

**BIRMINGHAM CITY COUNCIL
PUBLIC REPORT**

Report to:	CABINET
Report of:	Corporate Director, Economy
Date of Decision:	6 March 2018
SUBJECT:	EXTERNAL EUROPEAN SOCIAL FUND (ESF) FULL APPLICATIONS
Key Decision: Yes	Relevant Forward Plan Ref: 004556/2018
If not in the Forward Plan: (please "X" box)	Chief Executive approved <input type="checkbox"/> O&S Chair approved <input type="checkbox"/>
Relevant Cabinet Member(s) or Relevant Executive Member:	Councillor Brett O'Reilly, Cabinet Member for Jobs & Skills
Relevant O&S Chair:	Councillor Zafar Iqbal, Economy, Skills and Transport
Wards affected:	All

1. Purpose of report:

- 1.1 To seek agreement to the Full Applications for funding to the Department for Work and Pensions (DWP) under the European Social Fund (ESF) in relation to Progression Pathways (for Adults) at a total value £3.28m, Skills for Growth Hub at a total value of £2.32m and Progression Pathways for Young People Not in Employment, Education, or Training (NEETs) or at Risk of becoming NEET (RONIs)¹ at a total value of £13.8m. The ESF Grant for all of the projects is at an intervention rate of £50% ie £9.70m.
- 1.2 To seek agreement from Cabinet to use £5.44m of City Council resources as match funding for the project. Other match funding is indicative based on commitments provided by third parties at this time.
- 1.3 Seek approval from Cabinet to accept £0.26m funding (in the current financial year) from the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP) subject to completion of a grant agreement, that forms part of the Partner match for the ESF 2.2 Skills for Growth Hub project.
- 1.4 To note that if the bids are successful, each 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, the procurement strategy and seeking approval to accept the Offer Letter and act as Accountable Body for the funding.

2. Decision(s) recommended:

That Cabinet:

- 2.1 Approves the submission of Full Applications to the DWP for funding under the European Social Fund (ESF) in relation to Progression Pathways (for Adults) at a total value £3.28m, Skills for Growth Hub at a total value of £2.32m and Progression Pathways for Young People Not in Employment, Education, or Training (NEETs) or at Risk of becoming NEET (RONIs) at a total value of £13.8m. The ESF Grant for all of the projects is at an intervention rate of £50% ie £9.70m.
- 2.2 Approves the use of £5.44m of City Council resources as indicative match funding for each of the proposed projects, as set out in Section 4.2.2 of this report.
- 2.3 Accepts the £260k funding from the GBSLEP, subject to completion of a grant agreement, as match funding for the Skills for Growth Hub project.

¹ NEETs – Not in Employment Education or Training RONI – Risk Of NEET Indicators

- 2.4 Notes that if the bids are successful, each 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.

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3. Consultation

3.1 Internal

The Cabinet Member for Jobs and Skills has been briefed on the developing proposals and supports the submissions. Officers in Legal and Governance, Procurement and City Finance have been involved in the preparation of this report. Lead Officers from Place Directorate, Birmingham Adult Education Service, 14-19 Skills Service, Careers Service, and Youth Service have also been involved in the development of the projects and have agreed proposed delivery models.

3.2 External

Each proposal has been shared with potential delivery partners who have provided letters and agreement of support relevant to the development and delivery of employment, skills and business support related activity as follows:

- **ESF 1.1 Progression Pathways (Adults):** Solihull Metropolitan Borough Council (MBC)
- **ESF 1.2 Progression Pathways for NEETs and RONIs:** Solihull MBC, Worcestershire County Council, The Prince's Trust, University Hospital Birmingham Trust consortium, West Midlands Police and Crime Commissioner's Office, SOVA Ltd, Trident Reach, Compass, Witton Lodge Community Association and Better Pathways
- **ESF 2.2 Skills for Growth Hub:** Solihull MBC, the GBSLEP (Growth Hub), Birmingham Metropolitan College (BMet), South & City College Birmingham (SCCB), Engineering Employers Federation (EEF), Unite and Birmingham & Solihull Mental Health Trust (BSMHT).

