



**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 three Advisory Groups arising from the appraisal of the Second 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 10 October 2008. The following requests for ESF funding were received under the second stage of the process:

2.4 Summary of ESF Bids received in the 2nd 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	84	69	25,862,038
Priority 2: Progressing through Employment	34	28	13,613,403
Priority 3: Improving Access to Lifelong Learning	38	21	9,649,942
Total	156	118	49,125,383

2.5 The reports of the three 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 three Advisory Groups, up to **£24,656,880** 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 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 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 69 second stage applications were submitted;
- 68 applications were sent to Virtual Advisory Group members for scoring; 1 application was withdrawn by the project sponsor;
- The Standing Advisory Group discussed 17 applications;
- 48 applications are recommended for approval (subject to conditions); 20 applications are not recommended;
- A total of **£12,305,210** 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 44.65 with the lowest score being 27.48. The average score is 36.07. The quality threshold had been set at 33. Members were asked to appraise those projects that scored between 35.44 and 32.70. 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 seventeen.

Seventeen 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 nine of the projects should be supported. Eight 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 three 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/2008/2/1/0243 Enable Scotland Make the Move

Members discussed this project and felt that it had not made a strong case for multi annual funding. It was felt that the application did not clearly demonstrate the activity over each stage and each year of the project. It was not possible to see if there was some refining or development of the project, rather than simply repeat actions.

Concern was also expressed that the project had an intervention rate of 44% and it was felt that it was heavily dependant on structural funding and did not demonstrate a clear exit from structural funding, a reducing intervention rate each year, or the introduction of additional funders.

The Group agreed that the project should be funded for a single year. The Group agreed that the project sponsor should consider widening its partnerships with other organisations in order to draw in other match funding. In particular the organisation should make contact with local partnerships working on employability issues with similar client groups. If the application is submitted again the Group will expect to see funding from other organisations, a reducing intervention rate and a clear exit strategy from structural funding.

LUPS/ESF/2008/2/1/0468 Remploy Ltd Putting Ability First in Scotland

The Group discussed this project and expressed concern that the application does not appear to be integrating with other local delivery. Concern was expressed that there had been no evidence of contact made with the CPP although the application stated that it had. It was felt that some aspects of project delivery could be duplicating some aspects of the CPP activity and this would require to be closely monitored. Concern was also raised that the activity may duplicate services and be competing with other partners for participants given the very large target group of 4,850 clients.

It was agreed that the project should be funded for a single year with the IAB providing the necessary feedback to the project sponsor.

LUPS/ESF/2008/2/1/0423 The Prince's Trust Addressing Disadvantage through Team

The Group commented that the project had a good range of match funders and had a low intervention rate at 25%.

The Group commented that the Prince's Trust had made contact with partner organisations and had liaised with the relevant CPPs. They had also taken on board the feedback received from the Standing Advisory Group at an earlier round.

The Group was supportive of the application and welcomed the fact that they had taken on board previous feedback. They also felt that the applicant had demonstrated a clear exit route from structural funding.

The Group unanimously agreed that the application should be supported for the full three years.

- 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 28 second stage applications were submitted.
- ♦ 26 applications were sent to Virtual Advisory Group members for scoring. 2 applications were rejected on the basis of eligibility (1 Project Sponsor appealed requesting that the application was discussed by the Standing Advisory Group but the decision to reject on the grounds of eligibility was endorsed);
- ♦ The Standing Advisory Group discussed 8 applications
- ♦ 13 applications are recommended for approval (subject to conditions); 13 applications are not recommended;
- ♦ A total of **£4,804,093** 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 41.38 with the lowest score being 28.33. The average score is 34.94. The quality threshold has been set at 33. Members were asked to appraise those projects that scored between 35.55 and 32.88. 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 only two applications should be recommended for funding. Six 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 two 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/2008/2/2/0465 The Adam Smith College Catalyst for Productivity

Members discussed this project and agreed that while it was expensive it had a good long term strategy. The Group agreed that the project was innovative with good partnership arrangements. The Group felt that the structure and management of the project was good and were confident that the project could deliver its objectives.

The Group agreed that this project should be supported and recommended it be funded for the 3 years requested.

LUPS/ESF/2008/2/2/0514 Skills Development Scotland Responding to Redundancy

The Group commented that this was a timely application given the current economic conditions.

However, the Group did raise a few concerns around Training for Work monies being used as match for employed participants and the recruitment of staff for a single year project. It was felt that the project will have to get up and running quickly with an April 2009 start date and if Skills Development Scotland were recruiting externally then some time could be lost on the project.

