

# European Structural and Investment Funds

## Scale Of Unit Costs Update – 3rd October 2014

### Background

European Structural and Investment Fund (2014-2020) grants will be paid on the basis of quantified activities, outputs and results. This means a significant shift from the audit of financial records, to the evidencing the quality participant activities.

A single, Scale of Unit Cost model is required for all Employability Pathway activities meeting the following criteria:

- The methodology must be calculated and agreed in advance at a Scottish level
- It must be equitable and tested to ensure that no sector is disadvantaged
- It must be verifiable where costs are based on budgets, historical data, research and statistical analysis

### Scale of Unit Costs

Local Authority representatives have been involved in shaping this “Scale of Unit Cost” model for ESIF supported Pathways. As pathways are complex, multi-stage, multi-activity, multi-partner entities it is proposed that payments need to be made in two directions.

- “Horizontal payments” – are made as clients start (engagement, assessment, action plan); progress (verified start at next stage); achieve a “hard” outcome (verified job, qualification, access to FE etc.)
- “Vertical Payments” – are made as clients achieve and complete agreed activities under each stage of the pathway (which are verified by certificates/workbooks/attendance records etc.)

The model has to minimise risk of “cherry picking” the closest candidates to the job market, but also minimise the risk of client “circulation” within the pathway in order to claim multiple, un-necessary activity payments.

A defined a range of “eligible” activities under each stage of the Pathway is being defined along with the requirements to achieve/complete each activity and the evidence needed to trigger each payment. This list will be collated and circulated to each CPP in mid-October.

### Actions

The next step will be to attribute cost values to each of the activities, under each stage of the Pathway. This will include analysis of historical ESF claim data to provide an approximate “benchmark” figure for:

- The unit cost per job achieved by pathway partners currently
- The amount of money invested in activities that are delivered at each stage of the pathway

We can also use the claim information to consider the projected costs for delivery of the activities under each stage. This will give us an indicative costing model to feed into the development of a Scottish model along with information from the other CPPs

As stated in the previous European Update, we will run a Workshop for providers in Fife in early November to provide further updates and to present more information on the Scale of Unit Cost methodology and the implications for your project/organisation.