4. Compliance Issues:

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

- 4.1.1 The three proposed projects support 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.

4.2 Financial Implications (How will decisions be carried out within existing finances and Resources?)

- 4.2.1 The total cost of the three project bids is £19.40m (see attached Appendix 1). At an ESF intervention rate of 50% this requires match funding to be identified of £9.70m. All City Council match funding resources (£5.44m) required for delivery of the project are identified from existing approved City Council budgets. Partners have identified match funding contributions of £4.26m and these offers have or will be confirmed in writing. All project

funding will need to be defrayed by project end dates as indicated below.

4.2.2. 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:

i) **ESF 1.1 Progression Pathways for Adults** (1 Jul 2018 – 31 Oct 2020):

Total project budget **£3.28m**

BCC match funding commitment totals £1.26m

Solihull MBC Delivery Partner match funding commitment of £0.38m

ESF Grant £1.64m

ii) **ESF 1.2 Progression Pathways for Young People, NEETs and RONIs** (1 Aug 2018 – 31 Jul 2021):

Total project budget **£13.80m**

BCC match funding commitment totals £4.05m

Delivery Partner match funding totals £2.85m

ESF Grant £6.9m

iii) **ESF 2.2 Skills for Growth Hub** (1 Jul 2018 – 31 Jun 2021):

Total project budget **£2.32m**

BCC match funding commitment totals £0.13m

Delivery Partner Match Funding totals £1.03m

ESF Grant £1.16m

4.2.3 As full applications are progressed through the approval process with DWP, the project values, outputs and timescales could change and that this will be managed so that the City Council as the accountable body will not be left with any expenditure liabilities to match or grant funding due to reduced delivery and grant. The grant announcements will be made prior to projects start dates as set out above.

4.2.4 Each project will be closely monitored and managed so that should project values change due to match funding not being realised then delivery will be reduced accordingly. Any impact this may have on reduction in funding will be managed so that there are no expenditure liabilities left with the City Council. Performance against targets will be closely monitored to ensure early mitigation is introduced to address underperformance. On completion of the projects there will be no ongoing revenue commitments left with the City Council.

4.2.5 As a delivery partner to ESF 2.2 Skills for Growth Hub Project the GBSLEP Growth Hub has identified staff salary match and a grant payment of £0.26m to the City Council. The funding will be subject to a Grant Agreement which is in the process of being agreed as part of the full application process.

4.2.6 For each project the City Council will be the Lead Applicant and the Accountable Body and will be responsible for overall project development, management and delivery. Detailed risks in relation to each project will be included within the Full Business Case following DWP approval to full applications.

4.3 **Legal Implications**

4.3.1 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 Localities 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.

- 4.3.2 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.

4.4 Public Sector Equality Duty (see separate guidance note)

- 4.4.1 In accordance with the Public Sector Equality Duty, an initial Equality Analysis (EA002594) has been undertaken and is attached at Appendix 2.

