EUROPEAN STRUCTURAL FUNDS 2014-2	2020
STRATEGIC INTERVENTION APPLICATION	ON

Application Guidance

Guidance

In completing an application, Applicants should refer to the detail within the SI Application guidance.

This guidance sets out precisely what information is required to be provided in each section of the application.

European Structural Funds Regulations

Copies of the Regulations governing the overall use of European Structural Funds for the 2014 -2020 Programme are available on-line using the following link:

http://eur-lex.europa.eu/JOHtml.do?uri=OJ:L:2013:347:SOM:EN:HTML

PART 1: LEAD PARTNER INFORM	ATION
Lead Partner Name	Scottish Funding Council
Chief Executive Name	Laurence Howells
Correspondence Address	Apex 2 97 Haymarket Terrace Edinburgh EH12 5HD
Strategic Intervention Manager Name	
Strategic Intervention Manager Email Address	
Strategic Intervention Manager Telephone Number	0131 313 6585

Title	Developing Scotland's Workforce - Youth Employment Initiative
Thematic Objective	08a – Promoting sustainable and quality employment and supporting labour mobility (YEI).
Investment Priorities	8ii – Sustainable integration into the labour market of young people (YEI)
Programme	ESF
Programme Area	LUPS
Physical Start Date	01/08/2015
Physical End Date	30/06/2018
Financial End Date	30/09/2018

	H&I (£)	YEI	Total (£)
Total Eligible Costs (£)	-	£41,932,248	£41,932,248
Total Match Funding (£) (Private/Public)	-	£13,977,423	£13,977,423
Total Grant (£)	-	£27,954,825	£27,954,825
Intervention Rate Requested (%)	-	66.66%	66.66%

Expenditure Profile

Year	H&I Expenditure (£)	YEI Expenditure (£)	Total Expenditure (£)
2014	-	·-	
2015 (AY 15-16)	-	£13,106,137	£13,106,137
2016 (AY 16-17)	-	£13,918,105	£13,918,105
2017 (AY 17-18)	-	£14,908,007	£14,908,007
2018	-		
2019	-		
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PART 4: RATIONALE

Brief Overview of Proposed Activity

The Youth Employment Initiative (YEI) will draw on and align with all of the ambitions of the Developing Scotland's Workforce (DSW) intervention in LUPS and H&I, which SFC is also a Lead Partner in. YEI will represent a more targeted intervention specific to an area of Scotland where youth employment may otherwise start to jeopardise the life chances of a generation.

This YEI Strategic Intervention will provide additional college places to:

- integrate young people (aged 16-29) not in employment, education or training (NEET) into the labour market;
- provide employability-focused training for those people furthest from the labour market enabling progression for workless individuals into employment; and
- reduce youth employment in South West Scotland by offering courses with good employment opportunities.

Additional college activity will be informed by regional skills plans and provision will be focused on sectoral requirements, with colleges working closely with business and industry.

This YEI Strategic Intervention will also provide student support funding (associated with the additional college places) to address issues that prevent young people taking up college places, e.g. child-care commitments.

Justification for Intervention

Youth unemployment is a major problem across Europe and is a matter of great concern to the Scottish Government. In Scotland, youth unemployment, along with long-term unemployment, continues to be heavily concentrated in the South West of the country.

South West Scotland became eligible for additional YEI funding because its youth unemployment rate exceeded 25% in December 2012. At the same time, the long-term unemployment rate in South West Scotland was 3.91%, which was higher than the overall Scotlish rate of 2.89%. One of the most significant long-term threats to sustainable growth in Scotland is now the loss of skills due to the unemployment trends, and the parallel risk of increasing inequality. This threat is at its greatest in the South West of Scotland.

The Scottish Index of Multiple Deprivation (SIMD) identified Greater Glasgow (the main population concentration in South West Scotland) as the most deprived area in Scotland, with other considerable concentrations of deprived individuals and communities in urban areas of the Ayrshires. 33% of the population of the City of Glasgow falls into the top 10% most deprived postcode areas (MD10) in Scotland, which demonstrates the concentration level of deprivation across Glasgow. The pattern is repeated throughout the South West of Scotland, with 29% of Inverclyde's population falling into the MD10 category and 17% and 14% of North and East Ayrshire's respectively.

