

REPORT TO INFRASTRUCTURE SERVICES COMMITTEE – 10 MAY 2018

EUROPEAN STRUCTURAL & INVESTMENT FUNDS EXTENSIONS

1 Recommendations

The Committee is recommended to:

- 1.1 Consider and endorse the submission of bids to extend the Council's European Structural & Investment Funds programmes to 2023;
- 1.2 Approve the commitment of £2,202,390 of match funding towards the Aberdeen City and Shire Business Gateway + Strategic Intervention extension.

2 Background / Discussion

- 2.1 The European Structural and Investment Funds (ESIF) provide funding for a number of development programmes managed by organisations such as Local Authorities. Aberdeenshire Council presently manages three 'Strategic Interventions' which are due to end on 31 December 2018. Appendix 1 to this report provides a list of the projects supported to date.
 - 2.1.1 The 'Aberdeen City and Shire Business Gateway +' programme provides enhanced business support services over and above the standard Business Gateway service. It is delivered through the main contractor for Business Gateway – Elevator.
 - 2.1.2 The 'Aberdeenshire Employability Pipeline' programme supports a range of projects which deliver employability services to residents of Aberdeenshire facing multiple barriers to entering sustainable employment. It is primarily delivered through grants to voluntary sector organisations based upon the recommendations of the Community Planning Partnership's Tackling Poverty and Inequalities Group.
 - 2.1.3 The 'Inclusive Aberdeenshire' programme supports a range of projects which provide money/financial/benefits advice to households in poverty, workless households and single adult households with dependent children throughout Aberdeenshire. It is primarily delivered through grants to voluntary sector organisations based upon the recommendations of the Community Planning Partnership's Tackling Poverty and Inequalities Group.
- 2.2 The Scottish Government has opened a call for applications to extend 'Strategic Interventions' until 2023. Activity can be delivered until the end of June 2023, with all claims having to have been made to the Government by the end of December 2023. Both the UK and Scottish Governments have committed to underwrite European Union funding to projects approved prior to 29 March 2019 with domestic funding if required. Funding from the 'Strategic

Interventions' is awarded to 'Operations' which are essentially projects or sub-programmes.

- 2.3 Based on analysis of the performance of current programmes/demand for services/grants from voluntary sector organisations, Officers propose that extensions are submitted as follows:

2.3.1 **Aberdeen City and Shire Business Gateway +: Operation 1**

Operation 1 – Business Gateway Business Competitiveness	Current Approved	Extension Period	Total
Total Costs	£900,725	£2,316,150.00	£3,216,875.00
European Regional Development Fund (ERDF) grant	£360,290	£926,460.00	£1,286,750.00
Match funding (Business Gateway Contract)	£540,435	£1,389,690.00	£1,930,125.00
Number of Small & Medium Sized Enterprises exporting	35	158	193
Employment in Smart Specialisation Sectors	40	87	127
Number of enterprises receiving non-financial support	350	900	1250
Number of enterprises receiving support	350	900	1250
Number of new enterprises supported	263	-263	0
Employment increase in supported enterprises	88	187	275

The current 'Operation' is progressing as anticipated and is on track to meet spending and outcome targets. As such, no major changes to activity are proposed. Please note that the number of 'new businesses' is being reduced to zero as these would be supported through a separate 'Start ups' Operation.

2.3.2 **Aberdeen City and Shire Business Gateway +: Operation 2**

Operation 2 – Business Gateway Business Competitiveness Start Ups	Current Approved	Extension Period	Total
Total Costs	£258,000	£1,354,500	£1,612,500
European Regional Development Fund (ERDF) grant	£103,200	£541,800	£645,000
Match funding (Business Gateway Contract)	£154,800	£812,700	£967,500
Number of Small & Medium Sized Enterprises exporting	75	90	165
Employment in Smart Specialisation Sectors	25	41	66

Number of enterprises receiving non-financial support	375	450	825
Number of enterprises receiving support	150	675	825
Number of new enterprises supported	150	675	825
Employment increase in supported enterprises	50	225	275

The current 'Operation' is progressing as anticipated and is on track to meet spending and outcome targets. As such, no major changes to activity are proposed.

