

**Enhanced Employability Pipeline Strategic Intervention – European Social Fund**

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**1.0 EXECUTIVE SUMMARY**

- 1.1 The purpose of this paper is to outline to Elected Members the detailed risk and match funding issues involved with the delivery of the Enhanced Employability Pipeline Strategic Intervention application to the European Social Fund (ESF), 2014 to 2020. Argyll and Bute Council has an indicative allocation of £3.66 million of ESF monies from the Scottish Government to develop and deliver a managed Enhanced Employability Pipeline. In order to access this money, the Council is required to identify £3.66 million of match funding (from internal and external sources) giving a total budget of £7.32 million for the pipeline delivery.
- 1.2 A paper on the proposed approach to leveraging in ESF monies to support the delivery of an Argyll and Bute Enhanced Employability Pipeline was presented to the Environment Development and Infrastructure (EDI) Committee on 7<sup>th</sup> April. The EDI Committee agreed to a non-legally binding stage one application (Strategic Intervention) being submitted to the Scottish Government for stages one to three of the pipeline with an indicative total investment of circa £3 million, subject to acceptable conditions, available match funding and level of risk.
- 1.3 The Argyll and Bute Enhanced Employability Pipeline Strategic Intervention was submitted to the Scottish Government on Friday, 13<sup>th</sup> May 2016. This allowed for the participant numbers to be refined in light of recently published economically inactive and long-term unemployment data and the availability of match funding sources to be explored further. Match funding issues had not been resolved prior to the submission. Therefore, in the accompanying e-mail with the Strategic Intervention submission it was clearly stated that “...*the financial figures contained in the attached Strategic Intervention are indicative and are likely to be revised downwards should Argyll and Bute progress on to the ‘Operation’ application stage.*”
- 1.4 On the 19<sup>th</sup> May, the Scottish Government’s contact in the European Structural Funds and State Aid Division responded to our initial submission seeking clarification on a number of issues by 27<sup>th</sup> May 2016. The officer response to these initial comments and queries was returned to the Scottish Government on Tuesday, 24<sup>th</sup> May 2016 (see **Appendix 1**), along with some suggested revisions to the Strategic Intervention text and some common text sent to us from the Scottish Government to resubmit. The detail provided in

this response has been factored into the risk matrix presented in the main report.

- 1.5 One particular issue, contrary to previous understanding, was that the Argyll and Bute Enhanced Employability Pipeline phased approach would require to run to the end of December 2018, rather than 31<sup>st</sup> March 2018. In addition, another fundamental issue to the Strategic Intervention submitted was the request to cover all stages of the pipeline (one to five) even although the funding sought in the first instance was to cover stages one to three. These two issues have a significant impact on the ability to deliver an ESF funded Argyll and Bute Enhanced Employability Pipeline.
- 1.6 Unless otherwise advised, it is anticipated that the revised Strategic Intervention will go forward to the Scottish Government's Scrutiny & Risk Panel and if the panel is content with the application it will be presented to the Managing Authority Approval Panel in mid-June 2016. It is hoped feedback on the outcome of this process will be available for the Council meeting, where relevant officers will require to do this verbally.
- 1.7 The recommendations for Elected Members are as follows:
  - Consider the risks articulated in the paper; noting that there are 11 significant 'red' risks that are difficult to address compared with two where mitigation of these risks can be managed to an acceptable degree.
  - Aligned to the risks, consider the ongoing match funding concerns, particularly the issue that the Economic Development Service does not currently have the total amount of required match funding to recruit the necessary staff to manage and deliver the Argyll and Bute Enhanced Employability Pipeline, regardless of the stages or phases identified for delivery.
  - It is recommended that the Council does not take up the opportunity to progress with the Argyll and Bute Enhanced Employability Pipeline.
  - The key challenges faced by Argyll and Bute in terms of the successful delivery of an Enhanced Employability Pipeline relate to its complex geography and a high cost of delivery. If members decide to approve the recommendation not to host this pipeline activity it is recognised that the indicative allocation for the area of £3.66 million will go back into a central Scottish Government pot and be redistributed to local authorities that intend to participate.

