current financial year, DSD is providing match funding totalling £703,000 to ESF projects based in the Belfast City Council area. Members will be aware of the challenges around the resource allocation model and the significant shortfall in resources being transferred from DSD to Belfast City Council. This will have an impact on the council's ability to meet the expectations of organisations who are seeking match funding from the council, including those that were successful in receiving ESF match funding from DSD in previous years.
2.3	While DEL has signalled that there are a number of ESF measures that will be 100% funded this time – namely Family Support Programme and measures to target young people aged 16-24 not in education, training or employment – the other measures (e.g. support for economically inactive, lone parents, those with health issues etc.) will still require match funding at a level of 35% of overall project costs.
2.4	While the ESF budget is only a small part of the funding available from DEL to address inactivity and improve skills levels, it involves significant levels of funding nonetheless. Over the six year programme period, funding of around €300m will be made available to successful projects. Based on previous programme, it is likely that a significant proportion of this budget will be allocated to projects located in the Belfast City Council area. Given that two of the four measures will require 35% match funding, there is likely to be a significant expectation that local authorities – including Belfast City Council – will be able to provide the match funding resources. Council officers have made it clear to DEL officials that local authorities are unlikely to have access to the required levels of match funding for ESF projects so this is likely to lead to significant challenges in the coming months.
2.5	In addition to ESF, there are a range of additional initiatives to support employability and skills development that are being rolled out in specific parts of the city or will become available in the coming year. These include the Social Investment Fund (SIF) and the upcoming Peace IV programme as well as the United Youth programme.
2.6	With regard to the SIF projects on employability, the following projects have already been approved: - Belfast North Zone: employment fuel poverty project – aims to improve employability and reduce fuel poverty in the area – budget £2million - Belfast South Zone: employment programme – project targeting 375 local people to train in catering, hospitality, retail and IT – budget £2.2million - Belfast West Zone: integrated employment programme – an intermediate labour market (ILM) programme to support 300 people to get back to mainstream employment – budget £3.3million.
2.7	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

185674

	have an impact on employability support including childcare and family support and early years interventions.
2.8	The Peace IV programme is currently out for consultation but it incorporates a number of themes that will contribute to employability initiatives such as support for children and young people. This measure has a budget of €50million available, including €20million ring-fenced for measures within council-led Peace plans.
2.9	DEL's mainstream employment support programme – Steps to Success – will roll out across Northern Ireland from September 2014. This contract is divided into three areas, one of which covers the whole of the Belfast City Council area. Ingeus have been appointed to deliver this contract in Belfast. Officers are in the process of engaging with Ingeus to understand how they plan to roll out the programme across the city and to understand how pre-employment support could help improve employment outcomes for a number of hard-to-reach groups.
2.10	The council is currently in the process of updating its research on employment, inactivity and unemployment by target group and by area. This will generate a more informed baseline and will help build a picture of need within the key target groups and locations. It will also help inform our optimal level engagement in the European Social Fund programme.
2.11	Given the level of interest from partner organisations, it is proposed that a meeting is organised in early September to which interested organisations will be invited. This will include those organisations currently receiving match funding from Belfast City Council and Department for Social Development (DSD) for their ESF projects. The aim of the event will be to understand the scale and nature of existing and planned employability support activities across the city with a view to informing how the council can best use its resources to support those projects requiring match funding, while ensuring that a strategic approach is taken to the employability and skills challenges across the city.
2.12	Given the limited budget available, the assumption is that council resources should be used to meet identified gaps or target specific activities that are not already planned or underway, or that will complement planned activity, with a view to improving sustainable employment outcomes and building skills levels to meet employer needs. Equally, it will be important to consider how this activity can sit within an overall strategic plan to address economic inactivity and improve skills levels across the city. Consecutive reports have identified the inactivity levels in some communities as the largest drag on the city competitiveness. In addition, the changing skills requirement of the new growth sectors in the city mean that there is a need to ensure that residents have access to the skills that they need to access future employment opportunities.
2.13	If Members agree this approach, a paper will be brought to the next meeting of the Development Committee to outline the proposed next steps for the council in terms of match funding support for ESF and strategic employability and skills alignment across the city.

185674

3	Resource Implications
3.1	Resource implications associated with hosting the event included in Economic Development Unit annual budget which has already been approved.

4	Equality and Good Relations Considerations
4.1	No specific equality or good relations implications.

5	Recommendations
5.1	It is recommended that Members: - Note the current position with regard to the European Social Fund and other externally-funded employability and skills development support - Agree to support a workshop involving interested organisations across the city to inform the council's approach to match funding and engagement in collaborative employability support initiatives from 2015 - Agree to receive an update report and presentation at the next meeting of the Development Committee, outlining the proposed council approach.

6	Decision Tracking
	If approved, a report will be presented to the September 2014 meeting of the Development Committee. Timeline: September 2014 Reporting Officer: Lisa Toland

7	Key to Abbreviations
	DEL – Department for Employment and Learning ESF – European Social Fund ILM – Intermediate Labour Market SIF – Social Investment Fund DSD - Department for Social Development