The proportion of individuals in the most deprived region with low or no qualifications (SVQ level 1 or below) is 27%, compared with 5% in the least deprived area. This highlights the spatial dimension of education equality and the need for South West regions to receive targeted intervention to address this and tackle the resulting high levels of youth unemployment.

Labour market trends show a marked increase in the educational qualification level of the workforce and a substantial shift in employment from less-skilled to higher-skilled occupations. This Intervention is essential to ensure that the disadvantaged young people across the South West of Scotland are given support to survive the current economic climate and are in a position to fully participate in the changing workforce and benefit from the emerging economic upturn.

Interventions for the YEI are designed around the European Council's Youth Guarantee which says that Young People should receive a quality offer of employment, continued education, apprenticeship or traineeship within 4 months of becoming unemployed or leaving full-time education. The YEI will finance measures that directly help young people not in employment, education or training (NEET). It will be implemented as part of the Investment for Growth and Jobs Goal. YEI has a specific focus on results and the emphasis is on providing interventions aimed at integrating young people into the labour market.

The project will fund colleges to deliver additional quality vocational places to young unemployed and workless people, aged between 16 and 29 years old, who reside in South West Scotland. These additional places will address regional skills shortages and train young people so that they have the skills and ability to access jobs in sectors where there is regional demand for skills and real job opportunities. The greatest employment growth in Scotland is likely to be seen across the circular economy and low carbon sectors, advanced food & drink production and packaging, life sciences and creative and ICT sectors.

SFC would also like colleges to use the additional places they receive to help address underrepresentation in certain subject areas, for example women in STEM subjects.

Our Intervention is strongly orientated towards achieving concrete results (and achieving them quickly), therefore additional places will directly link to regional skills plans and target regional growth sectors ensuring young people are offered places with good employment opportunities. An aim of the project is to see each participant receive an appropriate range of interventions and ultimately an offer of employment and/or continued education and training, a traineeship or an apprenticeship.

Aims, Objectives and Proposed Activity

The Youth Employment Initiative (YEI) will draw on and align with all of the ambitions of the Developing Scotland's Workforce (DSW) intervention in LUPS and H&I, which SFC is also a Lead Partner in. YEI will represent a more targeted intervention specific to an area of Scotland where youth employment may otherwise start to jeopardise the life chances of a generation.

The Thematic Objective is "promoting sustainable and quality employment and supporting labour mobility". The Investment Priority is "sustainable integration into the labour market of young people, in particular those not in employment, education or training, including young people at risk of social exclusion and young people from marginalised communities, including through the implementation of the Youth Guarantee".

The Youth Employment Initiative focuses on support for young people in South West Scotland with a programme of working with education providers and employers to provide training and recruitment support packages with additional support available for those young people who face multiple barriers to entering employment, and an early intervention approach to those young people at risk of becoming inactive upon leaving formal education. The YEI focuses on two outcomes - sustainable employment and formal qualifications, where a high proportion will be linked to growth sectors in the region. The initiative will align with current national and local Youth Employment Strategies, as well as initiatives under Education, Skills and Lifelong Learning.

The Initiative's specific objectives are to:

- decrease the number of young unemployed who are NEET in SW Scotland; and
- reduce the number of young people not in employment, education or training (NEET) who
 are inactive and socially excluded in South West Scotland.

This YEI Strategic Intervention will provide additional college places to:

- integrate young people (aged 16-29) not in employment, education or training (NEET) into the labour market;
- provide employability-focused training for those people furthest from the labour market –
 enabling progression for workless individuals into employment; and
- reduce youth employment in South West Scotland by offering courses with good employment opportunities.

This YEI Strategic Intervention will also provide student support funding (associated with the additional college places) to address issues that prevent young people taking up college places, e.g. child-care commitments.

Additional college places:

Additional college activity will be informed by regional skills plans and provision will be focused on sectoral requirements, with colleges working closely with business and industry. These places will be supported with the provision of student support to financially assist participants to allow them to take up further education training places, e.g. bursaries and childcare.

Additional places will be focused on unemployed participants and those people furthest from the labour market - enabling progression for workless individuals into employment or further study for higher level qualifications. Additional college places will include a significant element of student support funding which will provide the necessary level of support to participants.

