



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 two Advisory Groups 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 and a revised version was approved by written procedure on 14 November 2008.. 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. The Exceptional Projects Procedure is attached to this paper as Annex 1 for further details on the procedure.
- 2.2 Following discussions with the IAB and the Scottish Government Managing Authority two Stage 1 applications were submitted from the Scottish Government. One application was submitted under ESF Priority 1 to extend the Training for Work Scheme in the light of the current economic recession. The other application was submitted under ESF Priority 2 seeking funding towards a scheme to provide support to Modern Apprentices made redundant by their employer as a result of the economic downturn. Both applications 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, these Stage 1 applications were assessed by the IAB and the Managing Authority. As the applications addressed the appropriate criteria to be considered under the Exceptional Project Procedure the applicant was advised to submit Stage 2 applications which would be considered at the extraordinary Programme Monitoring Committee meeting in May 2009.
- 2.3 The Stage 2 applications were submitted within the timescale as set by the IAB i.e. 3 April 2009. The following requests for ESF funding were received under the Exceptional Project Procedure.



2.4 Summary of ESF Bids received in the 2nd round:

Project Applicant	Project Title	Total Eligible Costs (£)	ESF Request (£)	Intervention Rate (%)
ESF P1				
The Scottish Government	Training for Work 2009/2010	6,209,760	2,793,760	44.99
ESF P2				
The Scottish Government	Support for Redundant Modern Apprentices	1,449,460	652,260	45.0
Total		7,659,220	3,446,020	

- 2.5 The reports of the Advisory Groups are detailed below at Section 4 with project recommendations.
- 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 **£3,446,020** ESF 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 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. As there was only one application under each Priority, Standing Advisory Groups were 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 1 Advisory Group Report

4.1.1 The ESF P1 Advisory Group met on 21st April 2009 to discuss the strategic bid submitted under the Time Critical process for an ESF grant to extend funding of the Training for Work Scheme in light of the current economic recession.

4.1.2 **LUPS/ESF/2009/2/1/0037 The Scottish Government – Training for Work 2009/2010**

The application received a total score of 37.57 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 Jackie Galbraith (JG), Head of Economic Recovery Unit within the Scottish Government.

JG Provided information and background covering the fit of the project with government economic strategy, in terms of aligning the potential of unemployed individuals, with the skills and training they required to meet employers' needs.

As background she gave a labour market data update providing information on the period November 2008 to Jan 2009 recognising that these were rapidly changing figures and more up to date figures to be published imminently showing a further drop into recession. These figures covered:

- Rising Unemployment Rates
- Employment rate falling
- Proportionately higher Impact on female unemployment
- Reducing Vacancies.
- Some areas more affected using notified redundancies statistics

The presentation also covered the purpose of TFW and the rationale and value of using ESF to allow greater numbers to be supported, and at an earlier stage as the numbers of inactive people in Scotland remains a concern.

The entry requirement for TFW will be reduced to three months unemployment with early entry for those with other identified barriers to returning to work. The scheme, and this additional part of it, will be managed by SDS. It will need to procure additional training places using training providers from all sectors, as well as some element of self employment opportunity being made available.



- 4.1.3 Although generally content with the application the Group raised some issues which required further clarification. These issues were mainly around capacity, marketing and output based funding. Specific clarification on these issues would be provided to the IAB following the PMC decision. Advisory Group members also noted that the bid had only been submitted for one years funding in recognition of the quickly evolving situation but it was anticipated that funding for delivery over a longer period would be sought. There would be an ongoing evaluation and review of the different models of delivery (CPP for example) which would impact on any new request for funding.

In terms of duplication, Advisory Group members noted that the project would be subject to discussion by the National Delivery Group and discussions with JCP had been ongoing over this project including marketing awareness of it and other responses to the economic situation. In addition it was agreed that representatives would attend the next meeting of CPP Lead Partners to discuss the project and potential issues. Also although the bid was aimed at the 13 eligible P1 areas, LMI information was being reviewed to try and support those areas most affected but also looking at where the best employment opportunities lay. This formed part of the discussions of the joint intelligence group involving JCP/SDS and SG.