Enhanced Employability Pipeline Strategic Intervention – European Social Fund

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2. INTRODUCTION

- 2.1 The purpose of this paper is to provide Elected Members with the detailed risk and match funding issues involved with the delivery of the Enhanced Employability Pipeline Strategic Intervention application to the European Social Fund (ESF), 2014 to 2020.
- 2.2 Argyll and Bute Council has an indicative allocation of £3.66 million of ESF monies from the Scottish Government, when matched at 50%, represents a total budget of £7.32 million for pipeline delivery. As detailed in the Strategic Intervention application to the Scottish Government, the Council identified circa £1.5 million of **indicative, unsecured**, match funding giving a total budget of just over £3.0 million.
- 2.3 It is important to note, that a managed pipeline is a new approach for Argyll and Bute Council. The majority of local authorities across Scotland revenue fund their Employability services, many of which already deliver a managed pipeline as core service activity and will be better positioned to use such revenue funding to lever in the additional monies through ESF. This is not the case for the Council's depleted Employability service. Furthermore, local authorities with experience of delivering an effective pipeline have acknowledged that effective pipelines are difficult to run (resource intensive) and require constant refinement and change.
- 2.4 A paper on the proposed approach to leveraging in ESF monies to support the delivery of an Argyll and Bute Enhanced Employability Pipeline was presented to the Environment Development and Infrastructure (EDI) Committee on 7<sup>th</sup> April. The EDI Committee agreed to a non-legally binding stage one application (Strategic Intervention) being submitted to the Scottish Government for stages one to three of the pipeline with an indicative total investment of circa £3 million, subject to acceptable conditions, available match funding and level of risk.

### **3.0 RECOMMENDATIONS**

3.1 The recommendations for Elected Members are as follows:

- Consider the risks articulated in the paper; noting that there are 11 significant 'red' risks that are difficult to address compared with two where mitigation of these risks can be managed to an acceptable degree.
- Aligned to the risks, consider the ongoing match funding concerns, particularly the issue that the Economic Development Service does not currently have the total amount of required match funding to recruit the necessary staff to manage and deliver the Argyll and Bute Enhanced Employability Pipeline, regardless of the stages or phases identified for delivery.
- It is recommended that the Council does not take up the opportunity to progress with the Argyll and Bute Enhanced Employability Pipeline.
- The key challenges faced by Argyll and Bute in terms of the successful delivery of an Enhanced Employability Pipeline relate to its complex geography and a high cost of delivery. If members decide to approve the recommendation not to host this pipeline activity it is recognised that the indicative allocation for the area of £3.66 million will go back into a central Scottish Government pot and be redistributed to local authorities that intend to participate.

### **4.0 BACKGROUND**

4.1 The Scottish Government is responsible for the overall delivery of the 2014-2020 ESF programme within Scotland. As part of this, each Local Authority has been allocated an indicative sum of ESF funding to develop and deliver an Enhanced Employability Pipeline.

4.2 The pipeline must target vulnerable individuals across Argyll and Bute with multiple barriers including long term unemployed, lone parents, people with disabilities, young people, older people and ethnic minority groups.

4.3 This pipeline can also address those in receipt of in-work benefits by supporting those with low skills and on low wages to upskill, to enable them to improve their career prospects.

4.4 Argyll and Bute Council has an indicative allocation of £3.66 million of ESF monies from the Scottish Government, when matched at 50%, represents a total budget of £7.32 million for pipeline delivery. As detailed in the Strategic Intervention application to the Scottish Government, the Council identified £1.5 million of indicative, unsecured, match funding giving a total budget of just over £3.0 million.