Need for Grant

With youth employment remaining high, employment opportunities remaining constrained, and a substantial shift in employment from less-skilled to higher-skilled occupations, this project is crucial to providing lasting intervention to meet those needs. YEI funding throughout South West Scotland will make a significant difference to the number of additional college places that can be offered, that would otherwise not be possible.

This multi-annual application therefore requires both the time and associated funding to develop, review and complete the proposed (and much needed) three year programme. Funding is essential to ensure that those disadvantaged target groups in the South West of Scotland survive the current economic climate and are in a position to take advantage of the emerging economic upturn. It is essential to address regional skills shortages and provide an adequately skilled and competitive workforce to enable and promote economic growth. A scaled back project would not realise the overall short to long-term impacts necessary to achieve economic recovery, sustainability and overall economic growth. There is also a clear need for colleges to address under-representation in certain subject areas, for example women in STEM subjects, and this programme will greatly assist in that mission.

Without YEI, colleges in South West Scotland would not be able to provide the number of places required to address the inequality and disadvantage faced by a disproportionately high numbers of young people NEET in the region.

The proposed SFC match funding would not be sufficient to carry out this work, as it requires interventions that address the shortfall of provision immediately available and affordable to colleges.

Added Value

Added value will be achieved by providing activity that is additional to core college provision. The activity generated by the project will be separately reported and monitored, and only activity which goes beyond the college core funding agreements with SFC will be claimed.

Added value will be further demonstrated by the number of participants supported, the number of participants achieving a recognised qualification at the end of their course/training, and the number of participants in continued education/training programmes/ sustainable employment/self-employment six months after leaving.

Additional activity will take account of employment needs in a region's locality, providing places currently unavailable to disadvantaged individuals to overcome their barriers to employment, education or training.

Student support funding will be made available to support and directly lead to additional and sustainable employment or accredited qualification (vocational, traineeship or academic) where these would otherwise not be possible.

Target Indicators and Milestones -

Please complete Outputs and Results Annex

Justification of target selection

The priority axis for the YEI has a clear focus: supporting young people who are currently NEET into employment, education or training in South West Scotland; one of the most deprived areas in Scotland.

South West Scotland includes many communities affected by former industrial decline, high levels of unemployment and deprivation, and pockets of low educational attainment. Former heavy industry, coal mining, long-standing areas of social and material deprivation, and health inequalities are just some of the factors that may impact on a young person's ability to take up a training place, education or employment or their ability to engage effectively and positively.

Youth unemployment can have a long-term impact on earnings and probability of employment. There is also evidence that youth unemployment increases crime rates and has a long-term negative effect on life satisfaction; further adding to the overall picture of deprivation and lack of opportunity.

Colleges places will therefore be allocated to college regions in South West Scotland over the 3 year programme (including Glasgow, Lanarkshire, Ayrshire, Clydebank, Renfrewshire, Dunbartonshire, Inverclyde and Dumfries & Galloway).

Details of Any Supporting Documentation

Scottish Chapter of the UK Partnership Agreement http://www.gov.scot/Resource/0044/00449277.pdf

ESF Operational Programme 2014-2022 http://www.gov.scot/Resource/0046/00467310.pdf

The Wood Commission Report

http://www.scotland.gov.uk/Resource/0045/00451746.pdf

Evaluation of SFC's ESF Priority 5 Project AYs 2011-12 & 2012-13 — "The college sector: Investing in Skills for an Economic Recovery"

Scottish Government Economic Strategy (GES)

http://www.scotland.gov.uk/Resource/Doc/357756/0120893.pdf

Promoting Inclusive Growth

http://ec.europa.eu/esf/BlobServlet?docid=445&langid=en

ONS Regional Economic Indicators

http://www.ons.gov.uk/ons/dcp171766 302464.pdf

Scottish Economy Watch http://www.scottisheconomywatch.com/

Fraser of Allander Institute Economic Commentary http://www.strath.ac.uk/media/departments/economics/fairse/Latest-Fraser-of-Allander-Economic-Commentary.pdf

PART 5: HORIZONTAL THEMES

Outline the main horizontal themes focus within the Strategic Intervention (including reference to Equal Opportunities, Environmental Sustainability and Social Inclusion).