It was agreed that this was an important application and it should be supported. The IAB were asked to raise the Advisory Group concerns with the project sponsor and seek clarification that the timescale of the project will not slip due to staff recruitment. Further to the meeting the IAB has now received information from the project sponsor which provides the necessary clarification on these issues.

4.2.4 The Group also discussed an additional application: LUPS /ESF/2008/2/2/0328 CVS Clackmannanshire CsVS Upskilling. This second stage application had been rejected on the grounds of eligibility and had therefore not been appraised. However, CVS Clackmannanshire had appealed the ineligible status of the project and requested that this be considered by the Standing Advisory Group.

The Group agreed that similar capacity building projects had been submitted under the 2000 – 2006 Objective 2 and Objective 3 Programmes and felt that

the project sponsor had taken this model and tried to make it fit with ESF Priority 2 in the 2007 2013 Lowlands and Uplands Scotland Programme. Having considered all the documentation, and taking note of the ESF Operational Programme, the Group unanimously agreed that the project should not be supported as the application was not eligible as it did not fit with the scope of LUPS ESF Priority 2. In addition they commented that the application was of poor quality and offered poor value for money.

The project appeal was unanimously rejected and the application was not recommended for funding.

4.2.5 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.

4.3 ESF Priority 3 Advisory Group Report

4.3.1 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 21 second stage applications were submitted;
- All 21 applications were sent to Virtual Advisory Group members for scoring;
- The Standing Advisory Group discussed 7 applications;
- 17 applications are recommended for approval (subject to conditions); 4 applications are not recommended;
- A total of **£7,547,577** ESF grant is recommended for approval (as detailed in attached Annex 1A)

4.3.2 The Standing Advisory Group met on one occasion in order to assess project applications. The Group were informed that the highest score for the priority was 42.81 with the lowest score being 27.21. The average score is 37.37. The quality threshold has been set at 33. Members have been asked to appraise those projects that scored between 31.06 and 35.88. 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 totaled seven.

4.3.3 The Chair outlined to the group that each Project Sponsor, with a project to be reviewed, was given the opportunity to give a presentation to the Standing Advisory Group. This was an additional opportunity to ensure the Advisory Group clearly understood the bid and would include an opportunity to ask questions. Six of the seven organisations had agreed to take up the

opportunity. Dundee College had been unable to attend due to other "Curriculum Commitments."

- 4.3.4** Each of the presentations stimulated discussion amongst the group and the Standing Advisory Group agreed the process had proved useful. Following these discussions it was agreed that four projects should be supported. Three projects were not recommended for approval mainly due to the quality of the application submitted or a poor fit with ESF Priority 3. Specific feedback would be available from the IAB to the lead sponsors both in terms of the projects submission and presentations made.
- 4.3.5** In addition three 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/2008/2/3/0330 Scottish Qualification Authority TranSETT 2

The SQA had submitted a bid for two years, directly relating to the first round project which had been granted 1 year funding. The Advisory Group indicated that some concern remains around Added Value and feedback from the IAB should be given. However, the bid had scored well and progress was in place for the first year and the project was recommended as requested.

LUPS/ESF/2008/2/3/0381 Scotland's Learning Partnership The 3 R's Campaign

This was considered a good bid. The advisory group queried some elements of activity and expenditure and the IAB confirmed that they would be following these up with the sponsor. Recommended as requested.

LUPS/ESF/2008/2/3/0461 The Adam Smith College CREATE-2

There was considerable discussion around this bid. There remained concern over the wide scope and real impact this project would be making giving the considerable resource that it was requesting. The group recommended that it receive grant funding pro rata for a further year. However, prior to any further ESF funding an independent evaluation/impact assessment of the project should be undertaken by the Project Sponsor.

- 4.3.6** 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 2 nd Round (£)	Value of 2 nd round bids recommended for approval (£)	Remaining Balance after 2 nd Round (£)
Priority 1: Progressing into Employment	107,113,520	68,989,009	38,124,511	12,305,210	25,819,301
Priority 2: Progressing through Employment	88,028,705	12,550,667	75,478,038	4,804,093	70,673,945
Priority 3: Improving Access to Lifelong Learning	37,692,508	6,384,628	31,307,880	7,547,577	23,760,303
Priority 4: Technical Assistance	5,725,445	3,020,298	2,705,147	0	2,705,147
Total	238,560,178	90,944,602	147,615,576	24,656,880	122,958,696

*An average exchange rate of 1 EURO = £0.883815 or £1 = 1.131458506 has been used. This is based on actual ESF grant drawdowns received to date and the March 2009 exchange rate.

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 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 considerable work carried out by the respective Advisory Groups in appraising these project applications.

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