

Appendix 1

| Full Business Case (FBC) | | | |
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| 1. General Information | | | |
| Directorate | Economy Directorate | Portfolio/Committee | Education, Skills & Culture |
| Project Title | ESF GBSLEP Skills Fund | Project Code | TA-01969-01 |
| Project Description | <p>ESF GBSLEP Skills Fund is a £12m project funded by ESF grant of £6m supplemented by an equal match of private/public sector match funding) operating across the GBSLEP area.</p> <p>The GBSLEP Skills Fund will offer training grants between £500 to a maximum of £18,000 per SME to upskill new and existing employees, leading to full qualifications, units or a unit of qualification at basic, NVQ level 2 and below and at level 3+, including higher level management and leadership skills. It is anticipated that up to 7,030 employees will be supported. The training will be funded 50% by the SME's and 50% by the ESF grant. The fund will respond directly to the skills and training needs identified by the employers for their employees by working with the GBSLEP Skills Hub; thereby offering SME employers what they want, at the time that they need it, to implement their skills and growth plans.</p> <p>SME's will need to be located in the GBSLEP area. Training provision through the GBSLEP Skills Fund will be targeted at the priority growth sectors including Advanced Manufacturing and Engineering, Digital and Creative Industries, Life and Health Sciences, Low Carbon and Environmental Technologies and Services, Business and Professional and Financial Services.</p> <p>The project will also be working with sectors where there is significant job replacement demand or are key to the GBSLEP's business needs. These include HS2, Health and Social Care (particularly adult care), Transport and Logistics, Retail, Hospitality and Tourism, Construction and Infrastructure, Digital and Technology, Food and Drink, Emerging Technologies.</p> <p>The total public and private sector investment in the proposed project is anticipated to be in the region of £12m. The project will be funded via an ESF grant of £6m, which will be payable to the City Council in quarterly instalments against profile and monitoring claims. The balance will be from match funding from the private sector. The City Council is contributing existing staff resources totalling £0.351m over 4 financial years as ESF match-funding.</p> <p>As the Accountable Body for the GBSLEP Skills Fund, 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 £5.642m of funding will be utilised in relation to</p> | | |

support to SMEs (the “beneficiaries”) and the balance of £0.358m will cover expenditure in relation Project delivery costs (staffing). The GBSLEP Skills Fund will fund training delivered up to 31st December 2021 with the project completing 31st March 2022.

The SME’s will incur the full cost of the skills training expenditure including VAT and will be able to reclaim up to 50% of expenditure (excluding VAT) which is anticipated to be up to £5.642m in total.

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 the completion of the Council’s Conditions of Grant Aid 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 Risk Register attached at Annex 1. Given the time dated nature of funding for this project, this will be managed so as to ensure that there are no ongoing revenue implications for the City Council after the project completion date.

GBSLEP Skills Hub will handle initial enquiries, undertake screening of skills need, sign post and refer appropriate SME’s onto GBSLEP Skills Fund. Furthermore, other GBSLEP partners (not directly involved in the project) have agreed to generate awareness amongst their supply chains and make referrals onto the project.

The GBSLEP Skills Fund training selection is as follows:

Option 1

SME’s working with GBSLEP Skills Hub will identify the training course meeting both the business and employee needs, which will need to be accredited by the Ofqual framework or industry or professional accrediting bodies. Working with BCC project staff, the SME will select one of the project’s delivery partners, who will agree the training course to be delivered, cost (market rate), timescale and the number of beneficiaries. This will form the basis of a Skills Agreement (Conditions of Grant Aid) between BCC and the SME.

Option 1 provides a comprehensive range of delivery partners with the expertise, experience and capacity across the full range of sectors and levels to deliver this project.

Option 2

Where bespoke training is requested by the SME, which established delivery partners are unable to offer. The SME will be advised and supported to go through the www.finditinbirmingham.com web based procurement portal to find an appropriate training provider. This will form the basis of the Skills Agreement (COGA) between BCC and the SME. A declaration will need to be made to confirm funding from other sources to avoid double funding.

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 project.