SFC has contractual or similar agreements with Delivery Bodies that place obligations on those bodies to act within the legislative requirements for equality of opportunity in the workplace. Further to this minimum requirement, colleges and universities are required through their Outcome Agreements with SFC (a condition of all of SFC's funding) to pro-actively work to develop equality of opportunity for, and diversity of, their students and staff.

The Post-16 Education (Scotland) Act 2013 places a number of statutory duties on SFC in relation to access across colleges and universities. These include provisions that mean, in exercising its functions, SFC must have regard to the desirability of widening access in FE, a duty to define what underrepresented socio-economic groups are in the context of access, and provision for Triennial Reviews of access which not only monitor access, but make judgements as to whether current rates and patterns of access are good enough and, further, recommendations for action that will improve them.

SFC has an Outcome Agreement with each institution that will receive ESF funds from the YEI programme. These Outcome Agreements contain objectives relating to widening access, equalities, gender and environmental sustainability (carbon reduction) and are a source for continually identifying, developing and spreading good practice across the sector. These themes are reflected throughout each Outcome Agreement and considered in relation to all of SFC's priority outcomes, including the planning and delivery of ESF activity. Colleges have agreed indicators in relation to the horizontal themes which are set out within the measures of success of all Outcome Agreements.

Outcome Agreement Managers at SFC regularly engage with their respective institutions on these themes to ensure compliance in these areas. SFC works with institutions to better align our data with institutional data (and that used by the Equalities Challenge Unit) in order to promote awareness of equalities issues more widely and effectively, identifying areas of good practice as well as areas where further development is needed. Areas such as existing gender segregation in programmes are addressed in this way.

Outline how horizontal themes will be embedded within the Strategic Intervention and each Operation:

As outlined above, the SFC places requirements on all Scottish colleges and universities to develop the social inclusivity, equality and diversity of both students and staff. This is reflected and monitored through the outcome agreement process.

Equal Opportunities:

SFC is committed to promoting equality and avoiding discrimination across all areas of work. Both in relation to employees who work for the SFC and the institutions we fund, we will work to contribute to a culture of commitment to equality and diversity. SFC seeks to advance equality and foster good relations through its funding strategies and embed expectations - at institutional and sectoral level regarding equality and diversity in the development and monitoring of Outcome Agreements and any other appropriate ways.

Environmental Sustainability:

The Scottish Government has set clear and ambitious targets for greenhouse gas emissions reductions in the Climate Change (Scotland) Act 2009. Colleges have made commitments towards these targets, in the form of the Universities and Colleges Climate Commitment for Scotland.

SFC is engaged with the college and university sector to address the opportunity for the sectors to contribute more to Scotland's low carbon and environmental sustainability goals. This is reflected and monitored through outcome agreements which include a measure for carbon footprint.

Social Inclusion:

A key priority for SFC (and outcome agreements) is to improve access to further and higher education for people from the widest possible range of backgrounds. This includes:

- · Reducing gender disparities within colleges where they exist, both for learners and staff.
- Increasing (where under-represented) the participation of learners from protected characteristic groups, particularly young disabled learners, care leavers and black & ethnic minority groups.
- Increasing the proportion of learners from the 10% most deprived postcode areas.
- Providing meaningful further education for students with learning disabilities including those with profound & complex needs, and helping such students get into employment.
- Ensuring effective arrangements are in place to provide programmes geared towards improved employability for care leavers.
- Increasing the number of college students articulating to university (with advanced standing).

Who within the Strategic Intervention is responsible for ensuring that horizontal themes are addressed (within the Strategic Intervention and Operations)?

Job description to be provided

within SFC has overall responsibility within the Strategic Intervention for ensuring that horizontal themes are addressed.

Job description to be provided.

Monitoring and regulation of the horizontal themes for the purpose of the Intervention will take place through existing arrangements within the outcome agreement process and dedicated Outcome Agreement Managers for each institution to ensure compliance. However, has overall responsibility for any issues specific to ESF.

Provide details of the proposed system for monitoring and evaluating horizontal themes.

Both colleges and universities in Scotland are required, as a condition of their SFC funding, to be active in taking on equality duties, social inclusion targets and to make a contribution to Scottish Government carbon reduction targets. SFC, on behalf of the Government, oversees all of these contributions through outcome agreements with the institutions.

