

Meeting date: 7 February 2019

Report to: Full Cabinet



Subject/report title: Update on applications to the European Social Fund (ESF) to deliver Employment and Skills activity

Report from: Cabinet Member for Children, Education and Skills

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Wards affected:

- All Wards | Bickenhill | Blythe | Castle Bromwich | Chelmsley Wood |
 Dorridge/Hockley Heath | Elmdon | Kingshurst/Fordbridge | Knowle |
 Lyndon | Meriden | Olton | Shirley East | Shirley South |
 Shirley West | Silhill | Smith's Wood | St Alphege

Public/private report: Public

Exempt by virtue of paragraph: N/A

1. Purpose of Report

- 1.1 Following on from Full Cabinet approval in 2015 and 2016 to apply for European Social Fund (ESF) projects to support people into employment, education or training; this report updates Cabinet Members on the Project Change Request application to the Department for Work and Pensions to extend the GBSLEP European Social Fund (ESF) Technical Assistance project, which is led by Solihull MBC.

2. Decision(s) recommended

- 2.1 Approval to enter into the Agreement with the Department for Work and Pensions for the award of funding, which extends the GBSLEP European Social Fund Technical Assistance project until December 2021, where the council is the Accountable Body.
- 2.2 Award delegated authority to the Director of Children's Services & Skills to sign any contractual arrangements associated with the above funding in conjunction with the Cabinet Portfolio Holder for Children's Services, Education and Skills.

3. What is the issue?

- 3.1 The Council has an ambitious agenda to deliver a high quality Employment and Skills service for residents and businesses. The Employment and Skills Team has a long track record of supporting thousands of residents with help to find employment,

education and training. It also enables delivery partners to develop and support employment, education and training projects. The Employment & Skills Team chiefly deliver their activities through European Funded programmes.

- 3.2 The Project Change Request (PCR) extension was submitted in April 2018 to the Department for Work & Pensions (DWP) in relation to the GBSLEP ESF Technical Assistance project. This PCR seeks to increase the funding and extend the delivery timescale of the ESF Technical Assistance project beyond the original deadline of December 2018, to that of December 2021.
- 3.3 After a thorough evaluation of this PCR, the Department for Work and Pensions has recently notified the Council of their approval for the continuation of Funding for the GBSLEP ESF Technical Assistance project.

Details and Purpose of the GBSLEP ESF Technical Assistance project

- 3.4 The Solihull MBC-led GBSLEP ESF Technical Assistance Project is a three year project from 1 January 2016 and until 31 December 2018.
- 3.5 'ESF Technical Assistance' provides capacity building, publicity, promotion and specialist advice/support to potential project applicants across GBSLEP. The ESF Technical Assistance team promote and raise the profile of ESF; build technical capacity in delivery organisations, enhance project development, implementation and management, provide advice for early development of robust projects. It is delivered by Solihull MBC and five other delivery partners: Birmingham City Council, West Midlands Growth Company Ltd, Birmingham City University, Community Action Wyre Forest, and institute of Social entrepreneurs (more details set out in Appendix 1).

Solihull MBC's role:

- 3.6 Solihull MBC is the Accountable Body and manages the overall project, with a focus on local capacity building, co-ordination, DWP quarterly claims, monitoring, compliance and reporting. The Council coordinates the efficient and compliant management of ESF funds. The project works in parallel with the similar ERDF TA project delivered by the Managed Growth Directorate.
- 3.7 Management of this project on behalf of the Council is carried out by the Solihull MBC employed GBSLEP Employment & Skills Manager.
- 3.8 A full time ESF TA Monitoring Officer, SMBC Employment & Skills Officers and SMBC Finance Officers also support awareness raising, project delivery, financial management and monitoring implications attached to performance and successful submission of claims for ESF funding.

PCR to extend the GBSLEP ESF Technical Assistance project:

- 3.9 The current ESF Technical Assistance project has resulted in:
 - (a) Awareness raising and promotion of 15 ESF calls for projects – equating to 68% of the GBSLEP notional allocation of approximately £110m ESF.
 - (b) Development of successful applications to ESF funding from local providers. In Summer/Autumn 2017 alone, as a result of support and encouragement from delivery partners, 16 project applications worth £27.5m were generated.

