



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

### EXCEPTIONAL PROJECT PROCEDURE – CONSIDERATION OF ESF STRATEGIC PROJECTS

#### 1. Purpose

- 1.1 To advise the Committee of the recommendations from the Advisory Group arising from the appraisal of the ESF strategic projects submitted under the Exceptional Project Procedure in the LUPS ESF Programme 2007-13.

#### 2. Background

- 2.1 The Exceptional Project Procedure for the 2007-13 Programmes was approved by the Programme Monitoring Committee at their meeting on 19 March 2008. Subsequent revisions to this paper were approved by Committee in November 2008 and September 2009. The basis for this decision was a clear recognition that there may be special circumstances which prevent an application being submitted within the usual application deadlines. It was felt that an exceptional procedure needed to be established for such cases, particularly where projects for reasons of economic turmoil, large scale redundancy, market exploitation and private sector co-financing may be time critical.
- 2.2 Following discussions with the IAB and the Scottish Government Managing Authority a Stage 1 application was submitted under ESF Priority 2 from Skills Development Scotland. The application will allow SDS to increase its resources by approximately £20million over the next two years and assist the delivery of additional initiatives that will alleviate the impact of the recession, provide employers with incentives that will support them through the economic downturn to upskill their staff, and provide training opportunities and incentives to summer school leavers. The application cited time criticality as a factor in terms of providing an immediate response to the economic downturn and as such required to be considered under the Exceptional Project Procedure. In line with the procedure, the Stage 1 application was assessed by the IAB and the Managing Authority. As the application addressed the appropriate criteria to be considered under the Exceptional Project Procedure the applicant was advised to submit a Stage 2 application which would be considered at the Programme Monitoring Committee meeting on 19 May 2010.

2.3 The following table summarises the of ESF Priority 2 Bids Received Under the Exceptional Project Procedure:

Project Applicant	Project Title	Total Eligible Costs (£)	ESF Request (£)	Intervention Rate (%)
Skills Development Scotland	Supporting Business Through Recovery	49,647,483	22,341,367	44.99
<b>Total</b>		49,647,483	22,341,367	44.99

2.4 The report of the Advisory Group is detailed below at Section 4 with project recommendations.

2.5 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.

2.6 Overall, and subject to this Committee agreeing to the recommendations of the Advisory Group, up to **£22,341,367** ESF Priority 2 grant will be allocated.

### 3. Advisory Group Process

3.1 In the normal way, full applications were subject to technical/eligibility checks by the IAB and appraisal by the Managing Authority, the IAB Programme Managers, 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 officials 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. As both applications were under Priority 2, one, Standing Advisory Groups was convened to discuss the applications. 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 2 Advisory Group Report

4.1.1 The ESF Priority 2 Advisory Group met on 23 April 2010 to discuss the strategic bid submitted under the Time Critical process.

##### 4.1.2 **LUPS/ESF/2010/3/2/0017 Skills Development Scotland – Supporting Business Through Recovery**

The application received a total score of 35.43 following assessment by virtual Advisory Group members. In order to ensure a full discussion on the application a presentation on the project was given by Fiona Stewart and Brian Hermiston of Skills Development Scotland.

The Standing Advisory Group had an extensive and constructive discussion on the above application. It was agreed that the application had provided sufficient information on the 9,900 Modern apprenticeships for 16 – 19 year olds, the 4,500 additional adult apprenticeships, the Incentivised recruitment places for 16 – 17 year olds, and the 720 targeted modern apprenticeship/ job pathways. The application gave good information on the economic and strategic rationale for these additional places and the requirement for grant was well justified. This was by far the greatest expenditure in the bid for £22.34 million ESF grant, and it was accepted that this was why the application had majored on these aspects.

However, the Advisory Group did not feel that sufficient information had been given on the 4,500 short sharp Flexible Training Opportunities and the 580 Workforce Development training opportunities or on how SDS saw these as part of the Workforce Development offers to employers already available.

SDS was asked to provide further information in this regard which they provided covering the areas where the Advisory Group requested additional information. In particular:-

- The rationale for additional support for business and sectoral specific training, and how these proposals fit with the Government's Economic Strategy;
- What specific gaps this aspect of the project is addressing;
- The role of SDS in Workforce Development in Scotland: and
- How SDS is working with the other agencies and Local Authorities to provide a complementary service which can address the immediate needs of employers in the sectors where there is potential for growth, and those requiring new skills to adapt to the pressures of the recession.

The additional paper was sent to Advisory Group members by written procedure to agree a recommendation for the application. The Scottish Government highlighted that the paper provided the information as requested. In particular that it had given a much improved rationale and overview of the current position and the new role for SDS within the Scottish Government's revised Skills Strategy. It identifies the gap in provision through consultation with the Sector Skills Councils and indicates why piloting the provision in this proposal will have advantages to a wide range of stakeholders. Finally it

notes that defined Service Delivery Agreements are being agreed at local level which will not only cover these projects, but will also influence SDS contracting arrangements.

The Advisory Group was asked to agree that the full SDS project should go forward for approval in principle to the Programme Monitoring Committee on 19<sup>th</sup> May 2010. However, it was also recommended that SDS be asked to the PMC meeting to make a presentation on the proposal and to speak to the Committee about the additional information requested by the Standing Advisory Group.

Following the submission of the additional information, the Advisory Group members still had some concerns with regard to the Workforce Training Development (WTD) and Flexible Training Opportunities (FTO). Members felt that further information was required in respect of Structure and Management i.e. the relationship between WTD and FTO, how many companies would benefit, the actual cost of the training and more information on the WTD suppliers. In addition further information on partnership was also required. Notwithstanding the need for this additional clarification, AG members agreed to recommend the application for approval with these elements being addressed at the PMC meeting.

**Advisory Group Recommendation: Recommended for approval**

**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 (£)	Value of bids recommended for approval (£)	Remaining Balance for 3rd Round (£)
Priority 1: Progressing into Employment	128,875,053	114,792,041	14,083,012	0	14,083,012
Priority 2: Progressing through Employment	89,640,744	31,216,631	58,424,113	22,341,367	36,082,746
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
<b>Total</b>	<b>242,928,848</b>	<b>161,099,778</b>	<b>81,829,070</b>	<b>22,341,367</b>	<b>59,487,703</b>

\*An average exchange rate of 1 EURO = £0.90 or £1 = 1.1111 has been used.

**6. Recommendations**

**6.1** The Committee is invited to:

- 6.1.1 agree in principle the recommendation for this extraordinary round of ESF applications as detailed at section 4.1.2 above;
- 6.1.2 note and agree the Advisory Group reports summarised at section 4 above;
- 6.1.3 note the level of commitments for each Programme Priority as detailed at section 5.1 above;
- 6.1.4 acknowledge the additional work carried out by the Advisory Groups in appraising these project applications.

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