



Lowlands and Uplands Scotland ERDF and ESF Programmes 2007 - 2013 Programme Monitoring Committee

CONSIDERATION OF ESF ADVISORY GROUP REPORTS AND PROJECT RECOMMENDATIONS REPORT BY THE SCOTTISH GOVERNMENT

1. Purpose

- 1.1 To advise the Committee of the recommendations from the two Advisory Groups arising from the appraisal of the Third Round of ESF project submissions in the LUPS ESF Programme 2007-13. This report also seeks the endorsement of this Committee with regard to a number of key issues that have influenced the Advisory Group process in the current round and to highlight implications of current thinking for subsequent bidding rounds.

2. Background

- 2.1 One of the significant changes to the business processes for the new Programmes was a two-stage application process. The First Stage was a formal expression of interest in applying for European Structural Funds, where applicants supply a brief summary description and outline expenditure figures and anticipated outcomes for the project. The aim for this stage of the process was to filter out those project applications that do not meet the eligibility criteria and flag up any potential for collaborative bids.
- 2.2 The Second Stage allowed a full application to be submitted by those projects that have successfully passed the eligibility criteria under the First Stage.
- 2.3 The deadline for the submission of Second Stage applications for the second application round to the 2007-13 Programmes concluded on 09 October 2009. The following requests for ESF funding were received under the second stage of the process:

2.4 **Summary of ESF Bids received in the 3rd round:**

Priority	No of applications Received (1 st stage)	No of applications Received (2 nd stage)	ESF Grant Requested at 2 nd stage (£)
Priority 1: Progressing into Employment	93	65	26,350,731.17
Priority 2: Progressing through Employment	40	30	16,870,621.52
Priority 3: Improving Access to Lifelong Learning*	24	0	0
Total	157	95	£43,221,352.69

*It was agreed that ESF Priority 3 would be closed for the third round applications at the PMC meeting on 4 September 2009.

2.5 The reports of the two Advisory Groups are detailed below at Section 4 .The lists of project recommendations for each Priority and the PMC project summary for each submitted application are attached as Annexes **1A and 1B** respectively.

2.6 At section 5 of this paper there is a financial summary for each ESF Priority detailing the financial implications in ESF grant terms of agreeing the various project recommendations.

2.7 Overall, and subject to this Committee agreeing to the recommendations of the two Advisory Groups, up to **£30,276,250.13** ESF grant will be allocated in this current round.

3. Advisory Group Process

3.1 Full applications were subject to technical/eligibility checks by the IAB and appraisal by the Managing Authority, the IAB Programme Mangers, Advisory Group members and Scottish Government policy experts. The policy experts provided input in particular into the fit with the strategic policies of the Scottish Government. External stakeholder members of the Advisory Groups were appointed by the Scottish Government as the Managing Authority.

- 3.2 The respective scores of the second stage application by the 'Virtual' Advisory Group members and the IAB Programme Managers, Managing Authority and Scottish Government policy experts were collated by the IAB and the previously agreed weighting factor applied. An average overall score was then calculated and checks were undertaken to ensure that any anomalous scores were justified and did not unreasonably affect the final score and ranking. Depending upon the range of average overall scores and the numbers of overall projects, 'Standing Advisory Groups' were then requested to consider a number of projects which scored above the notional quality threshold (33) and a number below the quality threshold. This afforded the opportunity to test and validate the initial scores in an open and frank debate where Standing Advisory Group members had been selected on the basis that they had no conflict of interest in respect of the projects under consideration.

4. Advisory Group Reports

4.1 ESF Priority 1 Advisory Group Report

- 4.1.1 A summary of the second stage applications submitted for assessment and scoring by the Advisory Group in the second round is broken down as follows:

- A total of 65 second stage applications were submitted;
- 65 applications were sent to Virtual Advisory Group members for scoring;
- The Standing Advisory Group discussed 16 applications;
- 50 applications are recommended for approval (subject to conditions); 14 applications are not recommended; 1 application has been deferred;
- A total of **£19,920,355.58** ESF grant is recommended for approval (as detailed in attached Annex 1A).

- 4.1.2 The Standing Advisory Group met on one occasion in order to assess project applications. The Group was informed that the highest score for the priority was 44.43 with the lowest score being 29.42. The average score is 36.68. The quality threshold had been set at 33. Members were asked to appraise those projects that scored between 34.70 and 32.13. The Chair informed the Group that anything above this range is recommended for approval, and anything below the range is rejected. The number of projects to be discussed totalled sixteen.