It was also noted that dependant on the grant level awarded, either evaluation costs could be included in the bid or an external evaluation would in fact be carried out by SG.

Advisory Group Recommendation: Recommended with the potential for evaluation costs to be added.

4.2 ESF Priority 2 Advisory Group Report

- 4.2.1 The ESF P2 Advisory Group met on 21st April 2009 to discuss the strategic bid submitted under the Time Critical process for an ESF grant towards a scheme to provide support to Modern Apprentices made redundant by their employer as a result of the economic downturn.

4.2.2 **LUPS/ESF/2009/2/2/0036 The Scottish Government – Support for Modern Apprentices**

The application received a total score of 41.22 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 Jackie Galbraith (JG), Head of Economic Recovery Unit within the Scottish Government.



JG provided information and background covering the fit of the project with Government economic strategy, in terms of providing individuals with the skills and training employers need, and to ensure that they are able to fully contribute to the economic growth of Scotland once we move out of the current recession.

As background she gave a labour market data update providing information on the period November 2008 to January 2009 recognising that these were rapidly changing figures and more up to date figures would be published imminently. These figures covered:

- Rising unemployment rates
- Employment rate falling
- Reducing vacancies
- Some areas which are more affected using notified redundancies statistics
- Redundancies by sector showing the particularly serious situation for construction

JG outlined the clear need for the project as Modern Apprentices (MA) redundancies had gone up 5 fold, and there was no other direct support for Modern Apprentices who are made redundant part way through their training. This project will work towards avoid losing the skills necessary for economic recovery and prevent MAs becoming long term unemployed.

4.2.3 Although generally content with the application the Group raised some issues which required further clarification. These issues were mainly regarding the extent of support available and whether this support was enough for employers. Group members noted that the Apprenticeship Summit taking place on the 28th April 2009 in Glasgow would be an ideal opportunity to seek views from the Sector Skills Councils, Training Providers, Unions and Employers and to test ideas with these Groups. The Group commented that this will be a key event and welcomed the fact that the Scottish Government is liaising with these Groups.

It was also suggested that this project should go one step further and support those MAs under threat of redundancy. However, the Group agreed that the immediate need was to support those MAs who had already received redundancy notices. JG agreed that feedback would be taken from the Apprenticeship Summit and if this project was supported then a review would take place within 6 months of the start of the project. Depending on the economic conditions at that time then some adjustments may be made to the project and an application to continue the support would be made.

Furthermore Scottish Government informed the Group that if the economic conditions were still the same then a time critical application would be brought forward to support those MAs under the threat of redundancy.



The Group welcomed these preventative measures and suggested that the Scottish Government should feed into strategic employability groups to avoid duplication. It was also suggested that discussion should take place with the CPPs and West of Scotland Colleges Partnership (WoSCoP).

Advisory Group Recommendation: Recommended

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	100,995,419	80,764,926	20,230,493	2,793,760	17,436,733
Priority 2: Progressing through Employment	83,000,689	17,354,760	65,645,929	652,260	64,993,669
Priority 3: Improving Access to Lifelong Learning	35,539,591	13,932,205	21,607,386	0	21,607,386
Priority 4: Technical Assistance	5,398,419	3,020,298	2,378,121	0	2,378,121
Total	224,934,118	115,072,189	109,861,929	3,446,020	106,415,909

* An average exchange rate of 1 EURO = £0.833333333 or £1 = 1.20 has been used. This is based on actual ERDF grant drawdowns received to date and the April 2009 exchange rate.

6. Recommendations

6.1 The Committee is invited to:

6.1.1 agree in principle the recommendations for this extraordinary round of ESF applications as detailed at sections 4.1.3. and 4.2.3 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 respective Advisory Groups in appraising these project applications.

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