

Appendix 1

Full Business Case (FBC)			
1. General Information			
Directorate	Economy Directorate	Portfolio/Committee	Jobs and Skills
Project Title	ESF Supplier Excellence Programme (SEP)	Project Code	Revenue TA-01831-01
Project Description	<p>Supplier Excellence Programme (SEP) is a £4m programme funded by ESF grant of £2m supplemented by an equal match of private/public sector match funding) operating across GBSLEP areas.</p> <p>SEP is new training programme designed will to grow skill levels within existing SME supply chain companies across priority growth sectors, significantly transforming business expertise, capability and capacity embedding tools to improve workforce performance and business competitiveness.</p> <p>It will offer 50% contribution towards level 3 and 4+ training packages of £3k to £36k consisting of:</p> <ul style="list-style-type: none"> • Core modules : <ul style="list-style-type: none"> • Leadership and management Development • Innovation • Supply Chain Development • Product Development • Market Development • Bespoke modules: <ul style="list-style-type: none"> • Targeted at industry specific priority growth sectors as outlined below <p>The training will be provided by accredited, experienced and industry approved providers selected by the SME's. The SME's will be given guidance on the European procurement requirements, which specify:</p> <p>Contracts less than £2.5k – appoint based upon a quotation Between £2.5k and £24,999 – obtain three quotations Above £24,999 – to undertake a tender type process</p> <p>Training is expected to be delivered over 3-8 months and aimed at upskilling, increasing staff retention, enabling future workforce progression and grow the skills of up to 1,200 individual beneficiaries.</p> <p>The programme is aligned to the European Structural and Investment Fund (ESIF) and consultation with major companies and SMEs has demonstrated the need for an evidence base, demand led and pragmatic skills package compatible with the workplace e.g. GBSLEP Strategic Economic Plan; GBSLEP Growth Strategy. Growth Strategy of GBSLEP areas; by growing level 3 and 4+ skill levels.</p>		

	<p>SEP will be available to eligible SMEs across the GBSLEP area within priority growth sectors including Aerospace and Defence, HS2, Automotive, Advanced Manufacturing and Engineering, Manufacturing, Transport, Construction, Logistics, Low Carbon and Environmental Technologies, Food Manufacturing and Drink.</p> <p>The total public and private sector match funding investment in the proposed programme is anticipated to be in the region of £2m. The programme will be funded via an ESF grant of £2m, which will be payable to the City Council in quarterly instalments against profile and monitoring claims. The City Council is contributing existing staff resources totalling £0.18m over 3 years as ESF match-funding.</p> <p>As the Accountable Body for the SEP, all expenditure will be incurred by the City Council; this will be in accordance with the conditions of the ESF grant. It is estimated that £1.820m of funding will be utilised in relation to support to SMEs (the “beneficiaries”) and the balance of £0.180m will cover expenditure in relation programme delivery costs (staffing). The delivery of the SEP will need to be completed by 31st December 2019.</p> <p>Public sector revenue match-funding totalling £0.180m is being provided by the City Council. The private sector match-funding of £1.820m will be 50% of the cost of the training programme.</p> <p>As the Accountable Body for the ESF grant and to minimise the risk of claw back, the City Council will ensure all grant conditions will be enforced through Skills Funding Agreements with SME’s to enable the City Council to recover funds in the event of a breach of these terms. Applications will be closely scrutinised and projects will be closely managed as part of risk management, which is addressed in the FBC attached at Appendix 1.</p> <p>Given the time dated nature of funding for this programme, this will be managed so as to ensure that there are no ongoing revenue implications for the City Council. Further details as to how such risks will be managed are provided in the attached Risk Register (Annex 1).</p>
<p>Links to Corporate and Service Outcomes</p>	<p>The objectives of the programme are consistent with the long term outcomes of the Council Business Plan and Budget 2016+, which confirms the City Council’s support for GBSLEP. This programme has emerged from research evidence and intelligence from consultation with major companies, SME’s, LEP partners and Universities and reflects the Department of Works and Pension priorities of supporting LEP’s across the West Midlands.</p> <p>The SEP will contribute towards the City Council’s priority outcome one: A Strong Economy by helping SME’s within the eligible area to grow skills levels. The proposal will also</p>

	<p>support strategic initiatives such as Enterprise Zone and Economic Zones by attracting investment and supporting the development and growth of businesses in the region.</p> <p>The programme is aligned to the European Structural and Investment Fund (ESIF) and consultation with major companies and SMEs has demonstrated the need for an evidence based, demand led and pragmatic skills package compatible with the workplace e.g. GBSLEP Strategic Economic Plan; GBSLEP Growth Strategy. Growth Strategy of GBSLEP areas; by growing level 3 and 4+ skill levels.</p>		
Project Definition Document Approved by	Outline Application	Date of Approval	25 th June 2016