Sixteen projects were brought to the Standing Advisory Group who were asked to agree on which projects should be supported. It was agreed that projects would be re-ranked based on discussions and recommendations from the Group and not re-scored. As a result of the discussions it was agreed that five of the projects should be supported. Eleven applications were not recommended for approval mainly due to the quality of the application submitted or a poor fit with ESF Priority 1.

- 4.1.3 In addition four applications were brought to the Standing Advisory Group as the grant requested is in excess of £1m. Due to the budget constraints for the LUPS 2007-2013 Programme, members were asked to consider the large projects and recommend whether the application should receive multi-annual funding or single year funding.

LUPS/ESF/2009/3/1/0282 City of Edinburgh Council HSNC – Progressing to Employment with Personalised Support

The project sponsor is seeking funding for two years and an ESF grant of £1.2m. The Group was asked to consider whether the project met the criteria for multi annual funding and agree whether City of Edinburgh Council should be supported for the timescale requested.

The application had scored very well. Members all agreed that this was a strong application and that it had justified its case for multi annual funding.

The Group unanimously agreed that the project should be funded for the full two years.

LUPS/ESF/2009/3/1/0287 Remploy Ltd Putting Ability First Stage 2

The above project from Remploy Ltd was discussed at the meeting. The project sponsor is seeking ESF grant of £1.7m for two years.

It was noted that this application was also discussed at the 2009 Advisory Group and concerns were raised that the project did not appear to be integrating local delivery nor had there been any evidence of contact with the CPPs. However, at that time the Group did agree that it should be funded for a single year.

The Group discussed this re-submission and reiterated the points made above. They felt that the feedback from the previous round had not been taken into account by the applicant. Although the application stated that contact had been made with CPPs, members of the Group who were part of a CPP were unaware of any such contact being made. Members also felt that the application made some sweeping statements which were not substantiated.

Overall the Group expressed concern that such a large application did not appear to be integrating with other local project delivery. Concern was expressed that there had been little or no evidence that contact had been made with the CPPs. It was felt that some aspects of project delivery could be duplicating aspects of the CPP activity and concern was also raised that the activity may duplicate services of other organisations. Finally the group felt the added value was not clear.

As this project was funded in Round 2, the Group asked for some past performance information. However the IAB confirmed that no progress report had been submitted to date which was concerning.

It was agreed that the IAB should contact Remploy Ltd and ask them if they can substantiate the statements contained within the application. This should include evidence directly from CPPs.

It was agreed that the project would be deferred until the issues noted above had been resolved.

LUPS/ESF/2009/3/1/0127 The Venture Trust Inspiring Young Futures

The above project from The Venture Trust was discussed at the meeting. The project sponsor is seeking ESF grant of £1.9m for three years.

The Group commented that this was a good application with a good strategic fit. The Need for Grant was well established and it had strong horizontal themes.

The only point of concern that was raised related to the Inspiring Young Futures Programme. The Venture Trust has confirmed that it has received money from Inspiring Scotland and 5 local authorities in eligible areas to deliver the Inspiring Young Futures Programme. It is therefore seeking ESF grant to increase the number of participants and move the programme into 3 other eligible areas. After some discussion the Group requested that the project sponsor confirms that ESF will be used to deliver additional activity and not be used to deliver the existing contract.

The Group was supportive of the application and agreed that it should be recommended for two years funding.

LUPS/ESF/2009/3/1/0195 The Scottish Further and Higher Education Funding Council The College Sector: Investing in Recovery

The Scottish Further and Higher Education Funding Council is seeking funding for one year and an ESF grant of £6.8m.

The Chair explained to the Group that due to the high amount of grant requested this application has already been discussed with the Programme Monitoring Committee to ascertain if they would accept such a substantial grant request. The PMC felt that this was a worthy project and it has been put through the appraisal process where it had scored well.

The Group agreed that the application was complementary to the activity of the CPPs. They also recommended that there should be a specific dialogue with the CPPs to ensure that the additional College places fitted into the strategic plans of each area and that the types of courses being offered were appropriate for the area. SAG members wanted SFC to work with the Colleges to ensure that there would be a clear link between the courses delivered and the needs and priorities of the local labour market to ensure that the right balance of courses was offered.

