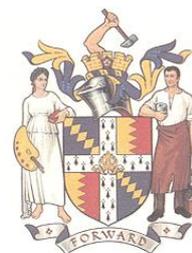


Birmingham City Council

Report to Cabinet

29th October 2019



Subject: EXTERNAL EUROPEAN SOCIAL FUND (ESF) FULL APPLICATION - ACCESS TO EMPLOYMENT FOR JOBSEEKERS AND INACTIVE PEOPLE - UNEMPLOYED SUPPORT AND EMPLOYABILITY SKILLS

Report of: Dr Tim O'Neill
Director for Education & Skills

Relevant Cabinet Member: Cllr Jayne Francis - Education, Skills & Culture
Cllr Tristan Chatfield - Finance & Resources

Relevant O &S Chair(s): Cllr Kath Scott - Education and Children's Social Care
Cllr Sir Albert Bore - Resources

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Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 007055/2019		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential :		

1 Executive Summary

- 1.1 To seek approval to submit a Full Application to the DWP (Department for Work and Pensions) for funding under the ESF (European Social Fund) call 1.1: Access to Employment for Jobseekers and Inactive People - Unemployed Support and Employability Skills.

- 1.2 To seek approval to bring forward earmarked reserves for employment and training activity to provide cash match to the project. (Earmarked reserves detailed in approved Cabinet Report 13 December 2016, relevant Forward Plan Ref: 002559/2016).
- 1.3 To acknowledge the changes (drop) in funding value and related outputs target for the existing similar project currently being delivered, called Progression Pathways for Adults, delivery name known as 'World of Work' (WoW), relevant Forward Plan Ref: 004556/2018.

2 Recommendations

- 2.1 That Cabinet:-
 - 2.1.1 Approves the submission of Full Application to the DWP for funding under the ESF in relation to call 1.1: Access to Employment for Jobseekers and Inactive People - Unemployed Support and Employability Skills, for which the delivery name will be 'World of Work 2' (WoW 2).
 - 2.1.2 Approves to bring forward earmarked reserves for employment and training activity to provide cash match to WoW 2 project, up to £0.320m and up to £0.009m from the Education & Skills Directorate Budget.
 - 2.1.3 Notes that if the bid is successful, the project will be the subject of a subsequent report and Full Business Case to Cabinet, setting out the details of the project, including any changes to match funding and seeking approval to accept the Offer Letter and act as Accountable Body for the funding.
 - 2.1.4 Approves the recommendation to accept the reduction in the existing WoW project value and related outputs and replace the Council's Birmingham Adult Education Services (BAES) match funding, which had to be withdrawn, with Policy Contingency to the value of up to £0.152m.

3 Background

- 3.1 European Structural and Investment Funds (ESIF) are administered by managing authorities, the Department for Communities & Local Government and the DWP, who released a call on 05/09/2019 for applications to deliver employment support and employability skills provision.
- 3.2 In response to the recent ESF call for projects the Employment and Skills Service (E&SS) of the Education and Skills Directorate would like to progress with an application in line with relevant submission timescales of 28 November 2019. This new project will be referred to as WoW 2.
- 3.3 This submission is a direct response to the needs of residents and employers across the Birmingham and Solihull area; with the area having lower skills levels than the UK average with 11.3% of working age Birmingham and Solihull residents having no qualifications compared to 8.0% for the UK, and higher levels of unemployment, (Birmingham & Solihull 7.3%, UK 4.3%).

3.4 Current similar project (WoW 1) update

- 3.5 The E&SS is already delivering a similar project that was approved by Cabinet, (relevant Forward Plan Ref: 004556/2018) titled 'Progression Pathways for Adults', delivery name known as 'World of Work' or WoW – the project runs to the end of October 2020.
- 3.6 WoW was developed under Investment Priority 1.1 Access to Employment for Jobseekers and Inactive People. Following the successful submission of an outline application on 31 June 2017, the Council was asked on 28 September 2017 to submit a second stage (full) application by 24 November 2017 to deliver the progression pathways project across Birmingham and Solihull.
- 3.7 The original target for the current delivery of the existing WOW project was to engage with 2,063 long term unemployed and inactive participants providing support into basic skills provision, training and employment, supporting 499 participants into job search and employment. WoW targets those with no/low basic skills, people from black and minority ethnic backgrounds (BAME) women, lone parents, people with disabilities and health conditions including those living in areas of high unemployment.
- 3.8 However, there have been some changes to the financial value of the existing WOW project, which has resulted in the need to prepare for a variation to the project and its original targets, (officially known as a 'Project Change Request') to be submitted to DWP in due course. The reasons for this change are outlined below:
- 3.8.1 Solihull Metropolitan Borough Council (SMBC) had to withdraw their match funding due to internal restructuring and because of the length of time it took to get project approval from DWP. (The application to DWP was submitted in November 2017, but the signed funding agreement was not received until 25 September 2018). The match amount withdrawn by SMBC was circa £0.370m.
- 3.8.2 BAES had originally committed £0.800m as match to the project, which was outlined in an approved Cabinet report in March 2018. However, due to the improvements required to support BAES to achieve a Good rating at the last Ofsted inspection (March 2019), BAES were unable to keep to this commitment and the first revision meant reducing their match funding down to £0.550m. Unfortunately, due to further restructuring within BAES the latest commitment now stands at £0.200m.
- 3.8.3 These reductions in the match funding available to the project, means that the targets and outputs originally agreed for WOW have to be revised. E&SS has been in discussions with the DWP Account Manager keeping them up to date regarding the latest position. The DWP Account Manager is fully aware of the pending variation to the project, which will include the request to reduce the financial size and targets for the project.