- 3.10 Due to this overall success, GBSLEP are keen to continue the ESF Technical Assistance project. Therefore, in April 2018, Childrens Services and Skills DLT approved Solihull MBC's submission of a Project Change Request extension of the ESF TA project (delegated authority in Full Cabinet Report, September 2015).
- 3.11 Procurement Board do not need to consider this funding, as it does not contract services out to external providers, but gets funding to deliver services themselves.
- 3.12 The original ESF Technical Assistance project was supported by full cabinet and a request is now made that full cabinet consider and agree to extend this project:
- The PCR seeks to increase the ESF TA project total from £1,267,268 to £2,299,688 for the 6 years duration from 1 January 2016 to 31 December 2021 (Appendix 1). DWP guaranteed project agreements in 2019 & 2020, even if there is a no deal Brexit (ESF Action Note 024/18).
 - The total funding secured by December 2021 will be £1,149,844 ESF (50% of project total and including overheads). The 50% balance is matched from eligible public and private sources of funding for the delivery of the project.
 - The increased funding in the PCR subsumes a current under-claim of £333,004.
 - The aims of the project and the delivery partners remain the same. Additional performance targets for the next three years have been proposed similar to those currently delivered - these include events (including attendees), communications, project applications supported and evaluations.
- 3.13 This project aids development of ESF eligible projects in GBSLEP. The applications provide advantages for the Council for direct delivery. By working with a wide range of partners, Solihull MBC gains knowledge of services and projects which could lead to financial savings and better use of existing resources, focusing on 'lives not services' and delivering a more integrated approach to meeting beneficiary needs.

4. What options have been considered and what is the evidence telling us about them?

- 4.1 The Cabinet could choose not to enter into the Agreement, which could lead to limited support for capacity building, publicity, promotion, and specialist advice and support to potential ESF project applicants across GBSLEP.

5. Reasons for recommending preferred option

- 5.1 Approval to enter into the Agreement will support the Council's ambitious Growth Agenda.
- 5.2 As with all funding, as the Council enters into contractual agreements with the funder, this brings about an element of risk for the Council to ensure that all contractual terms and conditions of the funder are met in addition to the need to monitor projects progress in terms of spend and delivery of outputs.
- 5.3 There are risks associated with delivery, in particular potential clawback of funding.

- 5.4 To manage the fund, there will be a project delivery team and a central monitoring team with a single system of reporting projects financial spend and outputs

6. Implications and Considerations

6.1 Delivery of the Council Plan:

- Improve Health and Wellbeing -
 - People achieve and maintain independence and quality of life
- Managed Growth –
 - Driving and improving Economic Success
 - Generating Employment & Skills projects in support of UKC
 - Transforming support for those furthest away from the labour market to enable them to access employment
- Build Stronger Communities –
 - Our communities are inclusive and everyone has access to local services and amenities
- Deliver Value –
 - We have made the best use of our resources by aligning them to our priorities
 - Maximum value is being delivered to the customer
 - Maintain the Medium Term Financial Strategy Implications for children and young people, vulnerable groups and particular communities.

6.2 Implications for children and young people, vulnerable groups and particular communities:

- 6.2.1 The range of projects supports people of all ages, from vulnerable groups and those with multiple barriers to work and increasing skills.

6.3 Consultation and Scrutiny:

- 6.3.1 Meeting the duty to involve: Public consultation would also be undertaken as a part of any application process should the need arise.

- 6.3.2 A report will be taken to CLT - setting out the scope of the ESF Technical Assistance project and outcomes delivered since January 2016, as well as the targets and deliverables for the 3 year extension; to demonstrate how well the ESF projects are aligning and delivering outcomes against the Council Priorities and Programmes.

6.4 Financial implications:

- 6.4.1 Each partner is required to bring its own match funding & payment of grant will only be on receipt of defrayed and audited claims.

- 6.4.2 The Council has adopted a flexible approach to reimbursement of grants with smaller delivery partners by agreeing to reimbursement on the satisfactory submission of claims before the grant is claimed from Department for Work and Pensions (as agreed in the Full Cabinet Report, September 2015).