- 4.5 A caveat with regard to the identified match funding was outlined in the e-mail to the Scottish Government with the attached Strategic Intervention. It was noted that a significant proportion of the Argyll and Bute Enhanced Employability Pipeline would be delivered by external providers to Argyll and Bute Council through a competitive procurement process. During the preparation of the Strategic Intervention expressions of interest were invited from interested parties to gauge the scale of external provision aligned to demand and match funding availability. However, given that Argyll and Bute is subject to a substantial 42% reduction in Employability Fund starts for 2016/17, with the Employability Fund being identified as a source of match funding, this will undoubtedly impact on the scale of external provision. In short, the financial figures contained in the Strategic Intervention are indicative and are likely to be revised downwards should Argyll and Bute Council progress on to the 'Operation' application stage.
- 4.6 The key challenges faced by Argyll and Bute in terms of the successful delivery of an Enhanced Employability Pipeline relate to its complex geography and a declining population. It is predominantly a rural and remote rural area with many small and island communities. In terms of service delivery, the financial pressure on service providers is exacerbated due to the high cost of delivery.

## 5.0 DETAILS

### Match Funding

- 5.1 In the initial paper to the EDI Committee the shortfall of match funding for Argyll and Bute Council to fund the posts required to manage and compliantly deliver the pipeline was estimated to be circa £46,000. Despite the comments made in the initial officer response to the Scottish Government's queries, if the Scottish Government's Scrutiny & Risk Panel advises that the pipeline **must** run to the end of December 2018 (rather than 31<sup>st</sup> March 2018) this shortfall will increase proportionately, circa £50,000; given that a significant proportion of the Council's match funding identified for 2016/17 and 2017/18 will no longer be available during 2018/19.
- 5.2 In addition, another fundamental issue to the Strategic Intervention submitted was the request from the Scottish Government to cover all stages of the pipeline (one to five). However, this was not changed in the submitted Strategic Intervention as the preparatory work only focused on activity for the first three stages and funding is only sought in the first instance to cover these stages. If stages four and five were to be supported in future, post the mid-term review in 2018, this would require to be costed out separately.
- 5.3 For procured activity, clean match funding (not already matched by ESF) has to be identified, such as the national Employability Fund managed by Skills Development Scotland. Therefore, delivery agents can use their own match. Initial expressions of interest have been received by external providers who would wish to be part of the competitive procurement activity for pipeline delivery. However, some of these will now require to be revised downwards

further to the 42% reduction in the Employability Fund for Argyll and Bute for 2016/17. It is unclear what match funding will be available further to the devolution of Welfare Reform to Scotland as of 1<sup>st</sup> April 2017.

- 5.4 The Scottish Government has advised that for such procurement activity advice should be sought from the Council's own procurement service (there is very limited guidance on this from the Scottish Government).
- 5.5 It should be noted that at present there is also insufficient guidance from the Scottish Government with regard to the how ESF monies can be drawn down and if payments will be milestone/output/target related. The risk associated with this issue is detailed in the risk matrix (see **Tables 1** and **2**).

## **Risks**

- 5.6 The risks associated with the preparation and compliant delivery of the Enhanced Employability Pipeline are outlined in **Table 1** and **Table 2** below. A value score of between 1-5 has been deemed as low risk (green); a value score of between 6-12 represents medium risk (amber) and a value score of between 15-25 has been deemed as high risk (red).

## Risks

**Table 1** below outlines the financial risks that can be addressed in order to deliver the Enhanced Employability Pipeline.

