

## European Structural and Investment Funds

### Scottish Funding Council

#### Introduction

The Scottish Funding Council (SFC) invests around £1.8bn each year enabling Scotland's colleges and universities to provide life-changing opportunities to over a half a million people. Through our funding we support high-quality learning and teaching, world-leading research, and greater innovation in the economy.

SFC uses European Structural Funds (ESF), mainly to provide additional student places and to support skills development, primarily through colleges. Colleges and universities can receive other forms of European funding directly; this response focusses on the funding managed by SFC.

#### Current spending

In this current year (2017-18), SFC will spend £24 million on ESF activity. Of this £24m, £14 million will come from ESF income (assuming SFC is successful in re-claiming these funds) and £10m from SFC's own resources (referred to as 'match-funding').

SFC is a Lead Partner under the current 2014-20 programme, providing funding primarily to Scotland's colleges to deliver two ESF projects: the 'Youth Employment Initiative' and 'Developing Scotland's Workforce'.

#### ***Youth Employment Initiative***

In 2012, the youth unemployment rate in South-West Scotland was over 25% and therefore that region qualified for the Youth Employment Initiative (YEI), a programme established specifically to deal with high levels of youth unemployment across the EU.

The YEI programme supports young people not in employment, education or training (NEET) to get:

- into employment (through mentoring, recruitment incentives, work-related training, etc.); or
- into formal education leading to a qualification (through additional college places).

Under the YEI, colleges in South-West Scotland (Ayrshire College, Glasgow Region, Lanarkshire Region and West College Scotland) receive annual ESF/SFC funding to deliver additional college places. The YEI programme runs for three years, from 2015-16 to 2017-18.

#### ***Developing Scotland's Workforce***

Colleges in other regions of Scotland (outwith the South-West) participate and deliver activity under the Developing Scotland's Workforce (DSW) programme, which aims to address regional skill gaps and shortages associated with key employment sectors, providing higher level skills to support the development of emerging growth areas. ESF/SFC funding is provided annually to allow the provision of additional further and higher education activity

across Lowlands & Uplands Scotland (LUPS) and the Highlands & Islands (H&I). The first phase of the DSW programme runs for three years, from 2015-16 to 2017-18.

Under both YEI and DSW, the vast majority of programme funding is being spent on providing additional student places across Scotland.

In the H&I, in addition to additional student places (from FE level right up to taught/research postgraduate level), some programme funding is being used to recruit staff for sectoral development/employer engagement and curriculum development.

Over the three year period 2015-18, the following activity has been funded through ESF/SFC:

- 185,000 college credits (which equates to around 11,000 students)
- 370 university funded student places

Both the YEI and DSW programmes have been running since 2015-16. Whilst the YEI programme will end as planned at the end of 2017-18, the Scottish Government has provisionally agreed to extend the DSW programme to 2022-23.

### Match-funding arrangements

As Lead Partner, SFC provides a substantial amount of match-funding for the two ESF programmes. The funding intervention rates are:

	SFC	ESF
YEI	33%	67%
DSW LUPS	60%	40%
DSW H&I	50%	50%

SFC pays 100% of the required funding to colleges/universities at the time of delivery in order for them to run the programmes. SFC subsequently submits annual claims for the ESF portion. The claim process is very detailed and prescriptive, and therefore there is a risk that SFC is unable to claim back all of the ESF portion.

### The evaluation process

Since 2010-11 SFC has built-up considerable experience in running ESF projects and ensuring that there are robust systems for compliance, monitoring and securing the outcomes from these projects. We have also been subject to several compliance checks/audits under Article 60(b)/Article 62 1(b) by the Scottish Government, which have not highlighted any significant issues and confirmed that, in the main, the conditions have been met and expenditure declared in line with programme rules.

SFC will undertake evaluations of the current programmes after the end of academic year 2017-18, when the first phase of DSW will be complete and YEI will be finished.

### Future programmes

SFC is the national strategic body for funding teaching, learning and research in colleges and universities. We have a clear set of priorities which reflect Ministerial guidance. The most recent Ministerial guidance (4 April 2018) set out the Scottish Government's "ambition to align our enterprise and skills agencies behind a common purpose and vision which secures improved outcomes for all our learners, drives inclusive economic growth and improves

productivity". This will be implemented by SFC aligning its operational and strategic planning in line with the new Strategic Board.

Beyond the extended 2023 funding horizon, SFC, in alignment with the Strategic Board and working in partnership with the other enterprise and skills agencies, would be in a position to deliver for Scotland what is needed in a post-Brexit landscape using existing SFC mechanisms. With the experience we have gained from being Lead Partner for ESIF programmes, we are well-placed to continue to deliver effective skills development activities across Scotland, to monitor and evaluate them, and to do so with a minimum amount of burden on institutions.

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