The Group felt that it was clearly a good project and one which was needed at a time of economic recession. However, concern was raised over the 1 year length of the project and the current labour market demand. Recent statistics suggest that no significant change is expected in the labour market over the next 12 months and some of the Group would have liked to have seen the project operate over a longer timescale.

On the other hand, some concern was raised that the emphasis was on keeping participants in education as only 600 of the 4,100 participants were expected to move into employment from the project. They recommended that the SFC be asked to consider the realism of these targets given that many of these participants were recognisably nearer the labour market.

The Advisory Group recognised that this was an important project and were content to recommend to the PMC that the bid should receive the funding requested with the concerns above being drawn to the applicant's attention.

- 4.1.4 For those projects recommended for approval, but not discussed by the Standing Advisory Group, the recommendations for multi annual funding were agreed with the Scottish Government ESF Managing Authority. These recommendations are based on the assessment of multi annual funding by Virtual Advisory Group members as noted on the returned score sheets.

4.2 ESF Priority 2 Advisory Group Report

- 4.2.1 A summary of the second stage applications submitted for assessment and scoring by the Advisory Group in the second round is broken down as follows:

- A total of 30 second stage applications were submitted.
- 29 applications were sent to Virtual Advisory Group members for scoring. 1 application which has been included in the second round was previously submitted and appraised through the exceptional projects procedure. The project was not recommended and following an appeal this application has been revised in the light of the feedback provided and re-submitted into the second round.
- The Standing Advisory Group discussed 8 applications
- 23 applications are recommended for approval (subject to conditions); 5 applications are not recommended; 1 application was deferred; and 1 application was withdrawn by the project sponsor.
- A total of **£10,355,894.55** ESF grant is recommended for approval (as detailed in attached Annex 1A)

- 4.2.2 The Standing Advisory Group met on one occasion in order to assess project applications. The Group was informed that the highest score for the priority was 43.75 with the lowest score being 25.75. The average score is 35.52. The quality threshold has been set at 33. Members were asked to appraise those projects that scored between 33.96 and 30.58. The Chair informed the Group that anything above this range is recommended for approval, and anything below the range is rejected. The number of projects to be discussed totalled eight.

Eight projects were brought to the Standing Advisory Group who were asked to agree on which projects should be supported. It was agreed that projects would be re-ranked based on discussions and recommendations from the Group and not rescored. As a result it was agreed that four applications should be recommended for funding. Four applications were not recommended for approval mainly due to the quality of the application submitted or a poor fit with ESF Priority 2.

- 4.2.3 In addition five applications were brought to the Standing Advisory Group as the grant requested is in excess of £1m. Due to the budget constraints for the LUPS 2007-2013 Programme, members were asked to consider the large projects and recommend whether the application should receive multi-annual funding or single year funding.

Four of these projects scored well and were above the quality threshold. One of the projects did not score well and was below the quality threshold.

In addition, one project was brought to the Standing Advisory Group which had been previously been submitted and appraised through the exceptional projects procedure in September 2009.

Three projects also provided presentations on the day.

LUPS/ESF/2009/3/2/0116 The Scottish Council for Voluntary Organisations Sustaining Future Jobs

The Chair provided background and summary of the application which was originally submitted as part of the exceptional time critical process in September 2009.

Due to concerns over some of the proposed activity in the application, and its value for money, the Advisory Group recommended that this application should not be supported, and the Programme Monitoring Committee agreed by written procedure in November 2009.

SCVO appealed this decision as they felt that the paper that went to the PMC did not reflect the project accurately and requested the opportunity to revise the application and put it back to the Advisory Group for re-consideration.

A revised application and paper agreed with SCVO was issued to Advisory Group members and the project sponsor was invited to deliver a short presentation to the Group. This presentation on the project was given by Donna MacKinnon and Joyce Thomson from SCVO.

Donna MacKinnon provided some information and background on the project which took into account the feedback received from the Advisory Group and Scottish Government.

The presentation covered the following topics:

- Project Objectives
- Activities to be undertaken
- Benefit to Participants
- Detail of Project Finances
- Value for Money

Issues and Questions raised by SAG

The Group welcomed the project's aims but raised a few concerns relating to the Future Jobs Fund contract which is providing the match funding. They were particularly keen to ensure that ESF was not being used to deliver any aspect of the FJF contract. They were also concerned that some of the staffing costs were being used to deliver the contract.