Access and equalities have been identified as important horizontal themes across of all of SFC's work with the college and university sectors. Outcome Agreement Managers engage with their institutions on defining measures of success in these and other areas, including carbon reduction, that are reflected and monitored through the outcome agreement process.

A case study of a chosen college will be conducted each year as a form of qualitative evidence on how the outcome agreement process works for ensuring compliance with the horizontal themes in the delivery of YEI activity.

An Equality Impact Assessment has been completed for this Strategic Intervention and all areas of potential inequalities have been considered.

In line with Scottish Government guidance, SFC will conduct an evaluation of the YEI programme in 2018-19. The horizontal themes will be reviewed as part of that evaluation and any related issues will be addressed.

PART 6: MANAGEMENT STRUCTURE

Management Structure and Reporting (Programme Compliance)

Under the control and oversight of the Cabinet Secretary for Education and Lifelong Learning, SFC's sponsor division in the Scottish Government works closely with SFC's Board and executive to ensure SFC delivers against the purposes laid down in legislation and in Ministerial Guidance to it.

To deliver the YEI Intervention described here, the SFC executive will take advice from its College European Funding Liaison Group (CEFLG) and, as appropriate, the Council's Access & Inclusion Committee, and will work closely with partners in the Scottish Government and Skills Development Scotland, as well as with the delivery bodies (further education colleges) identified in this document.

The management of the YEI will rest with the Funding Policy Group of SFC, reporting through its Deputy Director to the Chief Executive's Group (CEG) of the SFC.

In order to ensure appropriate oversight and verification of the programme and claims arising from it, SFC will have 2.5 FTE dedicated staff resources to the ESF programmes in Scotland. The cost of these staff members is included in the application for the ESF YEI.

Delivery Methodology

Additional Places

For the 2007-2013 European Programme, SFC's Weighted Student Unit of Measurement (WSUM) college funding model was approved as a flat-rate standard-scale of unit cost funding model. Details of the relevant statutory background are available in SFC's Guidance Notes for Colleges — 2012-13 Update

(http://www.sfc.ac.uk/web/FILES/Guidance/ESF Priority 5 Guidance Notes for Colleges 2012-13 Update pg36.pdf)

For the YEI intervention this funding model will change slightly to reflect SFC's move away from funding colleges using WSUMs. In line with the first Ministerial Letter of Guidance issued, SFC has sought to simplify the WSUMs funding model to provide a more consistent level of funding across regions using a credit-based unit model. The new funding model is intended to be a more transparent funding model that derives a substantiated unit cost based on the demographic challenges and curriculum balance within each region.

The Credit model differs from the WSUM in that the credit model comprises of different price groups, rather than having weightings for different subject areas. However, the price to be paid for each price group is closely aligned with historical dominant programme group weights, meaning the prices are similar in comparison to how they would have been funded under the WSUMs method.

Student Support

Colleges can only deliver additional ESF supported activity if they have access to additional student support funds. Following advice from the Scottish Government provided by European Commission auditors, SFC will use its current national methodology for the allocation of student support on the basis of direct student support costs ('real costs'). Student support levels have been agreed at the outset of the project up to a certain level and will only be paid in relation to real student support costs directly related to ESF participants. This was the method used by SFC during the ESF Priority 1 and Priority 5 projects.

SFC is proposing to make one ESF claim per year so the data collated from the above would be used in the final claim for the academic year in question using reconciled data on delivery (likely to be November/December).

In allocating additional places, a significant proportion of funding associated with those places will be identified as Student Support, which will set the level of what can be claimed through the ESF project.

The FES system is easily auditable and reconcilable. SFC has advised that the system works well for ESF projects and Article 60 & Article 62 1(B) checks of its Priority 1 project identified no issues with the model for student support. The FES system will accurately record the number of students receiving support, the amount they received and attendance of trainees.

Method of Selecting Operations

The method of selecting operations within this Intervention has been built through collaboration with the delivery partners involved in developing proposals for the YEI programme, specifically, the Scottish Funding Council working with Scotland's further education colleges.

Performance Compliance

The delivery of SFC's corporate objectives is monitored by SFC's Board and by the Scottish Government through their oversight of SFC's Strategic Plan and by SFC's contribution to national economic indicators.

