

The Highland Council Welfare Reform Group

27 May 2015

Agenda Item	26
Report No	RES/53/15

European Social Fund Priority 2 – Promoting Social Inclusion, Combating Poverty and any Discrimination

Report by the Head of Policy and Reform

Summary

The report provides Members with the background to the ESF stream on promoting social inclusion, combating poverty and any discrimination. It outlines the proposed approach for developing the Strategic Intervention Application for this funding stream by 1st July 2015.

1. Background

- 1.1 Under the European Structural Funds (ESF) Programme 2014-2020, lead partners are required to complete a Strategic Intervention Application. This application is required to set out how the area proposes to address the priority for the particular strand they are applying for.
- 1.2 The Council is the lead partner for a number of strands, with the Development and Infrastructure Service leading on ESF Priority 1 (Promoting Sustainable Employment) and ERDF Priority 3 (Enhancing the competitiveness of small and medium sized enterprises). The Scottish Government has now confirmed arrangements for the Council to lead on one element of ESF Priority 2 (Promoting Social Inclusion, Combating Poverty and any Discrimination). This report outlines the proposed approach to the Strategic Intervention for ESF Priority 2.

2. The Programme

- 2.1 The aims of the ESF Priority 2 strand are around employment, equal opportunities and active participation. They recognise the need to further assist individuals who require more intensive and long term support to enter the job market. It is specifically aimed at individuals who are disengaged both from the labour market and society due to a range of complex issues and seeks to address these wider issues. This strand is designed to complement ESF Priority 1 which focuses upon developing activities to support individuals to seek employment.

2.2 There are several strands contained under the Priority 2 Axis (diagram at **Appendix 2**), all with the aim of promoting social inclusion, combating poverty and discrimination. One strand, led by Big Lottery, focuses on financial inclusion within 5 Local Authority areas; Highland is not one of these. 2 strands are led by Highlands and Islands Enterprise; to empower disadvantaged communities and also to increase capacity and innovation within the third sector. For the strand where the Council is lead partner, the guidelines provide 2 key objectives for the programme:

1. Increase the financial capability of the most disadvantaged individuals and households;
2. Increase the number of disadvantaged participants from workless, lone parent and low income households with positive employment or training outcomes; and

2.3 The key barriers for the programme to address include:

- debt;
- financial capability;
- long term health issues;
- homelessness;
- low income;
- childcare and social care.

2.4 The indicative allocation available for this Programme for Highland is £1.42m¹. The allocation to all Local Authority areas is set out in **Appendix 1**. As with all European programmes, match funding is required with a 50% intervention rate agreed for this strand. If match funding can be identified, this makes a total programme to the value of £2.84m between 2015 and 2018. One source of match funding could be the Council's Welfare Fund.

3. The Suggested Approach

3.1 The Strategic Intervention Application for this programme was due to be submitted to the Scottish Government by mid May 2015 but officers sought an extension and a revised date of 1 July 2015 was offered. The application is a strategic outline of how the programme is intended to operate locally. It requires detail on the rationale for the local approach and details of the aims, objectives and proposed activity. Whilst the operational detail of what is proposed is not required at this stage, there still needs to be a clear outline of the approach intended, so the extension to do this work is required.

3.2 Given the key barriers for the programme as outlined in paragraph 2.3 above and the range of providers with an interest and experience in these activities,

¹ The amount in sterling will fluctuate as a result of exchange rates.

successful delivery will require engagement with partners and service providers including with the third sector. Strong partnerships already exist within Highland with the aim of tackling poverty and inequality and it will be important to build upon these and the knowledge base of officers across the public and third sectors.

- 3.3 Work has already begun through existing partnerships such as the Council's Welfare Reform Working Group and the CPP Health Inequalities Group, to explore and identify potential projects for inclusion within the Strategic Intervention Application. Ideas so far include:
- A hub approach for providing advice and housing support services linked to employability settings;
 - Provision of advice within health clinic sessions targeting individuals with mental health and substance misuse issues;
 - A new initiative that builds on the success of the midwifery project which promotes income maximisation and money advice, to target pre-school families;
 - As a core component of the above projects, the delivery of a game to develop and improve financial capability skills of the target groups;
 - Training and provision of childcare within rural areas.

