

Report to:	CABINET
Report of:	Strategic Director of Economy
Date of Decision:	15 November 2016
SUBJECT:	SUPPLIER EXCELLENCE PROGRAMME (SEP) - FULL BUSINESS CASE
Key Decision: Yes	Relevant Forward Plan Ref: 002671/2016
If not in the Forward Plan: (please "X" box)	Chief Executive approved <input type="checkbox"/> O&S Chairman approved <input type="checkbox"/>
Relevant Cabinet Member	Cllr Brett O'Reilly, Jobs and Skills
Relevant O&S Chairman:	Cllr Zafar Iqbal, Economy, Skills and Transport
Wards affected:	All

1. Purpose of report:	
1.1	To accept an offer of European Social Fund (ESF) revenue grant of £2m from the Department of Works and Pensions (DWP) to deliver a Supplier Excellence Programme (SEP) for the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) area and for Birmingham City Council to act as the Accountable Body on behalf of the GBSLEP.
1.2	To note that the SEP will offer funding of £1k to £18k towards level 3 and 4+ training packages targeted at 1,200 individual beneficiaries, within existing Small and Medium Enterprises (SMEs). It will 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.

2. Decision(s) recommended:	
That Cabinet :-	
2.1	Subject to confirmation of funding from the Department for Work and Pensions, approves the Full Business Case (FBC) (attached at Appendix 1) for the Supplier Excellence Programme (SEP) European Social Fund (ESF) project, which will provide packages of level 3 and 4+ training to existing and new employees within Small and Medium Enterprises (SMEs) across the GBSLEP area, for the period from January 2017 to the end of December 2019.
2.2	Subject to confirmation of funding from the Department for Work and Pensions. approves the City Council acting as the Accountable Body for the SEP and accepts the offer of ESF grant of £2m from the Department of Works and Pensions, which is being matched against an equivalent amount of public and private sector expenditure.
2.3	Subject to confirmation of funding from the Department for Work and Pensions, delegates the award of specific training support of between £1k to £18k per SME, up to the total of £1.820m, to Head of Business Enterprise and Innovation, as per the governance process shown in Appendix 2.
2.4	Authorises the Acting City Solicitor to negotiate, execute and complete all necessary documents to give effect to the above recommendations.
Lead Contact Officer(s):	Mohammed Zahir - Head of Business Enterprise and Innovation
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3. Consultation

3.1 Internal

Briefings have been provided to the Cabinet Member for Jobs and Skills and Strategic Director of Economy, who are both supportive of this report proceeding to an executive decision. City Finance and Legal and Democratic Services have been involved in preparation of this Cabinet report. Briefings have also been given to GBSLEP partners and staff within Economy Directorate, on the proposed programme structure and the role of Accountable Body.

3.2 External

The SEP research, design and development has been carried out in consultation with: GBSLEP LEP partners, major companies and SMEs, Universities and trade organisations, which has demonstrated the need for an evidence based, demand led and pragmatic level 3 and 4+ skill levels package compatible within the workplace. SEP has been subject to approval of outline and full application by DWP.

4. Compliance Issues:

4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

4.1.1 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 the GBSLEP. This programme has emerged from research evidence and intelligence from consultation with major companies, SMEs, LEP partners and Universities. It reflects the Department of Works and Pension priorities of supporting LEPs across the West Midlands. The SEP will contribute towards the City Council's priority Outcome One: A Strong Economy, by helping SMEs within the eligible area to grow skills levels. The proposal will also support strategic initiatives, such as the Enterprise Zone and Economic Zones, by attracting investment and supporting the development and growth of businesses in the region.

4.1.2 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.

4.1.3 The number of individuals benefiting from skills training will be monitored and reported to the Cabinet Member for Jobs and Skills on a regular basis. The improvement in skills levels within SMEs will be reviewed in the context of the City Council's Birmingham Skills Investment Plan.