The City Council will be the Accountable Body and the lead organisation for this project. It will also undertake the engagement with delivery partners, GBSLEP SKILLS Hub, participating GBSLEP local authority 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.

The Business Development and Innovation (BDI) Team within the Economy Directorate has been established for this purpose. The City Council and the GBSLEP Skills Hub 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, 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 project contact and geographical coverage. GBSLEP Skills Hub and LEP local authority 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 project and excludes all other businesses, which fall outside this definition.

The City Council will also be required to monitor job outputs created by the project for a period of up to 31st December 2022 (i.e. a year after project completion).

Links to Corporate and Service Outcomes

The objectives of the project are consistent with the Birmingham City Council Plan: 2018 -2022 Priority 1: We will create opportunities for local people to develop skills and make the best of economic growth. Evidence shows that under-developed leadership and management skills, a widespread failure to adopt management best practices, inability to recruit skilled staff and upskilling of existing employees are constraining the performance and growth of a significant number of SME's. All of which contribute to a widening skills gap. GBSLEP Skills Fund will contribute to the Jobs and Skills priorities by increasing skill levels within the City, improving productivity and competitiveness (increased turnover and profitability) of SME's.

The project is aligned to the European Structural and Investment Fund (ESIF) and Strategic Economic Plan (SEP) of GBSLEP. A key objective of the SEP is to increase business and workforce productivity and competitiveness by raising skills levels and stimulating demand-led innovation. GBSLEP Skills Fund will directly contribute to this objective by raising skills levels enabling businesses and supply chains

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| | <p>responding to major opportunities including HS2 to upskill, retain, attract and enable workforce progression. GBSLEP Skills Fund will also support GBSLEP’s delivery of the national industrial strategy by improving productivity through workforce development.</p> <p>GBSLEP Skills Fund is fully aligned to the aims of the European Social Fund (ESF) Call under Priority Axis 2.1 by stimulating skills growth by delivering a range of activities addressing market failure and identified skills gap:</p> <ul style="list-style-type: none"> • Transforming management expertise, workforce capability and capacity, embedding tools to sustain SME’s supply chain performance, productivity and competitiveness • Providing demand-led pragmatic skills packages at basic, level 2 and below and level 3+ • Developing a ‘ladder of skills progression’ for employees • Increasing skills levels of employed women to encourage progression in employment and address gender employment and wage gap. | | |
| Project Definition Document Approved by | Briefing note to Cabinet Member for Jobs and Skills to approve Outline Application and reported to Star Chamber | Date of Approval | 23 rd November 2017 |

| Benefits Quantification- Impact on Outcome | Measure | Impact |
|---|--|--|
| | To assist 7,030 new and existing employee beneficiaries within existing SME’s to increase their skill levels across the GBSLEP area by December 2021. | Will lead to up to an estimated £12m of public and private sector investment to help raise skill levels and improve business performance. The SME’s will benefit from a more skilled workforce, which will lead to an increase in productivity, staff retention, workforce progression and opportunities for newly qualified apprentices/graduates to be employed. The Project will contribute towards addressing the skills gap within the local economy. |
| Project Deliverables | Project Outcomes: Increase basic, level 2 and below, level 3+ of 7,030 employees. | |
| Scope | Project scope The GBSLEP Skills Fund will operate across GBSLEP. The City Council will deliver the project through a network of partners across the GBSLEP area. | |

To be eligible, businesses have to:

- The applicant has to be an SME under ESF guidance
- Participants/beneficiaries must be new and or existing employees of SME's
- Seeking to upskill their employees
- Based in GBSLEP area
- Operating in priority growth sectors including Advanced Manufacturing and Engineering, Digital and Creative Industries, Life and Health Sciences, Low Carbon and Environmental Technologies and Services, Business and Professional and Financial Services, HS2, Health and Social Care (particularly adult care), Transport and Logistics, Retail, Hospitality and Tourism, Construction and Infrastructure, Digital and Technology, Food and Drink, Emerging Technologies
- TNA, Diagnostic and Skills plans must be completed
- 50% ESF funded training grants of between £500 to £18,000 per SME
- 50% cash match from SME's
- Training must be at basic, Level 2 and below and level 3+. Training must be a full qualification or a unit or units of a qualification
- The training course must be accredited by the Ofqual framework, industry or a professional accrediting body
- Where bespoke training is requested by the SME, it will still need to be accredited by the above
- A declaration will need to be made to confirm funding received or applied from other sources to avoid double funding.

