



Report to:	Shadow Strategic Policy & Resources Committee
Subject:	Council support for employability – European Social Fund
Date:	24 October 2014
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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. Currently, Belfast City Council provides match funding for five projects and supports its own programme (HARTE) – which is delivered by a partnership of local training providers.
1.3	<p>At the September Development Committee meeting, members were advised of the upcoming call for projects and noted that there was a potential that the council would be significantly over-subscribed for match-funding requests. The committee agreed to ten guiding principles proposed to steer future council decisions concerning support for employability and skills development activities. These 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.
1.4	It was resolved by members that a report would be tabled to October Development Committee to help agree priority areas for council intervention in advance of ESF opening for applications in November 2014. It was also noted that there was an opportunity for the council to make its own submission for funding and, if successful in drawing down resources, we would then commission service delivery to address the key challenges highlighted in the research report presented to members at the September committee meeting. This report for consideration today was also presented to the Development Committee on 21 October 2014.
1.5	Members acknowledged that, to date, the council has had limited resources to support employability initiatives. However successive reports have shown that economic inactivity is one of the most significant challenges for the city. As a result it is critical that the council gives consideration to how it can make a difference in this field.
1.6	The previous report suggested that the council resources could be substantially enhanced by accessing funding available as part of the transfer to council of responsibility for community development and regeneration powers from the Department of Social Development (DSD). At present, DSD provides match funding of around £700,000 to ESF projects in Belfast. At the August Transition Committee it was resolved that the council would agree in principle to retain this budget for employability and skills activity pending a further paper outlining the specifics of any aligned programme.
1.7	While there remains some uncertainty around budget transfer in advance of April 2015, and although there is a chance that the transferring budget will be reduced in line with overall departmental budget cuts, there could still be in the range of £600,000 available through transferring budgets to allocate towards employability initiatives. This would be in addition to a smaller budget allocation available within the Economic Development Unit budget (subject to approval of current estimates).

2	Key Issues
2.1	Members are advised that there are currently 44 ESF projects in the Belfast City Council area, with a further 18 projects based in Belfast but serving areas beyond the council boundary. This represents a cumulative financial allocation of almost £60million. A copy of some recently-updated research and analysis on skills and employability issues in Belfast is attached at Appendix 1.
2.2	While many of the projects are very successful in their own right, it is extremely difficult to measure the overall impact of the intervention and there is a significant risk of duplication of effort while opportunities for collaboration and economies of scale are not necessarily explored. However there is a balance to be struck as many of these projects are looking at localised challenges and trying to develop sustainable solutions to those. Given the nature and scale of the challenge in many of those communities, it is clear that there is a need for some local flexibility.

2.3	The ten principles previously agreed by the Development Committee represent an opportunity to ensure that the council's intervention is measurable, targeted and aligned to other interventions that both the council and other partners will be undertaking. While the need for a city-wide approach is critical, the council recognises that this does not mean a generic approach across the city. It requires a degree of local flexibility within an overall support programme that has some visibility and consistency of approach, regardless of where the provision is based.
2.4	DEL is currently working on its call for projects which will be launch in mid-November 2014. In preparation for the calls, the department has organised a series of road shows in October and November to provide potential applicants with information on the ESF programme and its priority areas, along with details of their application process. Projects will be assessed by a range of selection panels and it is expected that approvals will be issued in late January or early February 2015. Projects will have a three year life span and match funding must be re-confirmed annually.
2.5	Although ESF is only one funding programme for employability and skills development, and its focus is primarily on those furthest from the labour market, it nevertheless presents a significant opportunity to make a positive impact on this target group – the numbers of which remain stubbornly high, particularly in some communities across the city.
2.6	The recent spate of job announcements in the financial and business services sector and IT industry are indicative of the future direction of the economy in Belfast. It will become increasingly service-sector focused, with the greatest job growth expected in administration, hospitality, IT and financial services. While many of these are high paid, highly skilled jobs, there are a range of entry level employment opportunities that provide an access point for individuals into the world of work. There is also a challenge to encourage employers to look at training opportunities for existing staff – with resources currently available from DEL for this activity – in order to move people through the grades and improve their employment status. This has the added impact of creating further entry-level opportunities.
2.7	In addition to the new investment announcements, there are a range of planned physical investments in the city in the coming years, as set out in the city centre regeneration and investment plan. It will be important to consider how any project can support the development and delivery of these schemes, thereby supporting not only the physical development of the city but ensuring greater social cohesion by putting in place interventions which will improve access to employment opportunities for those furthest from the labour market.
2.8	Research on skills in Belfast suggests that skills matter: the more highly skilled you are, the more likely you are to be in work. With just over 10% of future jobs expected to require no or low skills, there is a need to ensure that individuals can secure vocationally-relevant skills development support to improve their employment prospects.
2.9	Belfast is a micro business economy – with over 80% of companies employing 10 people or less. Conversely, less than 1% of the city's businesses can be considered as a large business (250+ employees). However these businesses support over half of the total employee numbers in the city – whereas the micro

