

**NORTH LANARKSHIRE COUNCIL
COMMITTEE REPORT**

To: REGENERATION SERVICES COMMITTEE		Subject: North Lanarkshire's Working CPP Phase 2
From: HEAD OF REGENERATION SERVICES		
Date: 17 February 2010	Ref: 1492	

1. Purpose of Report

- 1.1 The purpose of this report is to update the committee on the result of the submission to the Lowland and Uplands Scotland (LUPs) European Structural Funds programmes for a Phase 2 continuation of the North Lanarkshire's Working CPP for a year to March 2011 with funding for a "tail" to July 2011 to allow participants to finish their training courses.

2.0 Background

- 2.1 There are two Operational Programmes for Lowland and Upland Scotland: one for the European Regional Development Funds (ERDF) and the other for the European Social Funds (ESF).
- 2.2 The North Lanarkshire's Working CPP pilot is funded through European Structural funds under European Regional Development Fund (ERDF) Priority 3 "Urban Regeneration" and under European Social Funds (ESF) Priority 1 "Progressing into Employment". The North Lanarkshire's Working CPP Phase 1 is funded up to March 2010. A submission for continuation funding for a Phase 2 of North Lanarkshire's Working was made on behalf of the CPP partners by North Lanarkshire Council as the lead partner for the deadline of the 9th October 2009. All partners agreed to continue within the North Lanarkshire's Working CPP.
- 2.3 Since November 2008 North Lanarkshire Council has been chairing meetings of all 13 local authority CPP partners in the programme area. These meetings are attended by the Scottish Government. At these meetings the Council led on the preparation of the case for a focused approach to the ESF Priority 1 in this round which is currently heavily oversubscribed leading to a formal request at the end of last year from the Scottish Government to the European Commission to move funds from another priority. The case prepared demonstrated that the CPP's are already between them delivering employability services which are:
- exceeding the targets in the entire Scottish programme
 - including the voluntary and college sectors as key delivery partners in these programmes
 - delivering clear synergies from partnership working as opposed to delivering employability services through individual project silos
 - providing strategic large scale integrated partnership solutions to large scale unemployment problems in these 13 areas
- 2.4 The CPP's are receiving substantial funding within the CPPs for their part of the delivery of integrated employability services. The CPP's received European Funds totaling £49.8 million in Phase 1 up to March 2010. The case for a focused approach that would include a fast track for continuation funding for a Phase 2 of the CPP's highlighted the importance of ensuring that key employability services should not be disrupted by funding uncertainties especially in the current climate and that the Scottish Government should, therefore, fast track the decision making for the CPP's given their strategic nature and their complexity.

2.5 The Scottish Government convened a special meeting of the Programme Monitoring Committee on the 4th September 2009 and a delegation from the CPP lead authorities led by North Lanarkshire Council presented the case for the CPP's. It was agreed following that meeting that:

- the CPP's would make a submission for a continuation of their activities for a further year plus a "tail" to allow participants to finish their training to the deadline in October 2009
- the LUP's PMC would consider the recommendations of a special advisory group of Scottish Government civil servants by written procedure in November 2009
- there would be an early ministerial announcement in December 2009 on funding for the CPP's.

3.0 Ministerial Announcement and North Lanarkshire's Working Phase 2

3.1 The ministerial announcement on continuation funding for the CPP's was made on the 11th January 2010 and announced an additional £16.08 million of funding for the CPP's.

3.2 In Phase 2 of the North Lanarkshire's Working CPP a submission was made in October for Total Costs of £10,548,577 with £9,894,252 of that as eligible cost and £654,325 as ineligible. The European Grant requested was £2,863,638 ESF and £1,404,161 ERDF. The submission included funding for courses to go up to the end of July and for key services to be funded to support this activity e.g. Routes to Work. This submission was in line with the outline Stage 1 proposal submitted in August 2009.

3.3 The Scottish Government advised after their advisory group meeting in November that they were in fact only going to fund up to half of the previous Phase 1 bid which was a substantial shift in the funding advice that had been discussed in the meetings of the CPP network and issued to the CPP's. The NLP appealed this decision and the appeal was rejected in December. A request for a review of the decision has been sent from the Leader's office to the Cabinet Secretary. We are currently waiting for the response.

3.4 The ministerial announcement has awarded funding for the CPP up to March with £2,147,804 million of ESF and £1,315,502 million ERDF. This will leave a shortfall in grant funding of £715,834 for ESF activity and £88,659 for ERDF an overall shortfall of £804,493. If this shortfall is not met, this will result in difficulties in planning for the recruitment to courses because the funding will not be there to complete training beyond March 2011. In order to address this shortfall it is proposed to reconfigure elements of Phase 2 projects and utilise 2009/10 slippage as detailed below.

4.0 Match Funding Proposals

4.1 As the full funding has not been awarded, it is proposed to utilise a carry forward of the match funding from reduced ineligible costs expenditure. Now that we are in the closure process for Phase 1 we are able to move some of these costs back into the eligible category to maximise European grant. This means that we will have an estimated reduction of £538,996 in the Council's ineligible costs and it is proposed to use this funding as match funding towards the Council's proportion of the underfunded £804,493. Furthermore, we had identified £101,000 from the Revenue Leverage Fund and £154,000 from the Project Support Fund to support the 2010-2011 CPP Phase 2.

4.2 By identifying this slippage of £793,996 and agreeing it now, it will enable discussion with the strategic partners on how best to deliver the Phase 2 CPP within budget parameters. This does not impact on the CPP Phase 1 programme or the draw down of European grant – it is effectively a lower requirement on the Council's own match funding for the Phase 1 of the CPP. Carrying forward this funding would allow a contingency if further grant cannot be attracted for the CPP and allow recruitment to go ahead with the commitment needed to finish training courses to be met.

5.0 Recommendation

5.1 It is recommended that the committee:

- i) approves acceptance by North Lanarkshire Council, on behalf of the NLP partners, of the Scottish Government's offer of grant which is currently for ESF £2,147,804 and ERDF £1,315,659.
- ii) note the slippage of £793,996 as detailed in the report to support the match funding of the Council's proportion of the Phase 2 of the North Lanarkshire's Working CPP.
- iii) notes the progress that has been made through dialogue with the Scottish Government to get early decision making and that discussions will continue with the Scottish Government.



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