Each application for skills funding will be subject to eligibility and due diligence prior to sign off by Head of Business Enterprise and Innovation.

Skills funding of £500 to £18,000 will be operated in accordance with State Aid De minimis regulations.

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.

The City Council will manage the GBSLEP Skills Fund and monitor related outputs, to ensure businesses deliver their skills investment plans. Assistance will only be provided to those that meet the project criteria.

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.

As the Accountable Body, the City Council will ensure that funding paid to SME's will be in accordance with the City Council's Standing Orders, ESF conditions and financial

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| | <p>regulations specifically completion of a Conditions of Grant Aid (COGA).</p> |
| Scope exclusions | <p>The City Council is not providing any cash match-funding towards this project.</p> <p>GBSLEP Skills Fund will only support SMEs across GBSLEP area.</p> <p>Excludes all businesses with over 20% of direct dealings with the public.</p> |
| Dependencies on other projects or activities | <p>Staffing requirements will be fully met from within existing BDI team resources supplemented to deliver the project. Additional support will be required from the Economy Directorate's graduate Hub to support the programme.</p> <p>The achievement of spend and output profiles is dependent on the predicted levels of uptake and uncertain market conditions is a risk. The City Council will mitigate this through a promotion campaign through the GBSLEP.</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 project 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 project 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 projects both in Birmingham and on a wider regional and national basis (£33m Business Growth Programme, £8m Property Improvement Programme, £75m RGF and ERDF funded Green Bridge Supply Chain Project, £33m ERDF funded Business Growth Project, £9m Business Innovation Project, £10m Business Support for Creative Industries Project and £8m Business Development Project).</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, Project literature will commence in November 2018.</p> |
| Project Manager | <p>Suresh Patel 0121 303 3091 suresh.patel@birmingham.gov.uk</p> |

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| Budget Holder | Mohammed Zahir 0121 303 2956 mohammed.zahir@birmingham.gov.uk |

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| Sponsor | Richard Cowell 0121 303 9880 | | |
| Project Accountant | Rob Pace 0121 303 3817 rob.pace@birmingham.gov.uk | | |
| Project Board Members | N/A | | |
| Head of City Finance (HoCF) | Simon Ansell- Head of City Finance- Regeneration | Date of HoCF Approval: | 24 th October 2018 |

| | Voyager Code | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Totals |
|---|-------------------------------------|---|------------------|-----------------------------------|------------------|-------------------|
| Revenue Expenditure: | | | | | | |
| Skills funding packages | | 107,500 | 2,321,000 | 4,750,000 | 4,105,100 | 11,283,600 |
| Project Delivery: BDI Salaries inc overheads | | 81,060 | 182,420 | 218,960 | 218,960 | 701,400 |
| GBSLEP | | | 0 | 0 | 15,000 | 15,000 |
| Totals | | 188,560 | 2,503,420 | 4,968,960 | 4,339,060 | 12,000,000 |
| Funding | | | | | | |
| ESF revenue funding | | 94,280 | 1,251,710 | 2,484,480 | 2,169,530 | 6,000,000 |
| City Council Match Funding | | 40,530 | 91,210 | 109,480 | 109,480 | 350,700 |
| GBSLEP Match-Funding | | 0 | 0 | 0 | 7,500 | 7,500 |
| SME Match funding | | 53,750 | 1,160,500 | 2,375,000 | 2,052,550 | 5,641,800 |
| Revenue Totals | | 188,560 | 2,503,420 | 4,968,960 | 4,339,060 | 12,000,000 |
| Planned Start date for delivery of the project | 3rd December 2018 | Planned Date of Technical completion | | 31st March 2022 | | |

| 3. Checklist of Documents Supporting the FBC | | |
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| 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 5 |
| Customer Journey | Non-mandatory | Appendix 4 |