It will be important that the links are made across all activity elements of this Strategic Intervention along with the Priority 1 employability strand.

- 3.4 However it should be noted that all activity funded by ESF will need to be new or additional. Statutory activity cannot be included at all and where a piece of work has already been initiated without EU funds it should not be included as new or additional. Also EU funding cannot be:
- used to mitigate against national Government policy, therefore it will not be possible for any project with the explicit aim of addressing welfare reform to be included;
 - used to directly replace funds reduced by the Government or the Council.

- 3.5 It is also important to note that the Government have advised that there are 3 approaches to funding activity through the new programmes. These are:
- procurement of activity (outwith the lead partner organisation)
 - unit cost model approach (allocating a cost per activity/client/service, for lead partner or where negotiated externally)
 - salary costs plus flat rate - lead partner only (the actual cost of a service plus a percentage addition for administrative costs)

It is not possible, as in past programmes, to adopt an application based approach to undertaking activity. The development of the Strategic Intervention will therefore need to consider how any operational activity may be funded.

4. Next Steps

- 4.1 Given the range of partners with an interest in this ESF strand, it is proposed that the Strategic Intervention is co-ordinated by the Chief Executive's Office, with individual projects led in relevant services.
- 4.2 Through internal and wider discussions with partners that area already under way, ideas will be generated to produce a potential range of activity for the Strategic Intervention. This will include the potential for match funding, the profile of spend between now and 2018 along with the delivery mechanism which is required as part of the Application.
- 4.3 Members today are asked to agree the approach outlined to developing the Strategic Intervention. With the submission of the application required by 1 July, it is proposed that the final Strategic Intervention is considered by the Council's Welfare Reform Working group, with final approval delegated to the Head of Policy and Reform in consultation with the Chair and Vice Chair of Resources.

5. Implications

- 5.1 Resource implications – The indicative ESF allocation for Highland for this strand is £1.42m and with match funding the total programme could be £2.84m. Depending on the projects developed the Welfare Fund may be a source of Council match funding on a project by project basis. The use of the Fund for this purpose would meet the general strategy of the Fund, but would restrict the available funding for other purposes.

It will not be possible to draw down the £1.42m without match funding but given the current financial climate Members should be aware that it will prove challenging to identify match funding both within and outwith the Council.

- 5.2 Legal implications – No legal implications have been identified at this stage however as projects develop this will need to be considered. A potential area is in the procurement of services using ESF.
- 5.3 Equalities implications – The key objectives of this strand of EU funding include increasing the financial capacity of the most disadvantaged along with increasing the number of disadvantaged individuals into positive employment of training outcomes. Key groups within this will include individuals with

multiple barriers including health and disabilities and may include single parents and they are more likely to be female.

- 5.4 Climate Change/Carbon Clever –Projects have to show environmental sustainability.
- 5.5 Risk – It is not possible to utilise this strand of EU funding to mitigate against Government policy. It will therefore not be possible to target the funding to directly mitigate the impacts of Welfare Reform. Also as the lead partner for the Strategic Intervention the Council will be fully financially responsible for all the individual operations it covers. With this responsibility there will be an element of risk, but managed through relevant processes such as standing orders, procurement rules and performance management. Another risk may be a lack of information about other European Funding arrangements targeting potentially same group of people. Links with the employability strand are noted above but there are likely to be others such as digital inclusion through the Smarter Cities Programme, potentially the LEADER programme and the Strategic Intervention that HIE has been asked to lead on to address poverty. Work is in train to find out about these separate approaches and to ensure alignment and added value and to avoid duplication or confusion with the ESP Priority 2 strand.
- 5.6 Gaelic - There are no known Gaelic implications arising from this report but there may be opportunities to link with Gaelic medium child care and to use the Council's policy in Gaelic signage and translation for advice surgeries.
- 5.7 Rural implications –There will be a need to identify the key issues facing individuals in rural communities and consider how best to meet these needs through this EFS programme and potentially the LEADER programme.