- 6.4.3 The Council has also covered the cost of the ESF TA Monitoring Officer from the 15% overheads, before ultimately releasing the remaining proportionate shared overheads to delivery partners.
- 6.4.4 SMBC match funding for ESF TA is found within existing budgets and is not an additional budget pressure. This reflects the use of “in kind” contributions of existing staff as well as % staff salary cash contributions from existing budgets.
- 6.4.5 The Council is ultimately responsible for ensuring that there are appropriate monitoring and financial systems to ensure propriety and regularity in the use of external grant funding. Failure to meet grant conditions could result in the withdrawal of grant and subsequent additional costs falling on the Council. Similarly expenditure incurred in excess of the grant would have to be met from the Councils own budgets.
- 6.5 Legal implications:
- 6.5.1 **Contractual:** The Council will need to enter into a contract extension with DWP to deliver against the financial amount requested and the agreed outputs in the Project Change Request. DWP have advised that there will be a need to consider the inclusion of break clauses (due to Brexit) as part of any potential contract extension.
- 6.5.2 **Sub contractual:** Arrangements between the Council and delivery partners will need to be put in place asap; the terms of which would mirror the contracts that the Council will hold with DWP for the TA project, ensuring that the Council was effectively subcontracting any external risk to providers.
- 6.6 Risk implications:
- 6.6.1 There are risks associated with delivery, in particular potential claw back of funding, on approval of applications and requirement to cease delivery according to a three month break-clause the extension agreement, if insufficient funds remain with DWP.
- 6.6.2 To monitor progress against the contract, project delivery teams and monitoring teams will have a single system of reporting projects financial spend and outputs.
- 6.6.3 In addition to the internal/external governance structure, regular reporting of ESF programmes is available to the Childrens Services and Skills Directorate Leadership Team’s (DLT) and Financial Monitoring Reviews each month with the Council’s Accountancy Team.
- 6.6.4 A Council monitoring team is in place to monitor financial spend, outputs and delivery of delivery partners before claims are submitted to DWP. This will be supported by internal audit so appropriate and consistent processes take place in the project.
- 6.7 Statutory Equality Duty:
- 6.7.1 All ESIF funds will promote equality in accordance with European Union and national requirements. The 2010 Equality Act provides a framework to effectively tackle disadvantage and discrimination. The Act protects nine characteristics – age, disability, gender reassignment, marital or civil partnership status, pregnancy and maternity, race, religion and belief, sex and sexual orientation. The Public Sector Equality Duty applies in the delivery of ESF and means that delivery of the

Operational Programme should consider the needs of all individuals and have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people when carrying out their activities. The broad equality principles of the Programme are:

- (a) No beneficiaries are excluded from participation in the Programme on the grounds of their protected characteristics;
 - (b) The needs of all potential beneficiaries are considered at project design stage in order that the service is appropriately delivered;
 - (c) All physical regeneration, i.e. new buildings and upgrading existing premises, meets minimum accessibility requirements (Equality Act, Part M of Building Regulations and recommended British Standards for accessibility);
 - (d) Services are responsive to needs of all communities and under-represented groups;
 - (e) Support is targeted towards under-represented communities where relevant;
 - (f) Responsiveness to and inclusiveness of under-represented groups in delivery;
- 6.7.2 An equality analysis will be required in relation to individual projects and programmes in which the funds will be invested. In Solihull, on those council led projects, we will use the council's tool of a Fair Treatment Assessment (FTA) to:
- (a) To help identify the likely impacts on certain protected groups;
 - (b) Whether such impacts disproportionately affect any protected group;
 - (c) Identify the actions we will take to address or mitigate against any negative impacts identified from the assessment;

7. List of appendices referred to

- 7.1 Appendix 1 - ESF TA Project Yearly Claims – Jan 2016 to Dec 2018 & forecast to Dec 2021 - breakdown by delivery partners

8. Background papers used to compile this report

- 8.1 Corporate Leadership Team Report June 2015;
- 8.2 Full Cabinet Report September 2015;
- 8.3 Childrens Services and Skills DLT Report October 2016 – update on ESF TA Project application to DWP;
- 8.4 Childrens Services and Skills DLT Report April 2018 – ESF TA Project continuation request to DWP;
- 8.5 Children's Services and Skills Cabinet Report June 2018 - Employment and Skills activity delivered through European Social Fund (ESF)
- 8.6 Childrens Services and Skills DLT Report December 2018 – ESF TA Project interim continuation request;

9. List of other relevant documents

N/A