<b>Table 1: Risks Able to Address, ESF Enhanced Employability Pipeline</b>				
<b>Financial Risk</b>				
<b>Description</b>	<b>Prob</b>	<b>Impact</b>	<b>Value</b>	<b>Action to mitigate risk</b>
Council spends money which it cannot reclaim from ESF due to non-compliance with financial record keeping.	2	5	10	The European Team has robust systems in place to monitoring financial spend and ensure compliance with the strict European financial regulations. However, much of the information in terms of reporting requirements remains outstanding. Nevertheless, the staff have confidence in their experience and will develop systems as the requirements of the Scottish Government become clearer.
Delivery agents spend money which cannot be reclaimed due to the lack of monitoring information submitted.	1	4	4	Monitoring systems will be set up for delivery agents to input information into. This will be undertaken by the Council as Lead Partner. However, the risk of inputting the information will lie with the delivery agents. Regular monitoring and the offer of assistance will be in place to mitigate this risk.

**Table 2** presents the operational, financial, reputational, legal and staffing risks that cannot be addressed at this time to allow for the delivery of required pipeline activities.

<b>Table 2: Risks Unable to Address, ESF Enhanced Employability Pipeline</b>				
<b>Operational Risk</b>				
<b>Description</b>	<b>Prob</b>	<b>Impact</b>	<b>Value</b>	<b>Action to mitigate risk</b>
Non-delivery of the proposed Argyll and Bute Enhanced Employability Pipeline. This would effectively mean no delivery of employability support through a managed pipeline hosted by Argyll and Bute Council for vulnerable individuals with multiple barriers across Argyll and Bute. This will have a negative effect on the Single Outcome Agreement (SOA) priority 5.6.3: Reducing inequalities through employment. It will also mean that delivery agents currently delivering employability services, seeking funding to provide additional activity, will be impacted in terms of their ability to draw funds into the area.	4	5	20	An effective pipeline requires a strong strategic focus from the lead organisation rather than being led by a pot of funding. Argyll and Bute Council would require to have the appropriate match funding to support the required staffing complement to manage and compliantly deliver the pipeline. While the ESF funding is seen as a welcome source of finance it is also viewed as a fund which introduces many complexities to pipeline operation.

<b>Table 2: Risks Unable to Address, ESF Enhanced Employability Pipeline (continued)</b>				
<b>Operational Risk (continued)</b>				
<b>Description</b>	<b>Prob</b>	<b>Impact</b>	<b>Value</b>	<b>Action to mitigate risk</b>
<p>At present the managed pipeline contains only the first three stages. The Scottish Government has advised in the initial response that all five stages should be included (even if not ESF funded). The Strategic Intervention as it stands is underdeveloped and needs a lot more work to develop a deliverable model which is risk assessed.</p> <p>Presently, the Council does not undertake a managed strategic delivery of Employability activity (or pipeline activity), and has no staff to develop the pipeline further – including working up the Strategic Intervention (if approved) into an Operation application.</p>	<b>5</b>	<b>5</b>	<b>25</b>	Would require a significant investment in staffing and revenue funding to mitigate this risk.
<b>Financial Risks</b>				
<b>Description</b>	<b>Prob</b>	<b>Impact</b>	<b>Value</b>	<b>Action to mitigate risk</b>
The Council's ability to deliver will be impacted by the shortfall of Council match funding.	<b>5</b>	<b>5</b>	<b>25</b>	In order to mitigate this risk, the necessary match funding for delivery staff would need to be secured from Argyll and Bute Council for pipeline delivery up to the end of December 2018. In addition, the in-house delivery of Adult Learning and Literacies service and associated match funding is not yet confirmed. Discussions are ongoing with Adult Learning and Literacies service to try and establish a model with will work for the service and be eligible under ESF.
<p>Ability to deliver due to non-availability of delivery agent match funding (procurement with match funding) particularly due to the 42% Employability Fund cut for Argyll and Bute for 2016/17.</p> <p>The Council will be required to sign off the match funding if the Strategic Intervention and Operation applications are to be fully approved. However, the amount of match funding from external delivery agents will only be known once the 'procurement with match' exercise has been undertaken.</p>	<b>4</b>	<b>5</b>	<b>20</b>	'Procurement with match' is a tender exercise therefore the Council cannot engage in detailed discussions with all potential bidders; although initial expressions of interest were invited and some have been received. However, in general the Council has no idea of what kind and value of bids will come forward – if any. However, what is known is that public sector cuts have hit this sector hard and it is not expected that the originally anticipated match funding is available. There is little the Council can do to mitigate this risk as it is purely external. The only alternative is for the Council to provide the required match, which is not available.