6. Recommendation

Members are asked to note:

- The details currently known about the ESF stream on promoting social inclusion, combating poverty and any discrimination;
- That the Strategic Intervention Application is currently under development, with a target submission date of the 1 July 2015;
- The Application will be developed through a partnership approach to ensure that existing good work is further developed and resources targeted effectively, with the Application co-ordinated in the Chief Executive's Office with projects led through relevant services.
- That the Welfare Fund is considered as potential match funding as and where appropriate.

Members are asked to agree:

- The approach outlined to developing the Strategic Intervention;
- That the final Strategic Intervention is considered by the Council's Welfare Reform Working group, with final approval delegated to the Head of Policy and Reform in consultation with the Chair and Vice Chair of Resources.

Author: Alison Clark, Principal Policy Officer. Tel. (01463) 702512.

Appendix 1

ESF Priority 2 Allocations across Scottish Local Authorities

	Allocation (£m)		Total
	Employability Pipelines	Poverty & Social Inclusion	
Argyll and Bute	3.68	0.53	4.19
Eilean Siar	1.40	0.24	1.64
Highland	9.40	1.42	10.82
Moray	3.27	0.54	3.81
Orkney Islands	0.97	0.17	1.14
Shetland Islands	0.91	0.12	1.03
	19.61	3.02	22.63
Aberdeen City	2.56	0.95	3.51
Aberdeenshire	6.45	1.60	8.05
Angus	2.57	0.68	3.25
Clackmannanshire	1.12	0.22	1.34
Dumfries and Galloway	4.51	0.99	5.50
Dundee City	3.50	1.02	4.52
East Ayrshire	3.20	0.69	3.89
East Dunbartonshire	1.09	0.46	1.55
East Lothian	1.69	0.51	2.20
East Renfrewshire	1.07	0.39	1.46
Edinburgh, City of	6.45	1.99	8.44
Falkirk	2.77	0.72	3.49
Fife	7.03	1.95	8.98
Glasgow City	13.68	2.98	16.66
Inverclyde	1.41	0.40	1.81
Midlothian	1.50	0.41	1.91
North Ayrshire	3.63	0.74	4.37
North Lanarkshire	7.00	2.02	9.02
Perth and Kinross	3.35	0.74	4.09
Renfrewshire	3.00	0.77	3.77
Scottish Borders	2.69	0.63	3.32
South Ayrshire	2.09	0.63	2.72
South Lanarkshire	6.14	1.63	7.77
Stirling	2.03	0.49	2.52
West Dunbartonshire	2.02	0.48	2.50
West Lothian	2.84	0.91	3.75
	95.39	25.00	120.39

Priority Axis 2

09: Promoting social inclusion, combating poverty and any discrimination

9i: Active inclusion, including with a view to promoting equal opportunities and active participation, and improving employability

9v: Promoting social entrepreneurship and vocational integration in social enterprises and the social and solidarity economy in order to facilitate employment

SO21: Increase the financial capacity of the most disadvantaged individuals and households

Big Lottery Fund Intervention
Delivering an intervention focusing on financial inclusion in 5 targeted local authority areas. The programme will bring together existing services and support partnership working in order to better co-ordinate provision, referrals and performance management.

SO24: Increase the sustainability and capacity of the social economy to deliver support to the most disadvantaged areas and groups.

Scottish Government and Highlands & Islands Enterprise

Supporting existing social enterprises to increase employment opportunities for disadvantaged excluded individuals, and encouraging new approaches to developing social businesses. There will be a focus on nurturing social innovation, linking to academia and research, testing and piloting different approaches to developing solutions to increase social inclusion, and supporting the third sector to adopt social innovation approaches to service redesign.

SO22: Increase the number of disadvantaged participants from workless, lone parent and low income households with positive employment or training outcomes

Local Authorities
An allocation of funding is available for Local Authorities to bid for to meet this specific objective.

SO25: Support and encourage social innovation and solutions

Scottish Government and Highlands & Islands Enterprise

Finding ways to empower at risk and/or disadvantaged communities to develop and own sustainable solutions to their problems, build community resilience and capacity, increase economic activity, and improve health and well-being.

SO23: Enable disadvantaged communities to develop long-term solutions to increase active inclusion and reduce poverty