	<p>businesses provide 10% of overall employment. It is clear that differentiated approaches are required to employer engagement and, while many are actively involved in employability support initiatives, others are more reticent to accommodate work placements or consider ring-fenced employment opportunities. Belfast City Council – as a key employer in the city – has a role to play in encouraging businesses to be more flexible in providing opportunities for those people trying to get into employment. The success of our outreach programme profiled through the Investment Programme has been widely acknowledged and puts us in a good position to encourage other employers to consider these approaches.</p>
2.10	<p>Taking into account the challenges and opportunities, and bearing in mind the relatively limited resources available to the council at this point, it is proposed that the council considers making an application directly to DEL for a citywide employability and skills development programme for the target groups identified within the ESF programme. This application will be based on the significant employability and skills research available to the council – with further work underway at present.</p>
2.11	<p>It is suggested that the council role is not that of a delivery partner – rather as a strategic oversight body ensuring focus on the areas and target groups requiring most support and ensuring alignment with complementary support provision (by us and other partners). Equally, we can provide a role in terms of employer engagement as well as considering specific and additional opportunities within our own organisation. From a governance perspective, we can ensure appropriate project management and compliance and can access the expertise of relevant financial and economic development staff.</p>
2.12	<p>Project delivery is likely to involve a consortium of partners from across the city with a range of specialisms, including community engagement, skills development, personal development, technical skills and training delivery. The overall objective will be to maximise the opportunities of finding employment for those engaged in the programme and to improve their experience of the engagement. This may include signposting them to further provision beyond the programme.</p>
2.13	<p>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 to Success) as well as employability projects supported through the Social Investment Fund (SIF). The SIF proposals include:</p> <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)
2.14	<p>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</p>

	and early years interventions.
2.15	The council ESF project needs to take account of existing provision and support only interventions that can add value to the current offer, focusing on securing positive employment outcomes, in line with the guiding principles approved at September Development Committee.

3	Resource Implications
3.1	Under the current NR Programme, DSD currently provides around £700,000 to match-fund 11 employability related projects part financed by the European Social Fund (ESF). If this funding transfers, it is likely to be subject to budget cuts, in line with other departmental transfers. At present, there is an indicative funding allocation of around £200,000 within the EDU budget estimates – which are still subject to approval.
3.2	Given that this funding will not be incurred until the 2015/2016 financial year, budgetary decisions will be subject to consideration by the Shadow Council.

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 pending call for proposals under the ESF programme - Endorse the council's proposed approach, based on extensive research and taking account of specific local needs while ensuring city-wide coverage and focusing on maximising positive outcomes for participants - Agree to drawing together Council funds and resources transferred from DSD to provide the necessary match funding required for any bid to DEL, subject to final budgets

6	Decision Tracking
Timeline: February 2015 report on outcome of funding application	
Reporting Officer: Lisa Toland	

7	Key to Abbreviations
DEL – Department for Employment and Learning	
DSD – Department of Social Development	
ESF – European Social Fund	
EDU- Economic Development Unit, Development Department	

8	Documents Attached
Employment & Skills – Key Research and Analysis	