

## European Social Fund 2014-2020

**Huckfield** comments for Social Enterprises and Third Sector Organisations throughout this note are highlighted in this colour. **Please click on highlighted blue links to access documents.**

### 1) ESF SHARE OF STRUCTURAL FUNDS

Within total Structural Fund support the Commission proposes that ESF increases from 22% of the 2007-2013 Programme to 25% in the 2014-2020 Programme, with specified ESF percentages for different types of regions.

This is shown in the following Table 4 from page 5 of [draft ESF Regulation COM\(2011\) 607 final /2 published by the EU Commission on March 14 2012](#):

#### 4. BUDGETARY IMPLICATIONS

The Commission's proposal for a Multiannual Financial Framework includes EUR 376 bn for cohesion policy for the period 2014-2020.

Proposed budget 2014-2020	EUR bn	Minimum ESF share	Resulting minimum ESF amount EUR bn
Less developed regions	162.6	25 %	40.7
Transition regions	38.9	40 %	15.6
More developed regions	53.1	52 %	27.6
Territorial cooperation	11.7	-	-
Cohesion fund	68.7	-	-
Extra allocation for outermost and sparsely populated regions	0.926	-	-
Connecting Europe Facility for transport, energy and ICT	EUR 40bn (with an additional EUR 10bn ring-fenced inside the Cohesion Fund)	-	

*\*All figures in constant 2011 prices*

With the aim of enhancing the ability of the Funds to deliver on the headline targets of the Europe 2020 strategy, the present proposal establishes minimum shares for the ESF for each category of regions defined in the proposal for a General Regulation. This results in a minimum overall share for the ESF of 25% of the budget allocated to cohesion policy (excluding the allocation to the Connecting Europe Facility), i.e. EUR 84 billion. The indicated minimum ESF allocation includes the budget (EUR 2.5 billion) for a forthcoming Commission proposal regarding food support for the most deprived persons.

The table above, which is Table 4 on page 5 of the [draft ESF Regulation of March 14 2012](#) shows that:

- **Less Developed Regions** will receive €40.7bn from €162.6 - a minimum share of 25% in ESF
- **Transition Regions** will receive €15.6bn from €38.9bn - a minimum ESF share of 40%
- **More Developed Regions** will receive €27.6bn from €53.1bn - a minimum ESF share of 52%

This means that the more developed the Region, the higher ESF % it should receive.

## 2) THEMATIC OBJECTIVES AND ESF CONTEXT

The following are main "headlines" from page 5 of the [draft ESF Regulation COM\(2011\) 607 final /2 of Wednesday 14 March 2012](#):

### "5. SUMMARY OF THE CONTENT OF THE REGULATION

"Concentration of funding is required to achieve a sufficient and demonstrable impact. In order to ensure this concentration, it is proposed that:

- support for administrative capacity should be limited to Member States with less developed regions or eligible to the Cohesion Fund;
- at least 20 % of the ESF allocation should be dedicated to 'promoting social inclusion and combating poverty'
- operational programmes should concentrate funding on a limited number of 'investment priorities'.

The 20% allocation for "promoting social inclusion and combating poverty" is significant for Social Enterprise and Third Sector Organisations. ERDF might also should include a specific focus on disadvantaged groups and communities.

Page 11 under "Article 3: Scope of Support", the [draft ESF regulation](#) shows that ESF will support these Thematic Objectives:

- i) "promoting employment and labour mobility
- ii) investing in education, skills and lifelong learning
- iii) promoting social inclusion and combating poverty
- iv) enhancing institutional capacity and an efficient public administration".

Page 12 under "Article 3: Scope of Support", the [draft ESF regulation](#) shows that ESF may also support these Thematic Objectives, which feature more prominently in the [draft ERDF Regulation COM\(2011\) 614 final of Thursday 06 October 2011](#):

- a) supporting the shift towards low-carbon, climate resilient and resource efficient economy
- b) enhancing the use of information and communication technologies
- c) strengthening research, technological development and innovation
- d) enhancing the competitiveness of small and medium-sized enterprises".

Paragraph 9 on page 9 of the [draft ESF regulation](#):

"(9) Efficient and effective implementation of actions supported by the ESF depends on good governance and partnership between all relevant territorial and socio-economic actors, in particular the social partners and non-governmental organisations. It is therefore necessary that Member States encourage the participation of social partners and non-governmental organisations in the implementation of the ESF".

Paragraph 12 on page 9 of [draft ESF regulation](#):

(12) Support for social innovation is crucial for making policies more responsive to social change and to encourage and support innovative social enterprises. In particular, testing and evaluating innovative solutions before scaling them up is instrumental in improving the efficiency of the policies and thus justifies specific support from the ESF.

