

## **YEITC Meeting Update**

1. The Youth Employment Initiative Territorial Committee met on the 14 September 2017 with the main discussion around the N+3 target.
2. The European Commission previously advised that YEI funding will be calculated together with the mainstream ESF for the more developed region resulting in YEI being part of the overall ESF N+3 target. However the week before the YEITC, the European Commission advised that it had changed its methodology which has resulted in YEI having its own target to meet.
3. The total forecast expenditure for 2015-2017 suggests that there may be enough expenditure to meet this target. However, based on predictions previously submitted to the Commission and HM Treasury, the Managing Authority do not anticipate meeting this target. The projected expenditure would lead to missing the expected N+3 target by £10 million grant. It has already been reported to the MA that many of the lead partners are underspending and are looking to reduce the value of their ESF grant. This is largely due to the falling youth unemployment rate in the West of Scotland region. The unemployment rate for 16-24 year olds in Apr 2016-Mar 2017 in South West Scotland was 9.9%, less than half of the 20.0% in the year ending March 2014. This was in line with the Scottish national average (also 9.9%).
4. In addition the weakening pound has resulted in the value of commitments being substantially reduced. The committed grant at December 2015 (£59.1 million) was worth €84.1 million, but is now worth €64.1 million, making the gap between the total allocation and the commitments significantly greater than when the operations were approved. It was not possible to approve additional operations or grant after December 2015 as part of the design of the programme by the Commission.
5. These factors have combined to mean that it is almost certain that the 2017 N+3 target will not be met for YEI. Failure to meet this target leads to automatic decommitment of European Structural Funds for the relevant Programme resulting in less funding available for further phases.
6. The Committee appreciated the difficulties that lead partners and the Managing Authority face and agreed that they would encourage fellow local authorities to submit claims in order to minimise the loss to the Programme.
7. Following this meeting the MA has received claims worth £2m in expenditure with £1.3m in grant. To date it has paid £174k in expenditure and £116k in grant.