4.2 Financial Implications (Will decisions be carried out within existing finance and Resources?)

4.2.1 The total SEP project expenditure is anticipated to be £4m, comprising £2m ESF revenue grant and an equivalent amount of public and private sector match-funding. The ESF grant will support payments to SMEs towards training costs estimated to be £1.82m and programme delivery costs (City Council), which are estimated at £0.180m.

4.2.2 The precise mix of projects (and private sector match-funding) expected to be delivered by the SEP will depend upon the scale of individual training projects, but the following table shows the allocation of spend (in line with the SEP application), with required private sector contributions and confirmed public match-funding:

Category of Programme costs:	ESF Grant	Private Sector Contribution	Public Sector Match	Total Public and Private Sector Funding
Revenue Funding	£'m	£'m	£'m	£'m
Packages of Training Support	1.82	1.82	0.00	3.64
City Council Delivery Costs/Salary match	0.18	0.00	0.18	0.36
Total SEP Expenditure	2.00	1.82	0.18	4.00

4.2.3 It is proposed that the City Council will be the Accountable Body for the ESF grant, which needs to be defrayed by 31st December 2019. In order to minimise the risk of grant claw back, all grant conditions will be enforced through Skills Funding Agreements with SMEs 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.

4.2.4 The City Council will claim ESF grant from the DWP quarterly in arrears, based upon actual grant payments to SMEs. Given the time limit of the ESF grant, the conditions of grant will specify that applicant projects need to be completed by 31st December 2019 or no grant will be paid. There will be no ongoing revenue implications for the City Council as a consequence of this project.

4.3 Legal Implications

SEP is being delivered under the Council's general power of competence under section 1 Localism Act 2011, to help businesses 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. Skills funding will be provided in compliance with State Aid De-minimus Regulations of up to a maximum of 50% of eligible expenditure.

4.4 Public Sector Equality Duty (see separate guidance note)

The programme is open to all SMEs within the GBSLEP area. An initial Equalities Analysis has been carried-out, in line with statutory protocol, which is attached at Appendix 3 (Reference EA000077). This has not identified any issues of concern in relation to the Equality Act 2010. The proposed activity will not have any adverse impact upon people with protected characteristics.

5. Relevant background/chronology of key events:

- 5.1 The SEP outline application in response to the DWP call was submitted at short notice on 25th June 2016 and following a detailed assessment the application was approved on 23rd September 2016. Due to the short timescales, it was not possible to submit a Project Definition Document for approval by Cabinet. Therefore a bid was made by the Strategic Director of Economy with the support of the Cabinet Member for Jobs and Skills. The City Council was invited to submit a full application by 14th October 2016.
- 5.2 The SEP will 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. It will offer 50% grant assistance towards level 3 and 4+ training packages costing £3k to £36k consisting of Core modules:
- Leadership and Management Development
 - Innovation
 - Supply Chain Development
 - Product Development
 - Market Development
- In addition, there will be bespoke modules targeted at industry specific priority growth sectors such as Aerospace and Defence, HS2, Automotive, Advanced Manufacturing and Engineering, Manufacturing, Transport, Construction, Logistics, Low Carbon and Environmental Technologies, Food Manufacturing and Drink.
- The training will be provided by accredited, experienced and industry approved providers selected by the SMEs. Guidance will be provided to the SME's as part of the application process to ensure that they procure an appropriate training provider in accordance with European procurement requirements. It will 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.
- 5.4 The SEP will be managed by the Business Development and Innovation team, part of Employment and Skills within the Economy Directorate, who have 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.
- 5.5 The GBSLEP Skills Hub and Growth Hub will handle initial enquiries, undertake screening of skills need, sign post and refer appropriate SMEs to the SEP. Furthermore, Original Equipment Manufacturers (OEMs) have agreed to generate awareness amongst their supply chains and make referrals onto the programme. The 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.
- 5.6 The City Council will manage the SEP, monitor delivery and capture beneficiary results to ensure programme achieves the targeted impact. Assistance will only be provided to those that meet the SEP programme criteria set out in the FBC at Appendix 1.
- 5.7 On the basis of the timescales set-out below, the SEP will commence in January 2017. Each application will be subject to an evaluation process, which will be on a first come first served basis. The SEP Skills Funding Panel comprising members of the GBSLEP, will recommend grant awards based upon this evaluation, which will be subject to approval by the Head of Business Innovation and Enterprise, who will act as the Accountable Body Officer.