<b>Table 2: Risks Unable to Address, ESF Enhanced Employability Pipeline (continued)</b>				
<b>Financial Risks (continued)</b>				
<b>Description</b>	<b>Prob</b>	<b>Impact</b>	<b>Value</b>	<b>Action to mitigate risk</b>
Council spends money which it cannot reclaim from ESF due to non-achievement of milestones.	5	5	25	Actions to mitigate this risk cannot currently be undertaken as it is not yet known the role that milestones achievements will play in triggering claims, nor how milestones will be set. To officers' knowledge, milestone setting will take place once the Operation application is approved.
Delivery agents spend money which cannot be reclaimed due to non-compliance with financial record keeping.	4	5	20	This risk will be offset by staff managing the pipeline as well as assistance from the Council's European Team. However, the risk is external as the Council has no control but can only provide assistance and advice. Nevertheless, this is a risk to the Council as any financial impact on delivery agents will have a reputational risk for the Council.
Delivery agents spend money which cannot be reclaimed due to non-achievement of milestones/outputs/targets.	5	5	25	Actions to mitigate this risk cannot currently be undertaken as it is not yet known the role that milestones achievements will play in triggering claims, nor how milestones will be set. To officers' knowledge, milestone setting will take place once the Operation application is approved.
ESF is paid retrospectively which may affect the cash flow of delivery agents across Argyll and Bute.	5	5	25	No systems are in place to mitigate this risk which if realised could result in a reputational risk to the Council.
<b>Reputational Risks</b>				
<b>Description</b>	<b>Prob</b>	<b>Impact</b>	<b>Value</b>	<b>Action to mitigate risk</b>
Delivery agents spend money which cannot be reclaimed (could put some out of business)	5	5	25	The Council would not be able to financially assist delivery agents, but may be identified as been instrumental to that agent going out of business.

<b>Table 2: Risks Unable to Address, ESF Enhanced Employability Pipeline (continued)</b>				
<b>Legal Risks</b>				
<b>Description</b>	<b>Prob</b>	<b>Impact</b>	<b>Value</b>	<b>Action to mitigate risk</b>
<p>Non-compliance with Offer of Grant conditions either by Council or delivery agents (likely to be non-deliberate).</p> <p>The main issue here is lack of concrete guidance and a robust governance framework for the ESF funds. Currently awaiting further guidance from the Scottish Government State Aid Unit to get more information on how 'procurement with match' is notified under State Aid.</p> <p>Officers are not sure what the legal implications will be if 'procurement with match' does not result in the desired/anticipated levels of funding coming forward when services are procured.</p>	<b>4</b>	<b>5</b>	<b>20</b>	<p>A letter is being sent from the Highlands and Islands European Partnership (HIEP) Board to highlight to the Minister the lack of guidance available and the risk which local authorities are placing themselves in without the guidance.</p> <p>Officers have sought guidance from relevant Scottish Government departments e.g. the State Aid Unit to find out how 'procurement with match' will be handled under State Aid rules (have been advised that guidance will be issued).</p> <p>Officers have also sought advice from the Council's Procurement Team who have requested further guidance from the Scottish Government about how 'procurement with match' will work as it is a new concept.</p>
<b>HR Risks</b>				
<b>Description</b>	<b>Prob</b>	<b>Impact</b>	<b>Value</b>	<b>Action to mitigate risk</b>
<p>Staffing levels proposed for pipeline delivery are the bare minimum required (reflects budget available rather than budget required). It is expected that to cover the pipeline legal requirements, tendering, financial and performance management, as well as ensuring geographic coverage, the project management staff as per that submitted in the Strategic Intervention (detailed in the EDI Committee paper, 7<sup>th</sup> April 2016) is likely to be insufficient and inadequate for the level of scrutiny required.</p> <p>In terms of actual delivery, the geography of Argyll and Bute may make it impossible to deliver effectively with the proposed number of staff.</p> <p>Internal staff funded by ESF must spend 100 per cent of their time on ESF activity. This will need to be strictly adhered to.</p>	<b>5</b>	<b>5</b>	<b>25</b>	<p>Mitigation is constrained by budgets.</p>