5. **Relevant background/chronology of key events:**

- 5.1 European Structural and Investment Funds (ESIF) are administered by managing authorities, the Department for Communities and Local Government and the DWP, who released calls on 21 April and 10 August 2017 for applications to deliver employment and business support provision across the GBSLEP area. In response to the recent ESF call for projects that will support Priority Axis 1 Inclusive Labour Markets and Priority Axis 2 Skills for Growth, these projects have been developed by the various partners (detailed in Appendix 1) and applications progressed in line with relevant submission timescales and with support from the Cabinet Member for Jobs and Skills.
- 5.2 **ESF 1.1 Progression Pathways (for Adults)** has been 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. The project will 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. It will target those with no/low basic skills, people from black and minority ethnic backgrounds (BME) women, lone parents, people with disabilities and health conditions including those living in areas of high unemployment.
- 5.3 **ESF 1.2 Progression Pathways (for Young People, NEETs and RONIs)** has been developed under Investment Priority 1.2 Sustainable Integration of Young People into the Labour Market. Following the successful submission of an outline application on 5 October 2017, the Council was asked on 29 November 2017 to submit a second stage (full) application by 16 March 2018 to deliver the project across Birmingham, Solihull, Bromsgrove, Redditch and Wyre Forest. The project will support at least 9,212 Young people, aged 15-24 years old, who are Not Engaged in Education, Employment or Training (NEETs) around integration into employability related support including training and ultimately progression into sustainable jobs.
- 5.4 **ESF 2.2 Skills for Growth Hub** has been developed under Investment Priority 2.2 Improving the labour market relevance of education and training systems. Following successful submission of an outline application on 5 October 2017, the Council was asked on 23 November 2017 to submit a second stage (full) application by the 31 January 2018 to deliver a first stop point of access. Due to commence delivery in July 2018, it will provide a single point of contact providing organisational and skills diagnostic provision, signposting businesses to a range of skills provision supporting 140 small and medium sized enterprises (SMEs) to develop the skills of their workforce offering impartial advice and brokerage of appropriate solutions. This project builds on the Step Forward campaign launched in March 2017 and asks businesses to "step forward" in their commitment to support workforce development activity.

The project delivers a network of Skills Advisers from Delivery Partners such as the Further Education sector, Mental Health Trust, Unions and the Engineering Employers

Federation (EEF) to an integrated virtual Skills Hub (hub and spoke model) with a minimum of 4 Skills Advisers co-located within the GBSLEP Growth Hub to work alongside existing Growth Hub Business Advisers ensuring a collaborative approach providing SMEs with a single point of access to skills, workforce planning and broader business support services underpinned by an effective referral and signposting process into appropriate support.

Co-location of Growth Hub and Skills for Growth Hub Advisors will foster good working relationships between teams, a broader understanding of available sources of business support and skills provision and the opportunity to align project management and governance arrangements.

- 5.5 To note that if the bids are successful, each project will be the subject of a subsequent report and Full Business Case to Cabinet. These reports will set out the full details of the project, any changes to match funding, the procurement strategy and will seek approval to accept the Offer Letter and act as Accountable Body for the funding.
- 5.6 Further guidance is anticipated from the DWP (the Managing Agency) around the parameters for a potential extension of the existing Youth Promise Plus YEI funded arrangements in Birmingham and Solihull, where the client group partially overlaps with the ESF 1.2 proposal. If an extension is granted there will be an impact on ESF 1.2 both in terms of numbers of clients and match funding delivery partners. Depending on the guidance and its impact a further report will be presented to Cabinet as necessary.

6. Evaluation of alternative option(s)

- 6.1 Examine alternative options: The projects have been 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 have decided to adopt the proposed models of delivery as 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 as well as provide support to businesses to develop their workforce and increase growth and productivity.
- 6.2 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, access to employment and support to business.

7. Reasons for Decision(s):

- 7.1 To enable the three project proposals to be progressed in accordance with relevant DWP timescales.

Signatures

Date

Councillor Brett O'Reilly
Cabinet Member for Jobs and Skills

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Waheed Nazir
Corporate Director, Economy

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List of Background Documents used to compile this Report:

DWP Outline Applications:

ESF 1.1 Progression Pathways

ESF 1.2 Progression Pathways for NEETs and RONIs

ESF 2.2 Skills for Growth Hub

List of Appendices accompanying this Report (if any):

Appendix 1 Financial Summary

Appendix 2 Initial Equality Analysis

Report Version

Dated

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 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 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 (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 The Council must, in the exercise of its functions, have due regard to the need to:
 - (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 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:
 - (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 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.
- 4 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:
 - (a) tackle prejudice, and
 - (b) promote understanding.
- 5 The relevant protected characteristics are:
 - (a) marriage & civil partnership
 - (b) age
 - (c) disability
 - (d) gender reassignment
 - (e) pregnancy and maternity
 - (f) race
 - (g) religion or belief
 - (h) sex
 - (i) sexual orientation