Benefits Quantification- Impact on Outcome	Measure	Impact
	To assist up to 1,200 new and existing employee beneficiaries within existing SME's to increase their skill levels across the GBSLEP area by December 2019.	Will lead to up to an estimated £4m of public and private sector investment to help raise skill levels and improve business performance. The SME's will benefit from a more trained workforce, which will lead to an increase in staff retention, workforce progression and opportunities for newly qualified apprentices/graduates to be employed. The programme will contribute towards addressing the skills deficit issue within the local economy and improved productivity.
Project Deliverables	Programme Outcomes: Increase level 3 and 4+ skills of 1,200 employees	
Scope	Programme scope <p>The SEP will operate across GBSLEP. The City Council will deliver the programme through a network of partners across the GBSLEP area.</p> <p>Marketing and promotion work can start in January 2017 for an April 2017 start.</p> <p>GBSLEP Skills Hub and Growth Hub will handle initial enquiries, undertake screening of skills need, sign post and refer appropriate SME's onto SEP. Furthermore, OEM's have agreed to generate awareness amongst their supply chains and make referrals onto the programme.</p>	

GBSLEP Local Authority Partners within the GBSLEP area (Cannock, East Staffordshire, Tamworth, Lichfield, North Worcestershire and Solihull) will also act as point of contact; generate awareness, engage with businesses; organise events, workshops and one to one sessions to maximise take up of programme.

Organisation Involvement – the City Council will be the Accountable Body and the lead organisation for this programme. It will also undertake the engagement with all participating GBSLEP partners and ensure they are provided with all the necessary information in order to recruit suitable businesses from their area. This will include the provision of appropriate marketing materials and activities.

A programme management team from the Business Development and Innovation (BDI) Team part of Employment and Skills within the Economy Directorate has been established for this purpose. The City Council and the LEP partners will put full management and control procedures in place.

Marketing and Engagement - of businesses and referrals will be carried out by the City Council, GBSLEP Skills Hub, Growth Hub and participating LEP Partners drawing upon local knowledge and experience. The City Council will oversee the development of the necessary marketing materials and literature to reflect the programme content and geographical coverage. GBSLEP Skills and Growth Hubs and LEP LA partners will be responsible for market awareness and promotion, enquiry handling, initial screening of business suitability and ensuring local businesses understand the project criteria and application process in their respective areas. This is an SME based grant programme and excludes all other businesses, which fall outside this definition.

Skills funding of between £1k- and £18k will be awarded to support training of 1,200 employees matched by private sector funding.

Eligible costs include full/part/units of level 3 and 4+ training costs.

To be eligible, businesses have to:

- Be an existing SME
- Based within one of the GBSLEP areas
- Complete application form and provide related information
- Have a 12 months skills investment plan
- Demonstrate the business justification for the skills proposal, value for money, their ability to deliver the project and the impact on growing skills within the business.

BCC will review all applications prior to submission to SEP Skills Funding Panel.

Skills funding of £1k - £18k will be operated in accordance

	<p>with State Aid De minimis Regulations. In order to benefit from the programme, each SME must have received less than €200,000 of state aid assistance over a 3 year period (the current and previous 2 financial years).</p> <p>SEP expenditure will target existing SME supply chain companies across priority growth sectors, significantly transforming business expertise, capability and capacity embedding tools to improve workforce performance and business competitiveness.</p> <p>A SEP Skills Funding Panel will be established to consider all applications and approve/defer/decline support. The panel will consist of representatives from BCC, Local Authority Partners within the GBSLEP and the Skills Hub.</p> <p>The support to SME's will be paid retrospectively on satisfactory completion of the skills project and evidence of defrayal as set out in the funding agreement.</p> <p>The City Council will manage the SEP and monitor outputs created as a result, to ensure businesses deliver their skills investment plans. Assistance will only be provided to those that meet the SEP criteria.</p> <p>Written confirmation is required to DWP from the City Council that ESF funding will not be drawn down until both the End Beneficiary SME and the City Council have both defrayed the eligible expenditure. In addition, the City Council to confirm in writing DWP that funding will not be provided to ineligible businesses or business sectors as detailed in the ESF National Eligibility Rules.</p> <p>As the Accountable Body, the City Council will ensure that funding paid to individual businesses will be in accordance with the City Council's Standing Orders, ESF conditions and financial regulations specifically completion of a Conditions of Grant Aid (COGA).</p> <p>Support will be subject a Skills Funding Agreement.</p> <p>The project will be managed by the Business Development and Innovation team (BDI) part of Employment and Skills within the Economy Directorate and the delivery structure set out in Appendix 4 as well as governance and financial management arrangements will be established prior to programme start January 2017.</p>
Scope exclusions	<p>The City Council is not providing any cash match-funding towards this project.</p> <p>SEP will only support SME's across GBSLEP area.</p> <p>Excludes all businesses transacting directly with the public.</p> <p>Low value grants less than £1k.</p>
Dependencies on other projects or activities	<p>Staffing requirements will be fully met from within existing BDI Team resources supplemented by other appropriate financial, legal and technical support to deliver the programme.</p>