Donna MacKinnon confirmed that the ESF element of the project would be wholly additional and that the staffing costs and the training activity to be delivered using ESF would be over and above the training and delivery costs for the existing FJF contract.

Concern was also raised regarding the achievement of worthwhile levels of qualifications given the costs of providing the additional training. It was felt that the project would need to be offering training to participants on day one if it was to achieve its targets.

DMcK confirmed that awareness sessions have been undertaken and training providers are already lined up. Therefore the project is ready to start right away if it receives PMC approval.

Decision

After some discussion it was agreed that this was a worthwhile project as the additional training will benefit individuals being over and above the basic training provided as part of the FJF contract. However the Group remained concerned about the value of the types of training on offer, the qualifications that individuals will receive, the high cost ratio of delivering training and administering the project, and the likelihood of the project achieving its targets.

The Group agreed to recommend to the Programme Monitoring Committee (PMC) that the project should be funded for one year with a review of the project after six months. There will be a condition of grant that will ask the project sponsor to submit monthly reports to the IAB which will outline the number of people participating, the detail of the training and qualifications being achieved, and the cost of the additional training element against the administration cost for this.

A report will be issued to the Advisory Group at the six month stage to consider whether the project should receive funding for a second year.

LUPS/ESF/2009/3/2/0262 Adam Smith College PROSPECT

A short presentation on the project was given by Leigh Berridge, Director of Business Development at Adam Smith College. The project sponsor is seeking ESF grant of £1.5m for a period of 2 years.

The aim of the project is to respond to the Economic Recovery Programme by providing short courses to businesses which will include bite sized learning which is bespoke to business needs and upskilling of individuals who are taking on additional responsibilities as a result of the economic recession. The project has been developed as a response from companies and the training will be free to businesses.

The Group welcomed the project but raised concerns around State Aids. Leigh Berridge confirmed that the College fully understand issues surrounding State Aids and will manage that process.

The Group also raised concerns surrounding some of the activity as they felt that this was duplicating activity carried out by Business Gateway. Leigh Berridge confirmed that the activity being offered by Adam Smith College was in no way duplicating or undermining activity being carried out by other organisations.

LB also confirmed that Adam Smith College has a good working relationship with Business Gateway in Fife and they will work hard to ensure that they build similar relationships with organisations in other areas.

Decision

The Group agreed that this was a good project and had scored well. In order for the project to succeed it would have to be well managed and the Group remained concerned that it would have to work well in other areas not just in Fife.

The Group agreed to fund the project for the 2 years requested however it is recommended that there is a Condition of Grant that the project sponsor works with other agencies to ensure that partnership working across all the proposed areas is well co-ordinated and that the relevant agencies are fully aware and supportive of the project.

LUPS/ESF/2009/3/2/0219 The Saltire Foundation The Saltire Fellowship

A short presentation on the project was given by Sandy Kennedy from The Saltire Foundation and Marta Smart of Scottish Enterprise. The project sponsor is seeking ESF grant of £1.6m for a period of 3 years.

The aim of the programme is to build up entrepreneurial talent in Scotland by offering selected ambitious business individuals a programme that combines world class teaching with practical hands on industrial placements. Participants will study at Babson College in the USA which is a business school for entrepreneurship. Participants will also gain industry experience in leading international companies and high growth businesses. On completion of the programme, the participants will return to Scotland and will be placed in a high growth company, either a new or existing SME, where they will work in a key position to grow the company. The examples from the pilot were impressive.

The Group raised concerns about the lack of involvement with Scottish Universities. Sandy Kennedy confirmed that the Saltire Foundation had tried to get Universities on board but without success so far.

There was some discussion around aspects of the project and the Group were concerned about the project delivering a qualification that was not accredited. There was further concern in relation to horizontal themes particularly in attracting more women onto the programme, and the Group felt that the project could make better use of Information Technology which may reduce the need for most of the delivery to be outside Scotland.

Decision

After some discussion it was recommended that the project be funded for a single year with recommendations that the Saltire Foundation tries to engage with Scottish Universities during that time. The Group also wish them to consider delivering some aspects of the project in Scotland which may help with the horizontal themes – widening the potential pool of applicants.

LUPS/ESF/2009/3/2/0210 Glasgow City Council Commonwealth Games Apprenticeship Initiative

The project sponsor is seeking funding for three years and an ESF grant of £2.7m. The Group were asked to consider whether the project met the criteria for multi annual funding and agree whether the Council should be supported for the timescale requested.