Paragraph 14 on page 9 of [draft ESF regulation](#):

(14) The mobilisation of regional and local stakeholders is necessary to deliver the Europe 2020 Strategy and its headline targets. Territorial pacts, local initiatives for employment and social inclusion, community-led local development strategies and sustainable urban development strategies may be used and supported to involve more actively regional and local authorities, cities, social partners and non-governmental organisations in the implementation of programmes.

Article 9: Social Innovation on page 15 of the [draft ESF Regulation](#):

- 1) The ESF shall promote social innovation within all areas falling under the scope of the ESF, as defined in Article 3 of this Regulation, in particular with the aim of testing and scaling up innovative solutions to address social needs.
- 2) Member States shall identify themes for social innovation, corresponding to their specific needs in their operational programmes.
- 3) The Commission shall facilitate capacity building for social innovation, in particular through supporting mutual learning, establishing networks, and disseminating good practices and methodologies.

For Social Enterprises and Third Sector Organisations the "headlines" above from the [draft ESF regulation COM\(2011\) 607 final /2 of Wednesday 14 March 2012](#) mention or involve Social Enterprises and local community development more specifically than previous ESF regulations.

### 3) ESF INVESTMENT PRIORITIES

This following section is important since, as shown below, based on the [draft Common Strategic Framework Regulation COM\(2011\) 615 final/2 of Wednesday 14 March 2012](#) Member States are asked to prioritise combinations of Thematic Objectives and Investment Priorities. The choice of Investment Priorities is important for Social Enterprise and Third Sector Organisations.

#### THEMATIC FOCUS AND CONCENTRATION

Under **Article 4 Consistency and Thematic Concentration** on page 13 of the [draft ESF Regulation COM\(2011\) 607 final /2](#) Member States are asked to prioritise ESF Investment Priorities:

- a) "For More Developed Regions (probably most of Scotland), Member States shall concentrate 80% of the ESF allocation to each operational programme on up to four of the investment priorities set out in Article 3(1).
- b) For Transition Regions (probably Highlands and Islands), Member States shall concentrate 70% of the ESF allocation to each operational programme on up to four of the investment priorities set out in Article 3(1).
- c) For less developed regions (probably only West Wales and the Valleys + Cornwall and Scilly Isles , Member States shall concentrate 60% of the ESF allocation to each operational programme on up to four of the Investment Priorities set out in Article 3(1).

Since there are 18 Investment Priorities for the four Thematic Objectives mainly supported by ESF, **this means that a choice must be made on 4 Investment Priorities for an Operational Programme.**

These main **THEMATIC OBJECTIVES AND ESF INVESTMENT PRIORITIES** are from [draft ESF Regulation COM\(2011\) 607 final /2](#) beginning on page 11. ESF has a key role in these Investment Priorities:

**"Article 3: Scope of support**

1. Under thematic objectives listed below, and in accordance with Article 9 (the draft Common Strategic Framework Regulation), the ESF shall support the following investment priorities:

**a) "PROMOTING EMPLOYMENT AND SUPPORTING LABOUR MOBILITY THROUGH:**

- i) Access to employment for job-seekers and inactive people, including local employment initiatives and support for labour mobility;
- ii) Sustainable integration of young people not in employment, education or training into the labour market
- iii) Self-employment, entrepreneurship and business creation
- iv) Equality between men and women and reconciliation between work and private life
- v) Adaptation of workers, enterprises and entrepreneurs to change
- vi) Active and healthy ageing
- vii) Modernisation and strengthening of labour market institutions, including actions to enhance transnational labour mobility

**b) "INVESTING IN EDUCATION, SKILLS AND LIFE-LONG LEARNING THROUGH:**

- i) Reducing early school-leaving and promoting equal access to good quality early-childhood, primary and secondary education
- ii) Improving the quality, efficiency and openness of tertiary and equivalent education with a view to increasing participation and attainment levels
- iii) Enhancing access to lifelong learning, upgrading the skills and competences of the workforce and increasing the labour market relevance of education and training systems

**c) "PROMOTING SOCIAL INCLUSION AND COMBATING POVERTY THROUGH:**

- i) Active inclusion
- ii) Integration of marginalised communities such as the Roma
- iii) Combating discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation
- iv) Enhancing access to affordable, sustainable and high-quality services, including health care and social services of general interest
- v) Promoting the social economy and social enterprises
- vi) Community-led local development strategies

**d) "ENHANCING INSTITUTIONAL CAPACITY AND EFFICIENT PUBLIC ADMINISTRATION THROUGH:**

- i) Investment in institutional capacity and in the efficiency of public administrations and public services with a view to reforms, better regulation and good governance  
This investment priority is only applicable throughout the territory of the Member States which have at least one **NUTS level 2 region** as defined in Article 82(2)(a) of Regulation (EU) No [...] or in Member States eligible for Cohesion Fund support. **In Scotland NUTS 2 means Eastern Scotland, South Western Scotland, North Eastern Scotland and Highlands and Islands.**

- ii) Capacity building for stakeholders delivering employment, education and social policies and sectoral and territorial pacts to mobilise for reform at national, regional and local level.