- 3.8.4 The variations to the current WoW project as described above amount to more than 15% of the original agreed project value. This means therefore the project needs to go through a full appraisal by DWP, which could take anything up to 90 days to turnaround for an approval, to continue with the project with reduced financial amount and targets.
- 3.8.5 The Employment and Skills Service (Education and Skills Directorate) has made all attempts to try and keep the project variation within 15%. The service actively sought and brought forward new Delivery Partners (outlined in 7.3.4) with their funding match, but all attempts were not able to plug the gap left by the existing match withdrawals.
- 3.8.6 The remodelling of finance and outcomes for WoW means the revised value of the project will be £2.365m and the target of participants to be registered will be 1,492 (down from the original 2,063) – a reduction of 571 participants. (73% of the 1,492 will be unemployed and the remainder 27% will be inactive people).
- 3.8.7 Getting inactive people to engage with projects such as WOW can be harder than those that are unemployed and seeking support. In order to better the chances of the project being able to capture inactive participants, specialist providers were selected following a competitive procurement tender process supported by the Council's Procurement department. The following key geographies will be targeted by the relative winning delivery organisation under what is called the 'Targeted Outreach' contract:
- Aston and surrounding North West Birmingham – **GHC (Greater Health Care)**
 - Bordesley Green, Sparkbrook & Balsall Heath East and Small Heath - **Enterkey**
 - Kings Norton South, Druids Heath & Monyhull and Highter's Heath - **Aspects Care Ltd**

The revised target of 1,492 participants for WoW will be shared amongst E&SS's direct delivery team, the new Delivery Partners (outlined in 7.3.4) and the providers under the Targeted Outreach contracts. The Delivery Partners will commence delivery at their own risk from October 2019. The Targeted Outreach contracts are in the early stages of mobilisation and outputs performance has yet to be verified. However, UHB (one of the new Delivery Partners) has engaged 110 participants with 28 moving into employment already, giving a conversion rate of 26%. The E&SS's direct delivery team has to date registered 194 participants with 60 into employment giving a conversion of 31%. The required conversion on this output is 22% so we are currently exceeding this target and plan to continue on this trajectory. The combined total of engagements to date is 304 local unemployed/inactive residents, or 20% of the revised target. With a year to go until the end of the project there is confidence that the target can be

achieved once all partners and Targeted Outreach providers are fully mobilised. Given the remodelling undertaken and engagement of new delivery partners we are confident that we will achieve the re-profiled outputs and results in accordance with the contract requirements.

3.9 The new application and project

- 3.10 It is the E&SS's intention to transition smoothly onto the new WoW 2 project, with Cabinet approval, once the current WoW project comes to an end. E&SS will be in a great position to transition to WoW 2 and carry on delivering positive outcomes as all systems and infrastructure arrangements will already be in place.
- 3.11 This new WoW 2 project will engage with 2,086 long term unemployed (62%) and inactive (38%) participants providing support into basic skills provision, training and employment. (The target of 2,086 has been arrived at by dividing the total project cost by the individual participant unit cost of £1,585 provided by DWP).
- 3.12 The advantage E&SS has is its ability to connect the opportunities from inward investment, planning and procurement to local unemployed and inactive residents. Working closely with employers the service gains an insight into the role requirements and is therefore able to influence and establish training provision and provide support that benefits the participants. This has to date resulted in a one in three conversion from our programmes from training to job outcome. In previous funding call rounds very few organisations have been able to successfully come forward with the end to end integrated jobs and skills model.

4 Options considered and Recommended Proposal

- 4.1 Do Nothing: If we did not develop and submit the proposals the Council and the GBSLEP would miss the opportunity to obtain significant external funding to deliver focussed activity to promote local skills development and access to employment, which is something the Council is proud to promote as one of its key priorities within its Council Plan.
- 4.2 Proceed with the bid (the recommended option) as the project will be shaped based on previous experience and in line with requirements of the call and GBSLEP with full involvement from partners. Having looked at various delivery options, project lead partners and approaches, and through consultation with partners, we will adopt the model of delivery which is the most effective in delivering the required interventions which will bring forward a positive impact in supporting unemployed and inactive residents across the relevant geography.