2.3.3 Aberdeenshire Employability Pipeline – Challenge Fund

Challenge Fund	Current Approved	Extension Period	Total
Total Costs	£5,535,766.05	-£713,848.62	£4,821,917.43
European Social Fund (ESF) grant	£2,214,306.42	£0.00	£2,214,306.42
Match funding (Fairer Scotland Fund)	£0	£0	£0.00
Match funding (Aberdeenshire Council)	£0	£0	£0.00
Match funding (Voluntary Sector)	£3,321,459.63	-£713,848.62	£2,607,611.01
Unemployed and inactive participants with multiple barriers to employment	972	0	972
Employed participants with multiple barriers to progressing in the labour market	489	0	489
Unemployed and inactive participants with multiple barriers entering education or training	797	0	797
Unemployed and inactive participants with multiple barriers gaining a qualification	1020	0	1020
Unemployed and inactive participants with multiple barriers in employment, including self-employment, upon leaving	482	0	482
Unemployed and inactive with multiple barriers in employment, including self-employment, six months after leaving	415	0	415

Employed participants with multiple barriers gaining a qualification upon leaving	321	0	321
Employed participants with multiple barriers with an improved labour market situation six months after leaving	424	0	424

Approximately 43% of funding secured has been committed, with programme outcomes broadly in line with this level of commitment. The original bid figures were derived following consultation with potential voluntary sector delivery agents. However, in practice there have not been the level of bids expected coming forward, with voluntary sector organisations having cited a lack of available match funding as a barrier. The Scottish Government has reduced the minimum match funding requirement to 50%, provided that a valid justification can be made. The proposed extension figures take into account of unallocated funding from the current approved grant; indicative demand from voluntary sector organisations; and a potential reduction in match funding from 60% to 50% of total project costs for the extension period.

2.3.4 Aberdeenshire Employability Pipeline – In House Delivery

In House Delivery	Current Approved	Extension Period	Total
Total Costs	£570,055.25	£356,083.00	£570,055.25
European Social Fund (ESF) grant	£228,022.10	£142,433.00	£228,022.10
Match funding (Aberdeenshire Council)	£342,033.15	£213,650.00	£342,033.15
Unemployed and inactive participants with multiple barriers to employment	0	144	144
Employed participants with multiple barriers to progressing in the labour market	96	-96	0
Unemployed and inactive participants with multiple barriers entering education or training	96	0	96
Unemployed and inactive participants with multiple barriers gaining a qualification	48	0	48
Unemployed and inactive participants with multiple barriers in employment, including self-employment, upon leaving	12	0	12
Unemployed and inactive with multiple barriers in	12	0	12

employment, including self-employment, six months after leaving			
Employed participants with multiple barriers gaining a qualification upon leaving	0	0	0
Employed participants with multiple barriers with an improved labour market situation six months after leaving	48	0	48

The above figures relate to two projects being delivered by the Health and Social Care Service, one of which would be extended. The reason for the reduction in numbers of 'employed' participants is due to the incorrect classification of clients as 'employed' instead of 'unemployed'. The 96 clients would therefore be reclassified as unemployed and a further 48 unemployed clients supported during the extension.

2.3.5 Aberdeenshire Employability Pipeline – Management Costs

Management Costs	Current Approved	Extension Period	Total
Total Costs	£138,319.70	£333,922.84	£472,242.54
European Social Fund (ESF) grant	£55,327.88	£133,569.14	£188,897.02
Match funding (Fairer Scotland Fund)	£61,607.80	£20,941.00	£73,548.80
Match funding (Aberdeenshire Council)	£21,384.02	£184,775.04	£209,796.73

The original management costs budget was for 1 Full Time Equivalent Co-ordinator for the programme, with grant claims being processed by a substantive European Assistant post. During delivery of the programmes, it became apparent that the resources required to process claims and secure the necessary documentation for audit purposes required an additional Claims Officer. The current structure is for a 0.63 FTE Co-ordinator and 1 FTE Claims Officer, which would be continued for the extension period.

2.3.6 Inclusive Aberdeenshire – Challenge Fund

Challenge Fund	Current Approved	Extension Period	Total
Total Costs	£1,792,694.20	£1,765,844.64	£3,558,538.84
European Social Fund (ESF) grant	£717,077.68	£882,922.32	£1,600,000
Match funding (Fairer Scotland Fund)	£977,833.20	£0	£977,833.20
Match funding (Voluntary Sector)	£97,783.32	£882,922.32	£980,705.64

Disadvantaged participants in workless, lone parent or low income households	610	610	1220
Disadvantaged participants engaged in job searching, education/ training, gaining a qualification, or in employment, including self-employment, upon leaving	525	525	1050
Disadvantaged participants in workless, lone parent or low income households with improved money management skills	580	580	1160
Participants no longer affected by debt as a barrier to social inclusion	315	315	630
Additional volunteering opportunities in community-based projects	90	90	180
Community-based skills and advice hubs	5	5	10

Approximately 93% of funding secured has been committed, with programme outcomes broadly in line with this level of commitment. Analysis of individual project performance has identified a significant difference between the cost per client intervention between projects, with those delivered in partnership by a group of co-located voluntary organisations significantly lower than those delivered by individual organisations. In order to ensure best value, reduce funding being used to cover non-productive overheads and reach the highest possible number of clients, it is proposed to target the funding for the extension on partnership projects. It is also proposed to reduce the match funding requirement to 50% from 60%, reflecting the reduced availability of the Fairer Scotland Fund which has been previously used as match funding.