## 6.0 CONCLUSIONS

- 6.1 With reference to the scale of the proposed pipeline stages one to three, outlined in the Strategic Intervention to the Scottish Government, Argyll and Bute Council has the opportunity to bring in additional investment to Argyll and Bute as a whole to achieve positive impacts for vulnerable residents. These impacts will be long term for both the participants and the wider community, such as:
- improved wealth and quality of life for participants;
  - breaking cycles of worklessness and deprivation;
  - increased availability of skilled staff;
  - improved health of participants through engagement, health interventions and the positive impact of moving into training;
  - providing a flexible base for activity and future growth, thus strengthening the economy; and
  - improving the overall sustainability across areas, thus ensuring Argyll and Bute is an attractive place to live, work, study and invest, including the reduction of public finances for support through benefits.
- 6.2 However, the benefits to be realised are substantially outweighed by the current availability of the required match funding (50% intervention rate) and the high levels of operational, financial, reputational, legal and staffing risks that cannot be addressed at this time as identified in **Table 2**. Unless the appropriate match is secured (internally and externally) and these significant risks can be mitigated, this opportunity will not be realised for Argyll and Bute.

## 7.0 IMPLICATIONS

- |     |            |   |
|-----|------------|---|
| 7.1 | Policy     | The Strategic Intervention fits and contributes to Outcome 3 and Outcome 5 within the SOA, 2013-2023.   |
| 7.2 | Financial  | There are a number of financial risks as outlined in <b>Table 1</b> and <b>Table 2</b> . The main financial issue is the lack of match funding available from Argyll and Bute Council and that from potential external providers. |
| 7.3 | Legal      | All legal implications with regard to proposed Argyll and Bute Council actions will be taken into consideration. However, there is currently a lack of concrete guidance and a robust governance framework for the ESF funds.     |
| 7.4 | HR         | A total of four additional full-time staff (at a minimum) will be required to deliver the Argyll and Bute Enhanced Employability Pipeline Strategic Intervention.   |
| 7.5 | Equalities | The Argyll and Bute Enhanced Employability Pipeline activities will comply with all Equal Opportunities policies and obligations.   |

- 7.6 Risk There are a number of risks identified in **Table 2** that cannot be addressed at this time.
- 7.7 Customer Services None.

**Pippa Milne, Executive Director of Development and Infrastructure**

**Policy Lead** Aileen Morton

**For further information contact:**

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Mary Louise Howat, Senior Development Officer, tel: 01436 658917

## Appendix 1: Response to Scottish Government Queries, 24<sup>th</sup> May 2016

### European Social Fund - Enhanced Employability Pipeline Lead Partner Responsibilities and Risks

The following feedback was received from the Scottish Government following the submission of the Argyll and Bute Council Enhanced Employability Pipeline (ABEEP). The red text provides the response provided to the Scottish Government by Council officers on 24/5/16. The blue text identifies the risks associated with each of the points raised by the Scottish Government.