Members recalled that this application had not been supported in Round 2. Members discussed this project and felt that there were aspects of the application which were still weak. The Group felt that Evidence of Demand could have been stronger and focused more on the skills required for jobs associated with the Commonwealth Games rather than demand from individuals.

There was also concern relating to the target figures as it was unclear if the 900 participation target figure was out of the SDS target figure for Glasgow for 2009/10 or 2010/11.

There was also concern over whether this project duplicated elements of the Scottish Government Scot Action Programme, or were already agreed SDS contracts.

Finally the Group commented that there were aspects of ESF Priority 1 activity which were not eligible under this Priority, and Job Brokerage activity that would normally be funded under ERDF Priority 3 (urban regeneration).

Decision

It was agreed that the activities relating to pre-employment (ESF Priority 1) and job brokerage (ERDF) will have to be removed from the application. The Group recommended that this application be deferred from the March PMC. The IAB should contact the Project Sponsor and ask them to revise and resubmit the application. The application will then be fast tracked through the time critical process and the Project Sponsor will be invited to make a presentation to the re-convened Advisory Group.

The application will then go forward for decision to the May PMC if it is recommended for funding.

LUPS/ESF/2009/3/2/0211 Glasgow City Council Skills and Business Growth

Glasgow City Council is seeking ESF grant of £1.18m for three years to run this project. The Group commented that this application had good partnership working as it is being delivered across a number of local authority areas. It appears to work well with employers, and they had contributed to the development of the project.

The project has good strategic fit and the evidence of demand is clear.

Decision

The Group unanimously agreed that the project should be recommended for funding for the full three years.

LUPS/ESF/2009/3/2/0240 Renfrewshire Council Job Retention and Workforce Development

Renfrewshire Council is seeking ESF of £1.19m for three years. The Group commented that this application fits well with policy. The outcomes are not overly ambitious and the Group were confident that it would achieve its targets.

The project has been funded from Round 1 and this phase has been informed from the lessons learned from the earlier phase of the project. The earlier project is on track in terms of delivering its targets and spend.

Decision

The Group felt that this was a well written application and unanimously agreed that it should be recommended for funding for the full three years.

4.2.4 For those projects recommended for approval, but not discussed by the Standing Advisory Group, the recommendations for multi annual funding were agreed with the Scottish Government ESF Managing Authority. These recommendations are based on the assessment of multi annual funding by Virtual Advisory Group members as noted on the returned score sheets.

5. Implications of Approving Advisory Group Recommendations

5.1 The implications of approving the Advisory Group recommendations are summarised in the table below:

Priority	Total Grant Allocation* (£)	Approved Grant Commitments to date (£)	Available Allocation for 3 rd Round (£)	Value of 3rd round bids recommended for approval (£)	Remaining Balance after 3rd Round (£)
Priority 1: Progressing into Employment	128,875,053	95,140,651	33,734,402	19,920,355.58	13,814,046
Priority 2: Progressing through Employment	89,640,744	20,858,281	68,782,463	10,355,894.55	58,426,568
Priority 3: Improving Access to Lifelong Learning	18,582,758	12,070,808	6,511,950	0	6,511,950
Priority 4: Technical Assistance	5,830,293	3,020,298	2,809,995	0	2,809,995
Total	242,928,848	131,090,038	111,838,810	30,276,250.13	81,562,560

*An average exchange rate of 1 EURO = £0.90 or £1 = 1.111 has been used.

6. Recommendations

6.1 The Committee is invited to:

- 6.1.1 agree in principle the recommendations for this current round of ESF applications, on the basis of the quality thresholds proposed, as detailed in attached **Annexes 1A and 1B**;
- 6.1.2 in addition to agree the recommendation to approve the strategic application LUPS/ESF/2009/3/1/0195 Scottish Further and Higher Education Funding Council – The College Sector: Investing in Recovery as detailed at section 4.1.3 of this report;
- 6.1.3 in addition to agree the recommendation to approve LUPS/ESF/2009/3/2/0116 Scottish Council for Voluntary Organisations – Sustaining Future Jobs for 1 year only as detailed at section 4.2.3 of this report;
- 6.1.4 note and agree the Advisory Group reports summarised at section 4 above;
- 6.1.5 note the level of commitments for each Programme Priority as detailed at section 5.1 above;
- 6.1.6 acknowledge the considerable work carried out by the respective Advisory Groups in appraising these project applications.

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