The performance of the delivery bodies (colleges) for this Intervention will be monitored for compliance through:

- · Regional Outcome Agreements
- Financial returns
- Audited accounts

Risk will be overseen by SFC staff, advised by its CEFLG and CEG, and by partner agencies (Scottish Government and Skills Development Scotland) where appropriate.

Financial Compliance

Dedicated staff members will be responsible for the financial compliance regime for this Intervention. Claims for this operation will be will be made on the basis of incurred and defrayed salary costs (including Pension and Employers NI) for these staff, supported by SFC financial payroll records.

Staff member roles will include the following:

- Checking that the application and appraisal process for supporting activities has been correctly undertaken;
- Issuing ESF compliant offers of grants to supported delivery bodies (colleges and universities);
- Communicating with colleges supported to ensure that payment processes are compliant with SFC and ESF/YEI requirements;

- Ensuring that colleges are only allowed to drawdown funds when the appropriate evidence has been received and verified by key staff;
- Preparing the evidence to be submitted as part of SFC's ESF claims for activities and outcomes at the appropriate agreed simplified cost model rates;
- Input of claim data to EUMIS; and
- Ensuring that evidence used in claims is retained for audit purposes and available for monitoring purposes.

PART 7: REGULATORY (LEGAL) COMPLIANCE

Outline how the Strategic Intervention will ensure compliance (both within the Strategic Intervention and each Operation) with the following:

Procurement:

We do not foresee using procurement in the Operations of this Strategic Intervention. If procurement is needed, for example to carry out evaluation, this will be undertaken using our existing financial controls and processes which are compliant with appropriate legislative and other requirements.

State Aid:

Some of the Operations described here are developments of activities currently supported using core SFC (public) funds to a more modest degree. As such, SFC expects to remain compliant with State Aid legislation as it has done in earlier, similar, investment of public funds.

SFC does not consider this YEI Intervention to constitute State Aid. In its delivery of YEI, SFC's undertaking is not engaged in economic activity. No activity will directly fund an economic activity and all benefit provided by the project is to the individual participant first and foremost.

To ensure compliance, SFC will continue to take advice and guidance from the Scottish Government State Aid Unit. SFC will also add a State Aid monitoring clause to the project guidance to ensure that institutions understand the implications of State Aid in the planning and delivery of YEI activity on behalf of SFC.

Publicity:

SFC will adopt publicity requirements aligned to EU funding requirements for all relevant activity. This will include but not be limited to:

- all offers of funding support to delivery bodies will include the relevant EU publicity logo and a statement regarding the YEI support provided;
- media releases on specific activity will acknowledge the support from YEI; and
- adverts for events will include the acknowledgement of EU funding.

Data Retention Requirements:

SFC understands the importance of insuring that documents are retained within the auditable lifetime of the relevant YEI programmes and has procedures in place to ensure that this is managed, as it is for all of SFC's non-YEI programmes. This includes the following:

- SFC has a document retention policy which advises on the importance of retaining documents for the required period. This includes details of all live YEI programmes and provides specific advice to staff on the key dates for each programme.
- We will continually seek advice from Scotland Europa on our EU funding related archived files on a regular basis to check whether programmes have closed or whether files need to be retained for a further period.

Equality Impact Assessment:

SFC considers there to be groups, such as disabled people, those with multiple needs, some ethnic minorities, women and lone parents who can be particularly marginalised and find it difficult to access employment, to achieve equality in the labour market or to participate fully in their community.

An Equality Impact Assessment has been completed for this Intervention and it was concluded that any impact on these groups, or any of the other protected characteristics, would be positive.

Environmental Impact Assessment:

SFC considers that this Intervention will have no negative impact on any of the identified Strategic Environmental Assessment (SEA) topics. This Intervention will however have a positive effect on the SEA topic 'Population and Health'.

An Environmental Impact Assessment has been completed for this Intervention and it was concluded that any potential impact on the environment would be positive.

PART 8: DECLARATION	
Name	
Position in Organisation	
Signature	
Date	27 October 2015
Name	Laurence Howells

Name	Laurence Howells
Position in Organisation	Chief Executive
Signature	
Date	16 Noveber 2015-