Other **Thematic Objectives** and **Investment Priorities** to which ESF may contribute are shown on page 12 from the [draft ESF Regulation COM\(2011\) 607 final /2](#) of Wednesday 14 March 2012:

- a) Supporting the shift towards a low-carbon, climate-resilient, resource-efficient and environmentally sustainable economy, through reform of education and training systems, adaptation of skills and qualifications, up-skilling of the labour force, and the creation of new jobs in sectors related to the environment and energy
- b) Enhancing the accessibility, use and quality of information and communication technologies, through the development of digital literacy, investment in e-inclusion, e-skills and related entrepreneurial skills
- c) Strengthening research, technological development and innovation, through the development of post-graduate studies, the training of researchers, networking activities and partnerships between higher education institutions, research and technological centres and enterprises
- d) Enhancing the competitiveness of small and medium-sized enterprises, through promoting the adaptability of enterprises and workers and increased investment in human capital.

The main ESF Thematic Objectives and Investment Priorities above are also set out in ERDF Article 5 Investment Priorities (from page 11 of the [draft ERDF Regulation COM\(2011\) 614 final](#) including:

#### **9) PROMOTING SOCIAL INCLUSION AND POVERTY**

- a) investing in health and social infrastructure which contribute to national, regional and local development, reducing inequalities in terms of health status and transition from institutional to community-based services
- b) support for physical and economic regeneration of deprived urban and rural communities
- c) support for Social Enterprises

#### **10) INVESTING IN EDUCATION, SKILLS AND LIFELONG LEARNING BY DEVELOPING EDUCATION AND TRAINING INFRASTRUCTURE**

#### **11) ENHANCING INSTITUTIONAL CAPACITY AND AN EFFICIENT PUBLIC ADMINISTRATION BY STRENGTHENING OF INSTITUTIONAL CAPACITY AND THE EFFICIENCY OF PUBLIC ADMINISTRATIONS AND PUBLIC SERVICES RELATED TO IMPLEMENTATION OF THE ERDF, AND IN SUPPORT OF ACTIONS IN INSTITUTIONAL CAPACITY AND IN THE EFFICIENCY OF PUBLIC ADMINISTRATION SUPPORTED BY THE ESF.**

Though all this looks complex, the main point arising from these Thematic Objectives and Investment Priorities is that the EU Commission envisages a higher profile role than in previous ERDF and ESF regulations for Social Enterprises, Development Trusts and Third Sector Organisations.

#### 4) PROPOSED CHANGES FOR ESF

The following note summarises the main changes for European Social Fund proposed by the EU Commission. This is taken from the [Commission's European Social Fund Website](#) and [Q&A on the legislative package of EU regional, employment and social policy for 2014-2020](#)

"The aim of the European Social Fund is to improve employment opportunities, promote education and life-long learning, enhance social inclusion, contribute to combating poverty and develop institutional capacity of public administration. With the new proposal, the role of the ESF will be reinforced:

- there will be a **minimum ESF budget share** for each category of regions which is higher than before (25% for Less Developed Regions, 40% for Transition Regions and 52% for More Developed ones). This share corresponds to at least €84bn for ESF, compared to a current €75bn. **This means that apart from the Highlands and Islands, for most of Scotland, 52% of a proposed Operational programme may be ESF.**
- Member States will have to **concentrate** ESF on a limited number of Thematic Objectives and Investment Priorities in line with the Europe 2020 Strategy, in order to increase impact and reach a critical mass. **A key discussion will be which Thematic Objectives and Investment Priorities will be chosen by the UK and whether Scotland should press for a different "mix".**
- a minimum share of 20% of the ESF will be dedicated to **social inclusion** actions. **As mentioned above, this is a key ingredient for Social Enterprise and Third Sector Organisations.**
- a **greater emphasis** is placed on combating youth unemployment, promoting active and healthy ageing, and supporting the most disadvantaged groups and marginalized communities such as Roma
- greater support will be provided to **social innovation**, ie. testing and scaling up innovative solutions to address social needs, for instance to support social inclusion
- the participation of social partners and civil society, in particular Non Governmental Organisations (NGOs), will be further encouraged in the implementation of the ESF, through capacity building, the promotion of community-led local development strategies and simplification of the delivery system. Rules governing the reimbursement of projects by the ESF will be simplified, in particular for "small" beneficiaries, who make up at least 50% of recipients of ESF funding – NGOs, SMEs and others.
- equipment linked to investments in social and human capital will become eligible for support from the ESF.

"The ESF could also be used as a guarantee for loans taken by Member States' bodies, in order to finance measures within its scope of intervention".

**It is important for Social Enterprises, Development Trusts and all Third Sector Organisations that implementation of all this is based on maximum involvement in decision making and management at the appropriate local level. These organisations should also seek to play a significant role during the Scottish Government's Ex Ante Evaluation process of proposed programmes.**