Milestone	Start Date	Completion Date
Outline Application	April 2016	June 2016
Full Application	September 2016	October 2016
DWP Approval	October 16	November 2016
Develop marketing plan and monitoring systems	January 2017	March 2017
Launch of Programme	April 2017	April 2017
Panel approval of applications	May 2017	June 2019
Achieve outputs	October 2017	December 2019

6. Evaluation of alternative option(s):

- 6.1 To do nothing – Would lose the opportunity to secure the offered ESF grant to support the SEP programme designed to raise level 3 and 4+ skill levels within SMEs, across the GBSLEP area. Known skills gap will continue. Moreover, to decline the offer would damage the City Council's reputation, as the lead partner and Accountable Body for the LEP and undermine trust and relationships with key regional partners.

7. Reasons for Decision(s):

- 7.1 To accept the ESF funding and approve the FBC which will enable the City Council to start the programme as quickly as possible and raise level 3 and 4+ skill levels within SMEs across the GBSLEP area.

Signatures

Date

Cabinet Member for Jobs and Skills
Cllr Brett O'Reilly

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Strategic Director of Economy
Waheed Nazir

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List of Background Documents used to compile this Report:

Birmingham Skills Investment Plan – Cabinet report dated 16th February 2016
ERDF Business Growth Programme – Full Business Case: Cabinet report dated 17th May 2016
ERDF – Property Investment Programme – Full Business Case dated 18th October 2016

List of Appendices accompanying this Report (if any):

1. Full Business Case.
2. SEP Governance structure.
3. Equality analysis initial assessment

PROTOCOL PUBLIC SECTOR EQUALITY DUTY

- 1 The public sector equality duty drives the need for equality assessments (Initial and Full). An initial assessment should, be prepared from the outset based upon available knowledge and information.
- 2 If there is no adverse impact then that fact should be stated within the Report at section 4.4 and the initial assessment document appended to the Report duly signed and dated. A summary of the statutory duty is annexed to this Protocol and should be referred to in the standard section (4.4) of executive reports for decision and then attached in an appendix; the term 'adverse impact' refers to any decision-making by the Council which can be judged as likely to be contrary in whole or in part to the equality duty.
- 3 A full assessment should be prepared where necessary and consultation should then take place.
- 4 Consultation should address any possible adverse impact upon service users, providers and those within the scope of the report; questions need to assist to identify adverse impact which might be contrary to the equality duty and engage all such persons in a dialogue which might identify ways in which any adverse impact might be avoided or, if avoidance is not possible, reduced.
- 5 Responses to the consultation should be analysed in order to identify:
 - (a) whether there is adverse impact upon persons within the protected categories
 - (b) what is the nature of this adverse impact
 - (c) whether the adverse impact can be avoided and at what cost – and if not –
 - (d) what mitigating actions can be taken and at what cost
- 6 The impact assessment carried out at the outset will need to be amended to have due regard to the matters in (4) above.
- 7 Where there is adverse impact the final Report should contain:
 - a summary of the adverse impact and any possible mitigating actions (in section 4.4 or an appendix if necessary)
 - the full equality impact assessment (as an appendix)
 - the equality duty – see page 9 (as an appendix).

Equality Act 2010

The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

1	<p>The Council must, in the exercise of its functions, have due regard to the need to:</p> <ul style="list-style-type: none">(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act;(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
2	<p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none">(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
3	<p>The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.</p>
4	<p>Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none">(a) tackle prejudice, and(b) promote understanding.
5	<p>The relevant protected characteristics are:</p> <ul style="list-style-type: none">(a) age(b) disability(c) gender reassignment(d) pregnancy and maternity(e) race(f) religion or belief(g) sex(h) sexual orientation