5 Consultation

5.1 External

Each of the following have been made aware of our intent to bid and each will be providing a letter to confirm their interest to match to this project – Solihull

Metropolitan Borough Council (SMBC); University Hospital Birmingham (UHB); Sandwell and West Birmingham NHS Trust (SWB) and Clarion Housing Association. DWP for Birmingham & Solihull will be consulted on the model of this project.

5.2 Internal

Officers in Legal and Governance, Procurement and Finance have been involved in the preparation of this report. Lead Officers from Education & Skills Directorate including Birmingham Adult Education Service, 14-19 Skills Service, Careers Service, and Youth Service will also be involved in the development of the project.

6 **Risk Management**

6.1 The key risk inhibiting the project from running at full capacity would be if associated match funding was not available. This report illustrates that for now match funding has been identified, but the situation may change, in which case all effort will be made to find replacement match funding. Please refer to **Appendix 1** for the full risk assessment.

7 **Compliance Issues:**

7.1 **How are the recommended decisions consistent with the City Council's priorities, plans and strategies?**

7.1.1 The proposed project supports the Council's Vision & Priorities 2017 to 2020, particularly in respect of Jobs and Skills – “we want Birmingham to be a great city to learn, work and invest in.” Project delivery will address enduring and structural issues related to unemployment and low-skill levels and enable participation in the labour market. With the City Council as the lead applicant we will ensure that the projects are synchronised with the jobs and skills priorities using the investment where it will have the most impact.

7.1.2 The proposed project will also support the Birmingham City Council Plan (2018-2022) Outcome 1: 'Birmingham is an entrepreneurial city to learn, work and invest in' and in particular its Priority 1: 'We will create opportunities for local people to develop skills and make the best of economic growth' and Priority 2: 'We will strive to maximise the investment in the city and engage employers to create quality jobs and opportunities for citizens'.

7.1.3 The recommended decision to proceed with the application for the project will eventually translate in the Employment and Skills Service (Education and Skills Directorate) being able to bring forward candidates as the workforce required during the development phase of the Commonwealth Games due to take place in Birmingham in 2022.

7.2 Legal Implications

7.2.1 The City Council has the power to enter into this activity by the general power of competence secured by Section 1 of the Localism Act 2011. The activity is within the boundaries and limits on the general power set out in Section 2 and 4 of the Localism Act 2011 respectively. S111 of the Local Government Act 1972 contains the City Council's subsidiary expenditure power in relation to the discharge of its functions. Legal and compliance issues associated with the EU Grant and Project will be delivered within the Conditions of Grant Aid, in accordance with the Council's financial regulations where appropriate.

7.3 Financial Implications

7.3.1 The total cost of the project bid for the new WoW 2 is estimated to be up to £3.504m gross. At an ESF intervention rate of 50%, this requires City Council resources as indicative match funding to be identified of up to £1.752m. (See below for a further detailed breakdown). All City Council match funding resources required for delivery of the project are identified from existing approved City Council budgets.

7.3.2 Partners have identified match funding contributions of up to £0.900m and these offers will be confirmed in writing. All project funding will need to be defrayed by project end dates as indicated below.

7.3.3 Details of funding are set out below, it should be noted however that, as full applications progress and develop, match funding commitments and partners may change:

ESF 1.1 Access to Employment for Jobseekers and Inactive People Unemployed Support and Employability Skills (1 Nov 2020 – 31 Oct 2023):

- Total project budget up to £3.504m.
- BCC match funding commitment totals up to £0.852m, (which includes the earmarked reserves of £0.320m. The difference (£0.532m) is made up of staff time and a nominal amount of up to £0.009m from the Education & Skills Directorate Budget).
- Delivery Partners match funding commitment of up to £0.900m
- ESF Grant up to £1.752m.

7.3.4 The delivery partners making up the £0.900m match funding commitment consist of:

- University Hospital Birmingham (UHB)
- Clarion Housing Group

- Sandwell and West Birmingham NHS Trust

7.4 Procurement Implications (if required)

7.4.1 There is no procurement activity planned at this stage. Any future procurement activity in respect of this funding will follow the Council's Procurement Governance Arrangements.

7.5 Human Resources Implications (if required)

7.5.1 This funding will enable the Employment Access Team to retain staffing at current levels.

7.6 Public Sector Equality Duty

7.6.1 In accordance with the Public Sector Equality Duty, an initial Equality Analysis will be undertaken during the development stage of this project should approval be given to submit the full application and if that application is successful.

8 Appendices

8.1 Appendix 1 – Draft Risk Assessment

9 Background Documents

9.1 Previous Cabinet reports (of Corporate Director, Economy) relating to the current project application were approved as follows:

- 6 March 2018: External ESF 1.1 Full Applications. Purpose of report to seek agreement to full applications for funding for ESF projects; use of City Council resources as match funding; act as Accountable Body; and to proceed with full business case for Progression Pathways for Adults (formal name of project).
- 26 June 2018: ESF 1.1 Progression Pathways for Adults Project. Purpose of report to approve Full Business Case and to seek approval to accept funding from DWP acting as the Accountable Body; delegate authority for procurement activity.