- 2.4 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and their comments are incorporated within the report and are satisfied that the report complies with the Scheme of Governance and relevant legislation.

3 Scheme of Governance

- 3.1 The Committee is able to consider and take a decision on this item in terms of Section F.1.1.b of the List of Committee Powers in Part 2A of the Scheme of Governance as European funding applications are the responsibility of Economic Development and Protective Services.

4 Implications and Risk

- 4.1 Equalities Impact Assessments were carried out when the original bids for the above Strategic Interventions were prepared. These were considered by Policy & Resources Committee at its meeting on 23 April 2015 and are available to consult at <https://online.aberdeenshire.gov.uk/Apps/EIARReports/>. The proposal is to extend the timeframe of these existing programmes, hence there are no changes to the existing Equalities Impact Assessments.
- 4.2 There are presently 2 members of staff employed to co-ordinate the above Strategic Interventions – a 0.63 FTE European Programmes Co-ordinator and a 1 FTE European Programmes Claims Officer. It is proposed to extend the posts until 30 June 2023. The total cost including overheads for the period from 1 January 2019 to 30 June 2023 is estimated as follows:
- Total Cost - £333,922.84
Match funding - £200,353.71
European Social Fund - £133,569.14
- Match funding would be provided from the revenue budget for the Economic Development Service (Page 99) and the Fairer Scotland Fund (subject to confirmation at their meeting on 11 May 2018).
- 4.3 Committee is recommended to approve the commitment of £2,202,390 Business Gateway funds (Page 99, line 27 of the Council's revenue budget). This assumes that there will be no material changes to the Business Gateway budget line but may need to be revised at a later date when future revenue budgets are adopted.
- 4.4 The following Risks has been identified as relevant to this matter on a Corporate Level: budget pressures. The following Risks have been identified as relevant to this matter on a Strategic Level: balancing the books; support inclusive, vibrant and healthy communities; regeneration; and economic development. <http://www.aberdeenshire.gov.uk/council-and-democracy/about-us/plans-and-reports/>
- 4.5 There is no direct impact on Town Centres arising from this report. However, the Strategic Interventions have scope to support the provision/development of skills/employability hubs in the four main towns.

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6 April 2018

APPENDIX 1 – OVERVIEW OF CURRENT STRATEGIC INTERVENTION COMMITMENTS

Aberdeen City & Shire Business Gateway +

Operation/Project Title	Delivery Agent	ERDF Grant	Match Funding	Total Costs
Business Gateway Business Competitiveness	Elevator	£360,290.00	£540,435.00	£900,725.00
Business Gateway Business Competitiveness Start Ups	Elevator	£103,200.00	£154,800.00	£258,000.00
Total		£463,490.00	£695,235.00	£1,158,725.00

Aberdeenshire Employability Pipeline

Operation/Project Title	Delivery Agent	ESF Grant	Match Funding	Total Costs
Foyer Learning Service	Aberdeen Foyer	£390,296.81	£585,446.00	£975,742.81
Aberdeenshire Assertive Outreach	Turning Point Scotland	£296,112.00	£444,167.40	£740,279.40
Peterhead Skills Hub	Aberdeen Foyer	£99,900.00	£150,000.00	£249,900.00
Bridge Project	Aberdeenshire Council	£142,433.94	£213,650.91	£356,084.85
Happy Days	Aberdeenshire Council	£85,588.16	£128,382.24	£213,970.40
Management Costs	Aberdeenshire Council	£55,327.88	£82,991.82	£138,319.70
Total		£1,069,658.79	£1,604,638.37	£2,674,297.16

Inclusive Aberdeenshire

Operation/Project Title	Delivery Agent	ESF Grant	Match Funding	Total Costs
Foyer Financial Inclusion	Aberdeen Foyer	£84,008.64	£126,012.97	£210,021.61
Here for You Centre, Fraserburgh	Fraserburgh Development Trust	£148,126.64	£361,255.36	£509,382.00
Ensuring Social Inclusion in K&M	Kincardine and Mearns Citizens Advice Bureau (KAMCAB)	£124,998.72	£227,419.08	£352,417.80
Energy Champions	SCARF	£48,344.80	£72,517.20	£120,862.00
Debt Advice, Benefits Advice, Rural Outreach and Income Maximisation in South West Aberdeenshire	South West Aberdeenshire Citizens Advice Bureau	£132,043.60	£239,775.40	£371,819.00
Outreach and home Visits for Debt, Benefits and Generalist Advice	Turriff and District Citizens Advice Bureau SCIO	£130,692.40	£232,341.60	£363,034.00
Total		£668,214.80	£1,259,321.61	£1,927,536.41

