

Appendix 1

EU Funding in the light of UK Exit from the EU

A. European Regional Development Fund (ERDF) 2015-2019

A1. Narrative

The ERDF grant to support Business Gateway activity has focused on business growth. The fund is due to finish in December this year. An extension application to take us to December 2019 is currently being completed. Although funding is intimated as being available until 2022, it is not intended to continue beyond 2019 because delivery will change under the new SOS Enterprise Agency. SBC should find out in October if its extension request is approved.

A2. Financial implications

Total revised fund between 2015 and December 2019 is £1,165,585.12, comprised of grants of £466,234.05 approved in principle and match funding of £699,351.07 approved in principle.

A3. Posts affected

2 Full-time adviser posts are dependent on continuing funding.

B. European Social Fund (ESF) 2016-2020

B1. Narrative

SBC currently has ESF approval to December this year but is working on an extension request through to December 2022. The Scottish Government Management Authority has suggested that the figure requested will be approved but there is still the Management Authority Approval Process to go through.

Without this funding a couple of specialist posts within ESS will be lost, together with our ability to deliver an Employer Recruitment Incentive.

B2. Financial implications

The ESF Pipeline is composed of a number of elements. Total project costs for the first phase are expected to amount to £268,808.

It is hoped to extend the project through to December 2022 covering the elements noted below and including a new element working with the pre NEET category through Education.

Anticipated claims are noted below:-

- 1) Employment Support Service - £52,473.
- 2) Project Search through ESS – Partnership between NHS Borders, Borders College and SBC to supply internships based in NHS Borders - £15,878.

- 3) Care leavers into employment through ESS – supports the challenging care leavers group to build their employability skills then enter a MA - £39,293.
- 4) Pathways to Employment, Learning Disability Service -work with those with a learning disability, mental health issues or on autistic spectrum to engage in voluntary work opportunities - £35,379.
- 5) Right Track, Criminal Justice –focus on the active inclusion of ex-offenders, to remove barriers to employment - £84,119.
- 6) Keys to Employment – Procured service to deliver a 10 week course to either homeless or those at risk of becoming homeless. We have come across a compliance risk with this project and as such no costs or outputs will form part of EU claims.
- 7) Compliance officer. Based in Economic Development at HQ to facilitate projects - £41,666.

B3. Posts affected

- 1) Employment Support Service – 6 posts are expected to be affected across a range of services on account of the loss of ESF.
- 2) It is hoped to extend the ESF project through to December 2022 covering the elements above and also including a new element working with the pre NEET category. 2 new members of staff are likely to be recruited to expand the current activity agreement offering.
- 3) The total spend for phase 2 of ESF will be £2,905,000, and it is hoped to increase the grant rate to 50% over phase 2 which will work out around 45% over the full period giving around £1,307,000 ESF income for phase 2. Over both phases total spend is estimated to be £3,203,342 with grant income of £1,472,412.

C. LEADER and European Maritime & Fisheries Fund (EMFF) 2014-2020

C1. Narrative

C1.1 LEADER

The budget for the LEADER and EMFF 2014-2020 programmes is as follows:-

LEADER allocation	£4,018,427
European Maritime & Fisheries Fund (EMFF)	£1,052,000
	£5,070,427 overall

Roughly 20% of the overall budget was required for administration and animation for each fund to facilitate delivery; the remainder being for project funding.

In terms of LEADER, the funding for the 2014-2020 funding programme has been agreed to continue to end December 2020 as originally planned. All contracts for approved projects require to be agreed and in place by end March 2019 with all projects fully completed by end March 2020. This allows for final drawdown of project funds and evaluation to be completed by the end of the current programme in December 2020.

LEADER provides significant funding for the development of rural community and business projects in Scottish Borders. It links specifically to the Local Development Strategy for the area to support projects which develop sustainability of rural businesses, create employability, provide skills development and develop community capacity. The loss of LEADER will leave a considerable funding gap for rural businesses, social enterprises and community groups and will almost certainly impact on their future development as well as opportunities to attract more income into Scottish Borders. LEADER is also one of very few funds in the area which is open to local businesses as well as non-profit making organisations.

C1.2 EMFF

Forth FLAG covers SBC, East Lothian and Fife Council areas. Between the main EMFF and FLAG funding, SBC area has benefitted from c£350k since October 2016.

If there is a transitional deal between the EU and UK, it is expected that EMFF funds will stay in place with applications accepted until 2020 on a business as usual basis. If the UK leaves the EU without a deal, the UK Treasury has indicated it will guarantee funding and that all contracts (awards) signed before the end of 2020 will be met.

C2. Financial implications

EMFF Funding is guaranteed to the end of 2020. Thereafter, it is expected that it will cease.

For all practical purposes, LEADER Funding is now at an end as all contracts need to be in place by 28th March 2019.

C3. Posts affected

When the contracts run out in 2020, the posts associated with the delivery of the contracts will end. This will affect 3 full-time contracts and 2 part-time contracts.