

Report

Report to:	Finance & Corporate Resources Committee
Date of Meeting:	28 October 2020
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	European Social Fund Programme 2014 to 2020
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ set out the European Social Fund (ESF) Programme 2014 to 2020 being delivered by South Lanarkshire Council

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that it be noted that a grant of £6.9 million has been awarded to deliver Phase 2 of the European Social Fund (ESF) Programme 2014 to 2020 through until 31 March 2023;
- (2) that it be noted that the Programme remains under suspension but grant claims can now be submitted and will be reimbursed by the Scottish Government; and
- (3) that it be noted that plans have been implemented to monitor delivery of the Programme across Phase 2 and report this to Committee.

3. Background

- 3.1. The Scottish European Structural and Investment Funds Programme 2014 to 2020, approved by the European Commission (EC), sets out a broad approach to the development of the Scottish economy using European Union (EU) Structural Funds.
- 3.2. For management and monitoring purposes, the original approval through to 31 December 2019 was called Phase 1 and, from 1 January 2020 to 31 March 2023, the extended period, Phase 2. Although the UK has now left the European Union, the UK Government has provided a guarantee to fund approvals which are agreed within the current 2014 to 2020 EU funding cycle. This report sets out details around South Lanarkshire Works 4 U (SLW4U) Strategic Intervention Programme that will deliver a range of projects across Phase 2.
- 3.3. In addition to the grant funding, South Lanarkshire Council is required to provide a level of match-funding to support delivery of the Programme. As well as this match-funding requirement, the grant award also sets out required levels of engagement and specific outputs and outcomes that should be achieved.

- 3.4. The Programme will receive ESF support to add value and achieve additional outcomes to delivery initiatives for which the Council has responsibility for developing and implementing. The Programme consists of a number of projects that deliver a range of interlinked, progressive activity and target client groups in need of support to overcome barriers to employment.
- 3.5. SLW4U (delivered by Community and Enterprise Resources, Finance and Corporate Resources, Education Resources and external contractors) is a 5 stage employability pipeline that provides an integrated group of projects aimed at moving people towards employment, with a particular focus on the multiple disadvantaged and those with the most severe barriers to employment opportunities.
- 3.6. South Lanarkshire Council was awarded £6.9 million by the Scottish Government on 21 January 2020 to deliver the SLW4U Programme for the phase beginning on 1 January 2020 through to 31 March 2023.

The total grant award is detailed in Table 1 below:-

	Funding
Phase 2 - Approved Eligible Expenditure	£14.1m
Phase 2 - Approved Eligible Grant	£6.9m
Phase 2 – Match Fund by South Lanarkshire Council	£7.2m

Table 1

4. Reimbursement of Grant

- 4.1. As the Programme progresses, periodic claims are submitted by South Lanarkshire Council to the Scottish Government. These seek interim payments against the total grant award based on engagement with a sufficient number of participants along with evidence of the delivery of target outputs and outcomes that were set out in the grant award. At the date of writing this report, verification of Claim 6 (quarter to 31 March 2020) is nearing completion and data to verify Claim 7 (quarter to 30 June 2020) is being collated.
- 4.2. In November 2019, South Lanarkshire Council were advised that the ESF programme had been formally suspended, at a Scotland wide level by the EC, following a pre-suspension period that initially started in February 2019. This suspension applied to all Public Bodies in Scotland in receipt of EU ESF and ERDF funding and was not specific to South Lanarkshire Council. Routine audit work undertaken by the EC had identified issues with elements of the ESF programme which led, in turn, to the EC suspending further payments pending resolution of the issues that had been identified. Since this date, the Scottish Government has been working with the EC to reach a resolution
- 4.3. In January 2020, the Council were advised that, although the suspension had not been lifted, claims could be submitted, which would be reimbursed by the Scottish Government following verification. Claims will therefore be submitted to the Scottish Government following the established process for the reimbursement of claims.

5. Phase 2 Progress

- 5.1 Phase 2 commenced on 1 January 2020 and has been impacted by the global COVID-19 health pandemic and subsequent lockdown. The Scottish Government published guidance to Lead Partners, delivery bodies and representative organisations to address some of the difficulties being experienced and to acknowledge that there will now be very different and reduced programme activities, models of delivery and working arrangements. It also clearly recognised that evidence of activity and outputs, achievement of targets and milestones, staffing levels and arrangements will all be severely impacted for the duration of COVID-19 and possibly beyond.
- 5.2 Plans are in place to submit a notification of change to the Scottish Government to reflect changed employability context and local needs. The Phase 2 element of the Programme is still in its infancy but Project Officers are working to deliver anticipated targets and maximise the full grant award by 31 March 2023.
- 5.3 Interim updates will be provided to Members moving forward to advise of progress towards achieving full grant spend and meeting output targets and outcomes.

6. Employee Implications

- 6.1 There are a number of internal and external employees involved in managing and delivering EU assisted activity for the Council.
- 6.2. These costs are met by either Council budgets or EU grant funding reclaimed from the Scottish Government.

7. Financial Implications

- 7.1. There are no financial implications arising directly from this report. Although the EC suspension of payments remains in place, the Scottish Government is continuing to collect information required to have the suspension lifted albeit the process is now being impacted by COVID-19. In the interim, claims can be submitted and, once verified, reimbursed by the Scottish Government.

8. Climate Change, Sustainability and Environmental Implications

- 8.1. There are no specific implications for climate change, sustainability or the environment within this report.

9. Other Implications

- 9.1. The Scottish Government has recently published its findings from a consultation into the replacement for ESF funds post-EU exit in Scotland. In summary, the key findings from the consultation in respect of the replacement fund were that:-
 - ◆ core principles, aims and objectives should be broadly similar to previous EU programmes, but with a wider remit particularly in relation to inclusive growth and well-being economy
 - ◆ additionality should remain a core principle
 - ◆ it should be guided by Scottish rather than UK or EU policy priorities, albeit maintaining some alignment, particularly with UK policy at a high level
- 9.2. Alongside this, strong levels of concern were reported regarding the current uncertainty and the lack of clarity around other EU funding programmes.
- 9.3. The report confirms that the Scottish Government will engage with the UK Government once proposals are published.

10. Equality Impact Assessment and Consultation Arrangements

- 10.1. Equality impact assessments have been carried out on different elements of the EU employability service programmes since 2016. An equality and social impact assessment on the whole service is currently being conducted for the new financial year 2020/2021.

Paul Manning
Executive Director Finance and Corporate Resources

4 September 2020

Link(s) to Council Values/Ambitions/Objectives

- ◆ Get it right for children and young people
- ◆ Promote economic growth and tackle disadvantage

Previous References

- ◆ None

List of Background Papers

- ◆ None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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