	<p>The Economy Directorate has a proven track record of managing time limited programmes and appropriate management controls will be put into place to ensure that there will be no ongoing capital or revenue implications for the City Council beyond the financial completion date of the Programme.</p> <p>The achievement of spend and output profiles is dependent on the predicted levels of uptake and in uncertain market conditions is a risk.</p> <p>Risks relating to lack of awareness, take up and number of applications, scheme flexibility, compliance with the grant offer letter, resource management and programme overrun are set out in the attached Risk Register (see Annex 1) together with an action plan mitigating these risks.</p>		
Achievability	<p>The allocation of adequate and necessary staff resource and structured work plans will be essential to ensure the project proceeds according to the project management plan prepared.</p> <p>Full Engagement of the GBSLEP partners will be important to ensure satisfactory cover across GBSLEP area. GBSLEP Partners are fully committed to participate and to see the programme operating across the LEP area.</p> <p>The City Council has a successful track record for the development, securing external funding and delivery of significant business development programmes both in Birmingham and on a wider regional and national basis (£75m RGF and ERDF funded Green Bridge Supply Chain Programme, £33m ERDF funded Business Growth Programme, £9m Business Innovation Programme, £10m Business Support for Creative Industries Programme and £8m Business Development Programme).</p> <p>Marketing and promotion of activities through the use of GBSLEP Skills and Growth Hubs, GBSLEP LA partners websites, launch event, websites, supply chain network events, PR, programme literature will commence in January 2017.</p>		
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Sponsor	Shilpi Akbar 0121 303 3015 shilpi.akbar@birmingham.gov.uk		
Project Accountant	Rob Pace 0121 303 3817 rob.pace@birmingham.gov.uk		
Project Board Members	N/A		
Head of City Finance (HoCF)	Alison Jarrett (Assistant Director, Finance)	Date of HoCF Approval:	2 nd November 2016

2. Budget Summary (Detailed workings should also be supplied)					
	<i>Voyager Code</i>	<i>2017/18</i>	<i>2018/19</i>	<i>2019/20</i>	<i>Totals</i>
Revenue Expenditure:					
Skills funding packages *		200,000	1,000,000	2,440,000	3,640,000
Programme Delivery: Salaries including overheads		62,805	62,810	234,385	360,000
Totals		262,805	1,062,810	2,674,385	4,000,000
Funding					
ESF revenue funding		131,400	531,405	1,337,195	2,000,000
City Council Match Funding		31,405	31,405	117,190	180,000
SME Match funding *		100,000	500,000	1,220,000	1,820,000
Revenue Totals		262,805	1,062,810	2,674,385	4,000,000
Grand Totals		262,805	1,062,810	2,674,389	4,000,000
Planned Start date for delivery of the project	1st January 2017		Planned Date of Technical completion	31st December 2019	

* The SME match set out in this table is part of the ERDF approval, but it is not BCC resource or expenditure.

3. Checklist of Documents Supporting the FBC		
Item	Mandatory attachment	Number attached
Financial Case and Plan		
<ul style="list-style-type: none"> Detailed workings in support of the above Budget Summary (as necessary) 	Mandatory	Contained within Application
<ul style="list-style-type: none"> Statement of required resource (people, equipment, accommodation) – append a spreadsheet or other document 	Mandatory	Refer to Cabinet report
<ul style="list-style-type: none"> Whole Lifecycle Costing analysis (as necessary) 	Mandatory	N/A
<ul style="list-style-type: none"> Milestone Dates/ Project Critical Path (set up in Voyager or attached in a spreadsheet) 	Mandatory	Refer to Cabinet report
Project Development products		
<ul style="list-style-type: none"> Populated Issues and Risks register 	Mandatory	Annex 1
<ul style="list-style-type: none"> Stakeholder Analysis 	Mandatory	Annex 2
Other Attachments (list as appropriate)		
Equalities Analysis	Mandatory	Appendix 3
Governance flow chart	Non-mandatory	Appendix 4