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I refer to the above Strategic Intervention that was submitted to the mailbox on Friday 13<sup>th</sup> May. I would be grateful if the application could be revised taking into consideration the following:

Expenditure profile to reflect the end date of 31 December 2018

*The project has been financially profiled to fit the anticipated funding available and to fit with the Council's financial year end. We are unable to re-profile as suggested because at this stage we are unable to anticipate expenditure beyond this date.*

*See first Operational risk and first Financial risk in Table 1.*

Review financial table and participant numbers as the cost per participant remains high

*The cost per participant is likely to be higher in Argyll and Bute in comparison with other areas due to the complex geography of Argyll and Bute Council which includes 24 inhabited islands and various remote peninsulas. We are unable to provide economies of scale based on this and the fact that the client group will be dispersed around this geography. We anticipate that support under the ABEEP will require extensive travel including ferry travel and overnight stays to meet the ABEEP outcomes.*

*See first Operational risk and first Financial risk in Table 1.*

At our meeting the team leader stated that a staged application would be acceptable and this should be noted in the application. The Managing Authority and Argyll & Bute Council can review progress together and develop the pipeline further and as a consequence could reduce the cost per participant for Phase 1.

*Aims, objectives and proposed activities section states that "It is proposed that stages one to three of the pipeline are delivered over an initial two-year period. Consideration will then be given to the delivery of stages four and five after the mid-term review of ESF Enhanced Employability Pipeline support during 2018." This text indicates a staged application. It is not clear from the email response at what stage the indicated joint review will take place or further development of the pipeline, but we anticipate this to happen once the pipeline is up and running so that we can get a more accurate picture of how the pipeline runs and to enable refinements to be made (this will be the first managed pipeline in Argyll and Bute Council so we have no historic basis for building the current ESF Pipeline).*

*See HR risks in Table 1.*

The outputs and results annex to be fully completed so that the outputs are recorded against 8i under Table 5 (half way down spreadsheet). The total males and females to be inserted. The Result "unemployed and inactive participants with multiple barriers entering education or training" totals the number of participants supported. This Result should only apply to participants that were not in education/training when they joined the operation and on exit move into further training out with the pipeline. Also consider inserting participants against the Results relating to participants in employment on exit (4 weeks after) and 6 months after exiting the operation.

*Our aim is to deliver initially the first 3 stages of the pipeline at which stage we don't anticipate that most beneficiaries will be job ready – it is difficult to calculate how many will be. This process is new to Argyll and Bute Council so we have no statistics on which to base these figures. Stages 4 and 5 are currently not part of the managed pipeline.*

*See second Operational risk in Table 1.*

Within Management Structure remove/reword ERDF in the last sub-heading.

*Completed in Strategic Intervention application form.*

The anticipated percentage of activities to be delivered by the 3rd sector

*Of the total project cost of £3,011,454, we plan to procure (with match) £2,557,185 of activity which equals to 85% of the total. In terms of the amounts to be spent on delivery only, this equates to £2,864,809.*

*Procurement with match will be 89% of this total. Until the procurement exercise has been undertaken, we cannot say which percentage of this would be third sector delivery.*

The delivery mechanisms to be applied such as flat rates +15%/40% and procurement and community based solutions to be included in Delivery Methodology.

*Completed in Strategic Intervention application form.*

Procurement section to detail the Procurement Team/Officer role in the SI/Operation process.

*Completed in Strategic Intervention application form.*

Publicity to include information on how you will ensure delivery agents adhere to publicity guidance and acknowledge ESF.

*Completed in Strategic Intervention application form.*

A management structure to be provided that evidences the staff/specialist involvement across the lead partner e.g. state aid, procurement, internal audit and where delivery agents/committees fit in to Operation activity and reporting. This can be forwarded with the Operation Application submission.

*Will be forwarded with the Operation Application submission.*

*See HR risks in [Table 1](#).*

Please forward to the mailbox [strategicintervention@scotland.gsi.gov.uk](mailto:strategicintervention@scotland.gsi.gov.uk) by Friday 27th May:

- Strategic Intervention application;
- target outputs/results annex; and
- common text for employability.

After the Scrutiny & Risk Panel have considered and are content with the application it will be presented to the Managing Authority Approval Panel in mid-June.

I trust that the above is satisfactory.

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