

**BIRMINGHAM CITY COUNCIL
PUBLIC REPORT**

Report to: CABINET
Report of: Corporate Director, Economy
Date of Decision: 26 June 2018
SUBJECT: EUROPEAN SOCIAL FUND 1.1 PROGRESSION
PATHWAYS FOR ADULTS PROJECT - FULL
BUSINESS CASE

Key Decision: Yes **Relevant Forward Plan Ref:** 005097/2018
If not in the Forward Plan: Chief Executive approved
(please "X" box) O&S Chair approved
Relevant Cabinet Member(s) or Councillor Jayne Francis, Cabinet Member for
Relevant Executive Member: Education, Skills and Culture
Relevant O&S Chair: Councillor Tahir Ali, Economy and Skills
Wards affected: All

1. Purpose of report:

- 1.1 To seek approval to the Full Business Case (FBC) to develop and deliver a European Social Fund (ESF) project Progression Pathways for Adults under Priority 1.1 Access to Employment for Jobseekers and Inactive People, at a total estimated gross value of up to £3.28m (from 1 July 2018 to 31 October 2020) in line with the arrangements detailed in this report.
- 1.2 To seek approval to accept grant funding from the Department for Work and Pensions (DWP) and to act as Accountable Body for this project subject to confirmation of offer from DWP and Accountable Body obligations being acceptable to the Council.

2. Decision(s) recommended:

That Cabinet:

- 2.1 Approves the Full Business Case, attached as Appendix A to this report, at a total estimated cost of up to £3.27m, which includes the Birmingham City Council (the Council) match funding commitment of up to £1.256m, Solihull Metropolitan Borough Council (SMBC) delivery partner match funding commitment of up to £0.379m and the ESF Grant draw down of up to £1.635m. This is subject to final project values being within these estimates.
- 2.2 Authorises the Council to act as the Accountable Body in respect of the Progression Pathway for Adults project and to hold and manage ESF grant funding, subject to approval by the DWP as detailed in this report and Accountable Body obligations being acceptable to the Council.
- 2.3 Authorises the Corporate Director, Economy acting on behalf of the Council as the Accountable Body, to accept grant resources from the DWP of up to £1.64m to fund the proposed Progression Pathway for Adults project subject to confirmation of offer from DWP.
- 2.4 Delegates the approval of the procurement activity for this project to the Corporate Director, Economy with project oversight and responsibility through the Head of European

and International Affairs/Interim Head of Employment.

- 2.5 Authorises the Corporate Director, Economy to enter into grant funding arrangements with DWP and the project's delivery partner Solihull Metropolitan Borough Council in a manner compliant with EU funding regulations and the national guidance.
- 2.6 Authorises the City Solicitor to negotiate, execute and complete all relevant legal documents necessary to give effect to the project.

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3. Consultation

3.1 Internal

- 3.1.1 Since the project proposal was set out in a report outlining ESF funding opportunities on 6 March 2018 the then Cabinet Member for Jobs & Skills was briefed on the development of the project proposal and fully supported the submission for funding.
- 3.1.2 The new Cabinet Member for Education, Skills and Culture has been briefed on the project and is fully supportive.
- 3.1.3 Lead Officers from Place Directorate including Birmingham Adult Education Service, 14-19 Skills Service, Careers Service, and Youth Service have also been involved in the development of the project and have agreed the proposed delivery model.
- 3.1.4 The Corporate Director and Lead Officers from Adult Social Care & Health, People Directorate are supportive of the project and are keen to ensure connectivity within the service area and collaboration on supporting service users who may benefit from the project.
- 3.1.5 Officers in Legal and Governance, Procurement and City Finance have been involved in the preparation of this report.

3.2 External

The project has been developed with input and support from SMBC. Dialogue has taken place with Birmingham Metropolitan College and South and City College Birmingham, the Construction Industry Training Board and Auctus (rail training provider) in the development of the project and all are supportive of this project.

4. Compliance Issues:

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

- 4.1.1 The project supports the Council Plan and Budget 2018+ vision and priorities, particularly in respect of Jobs and Skills –“A great city to succeed in.” Project delivery will contribute to addressing enduring and structural issues related to unemployment and no/low skill levels and enables participation in the labour market. With the City Council as the lead applicant we will ensure that the project is 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 project is up to £3.27m. At an ESF intervention rate of 50% this

requires match funding of up to £1.635m. Details of funding are set out below:

ESF 1.1 Progression Pathways for Adults

Start date: 1 Jul 2018 **End date:** 31 Oct 2020

Total project budget up to **£3.27m**

BCC match funding commitment up to **£1.256m**

SMBC Delivery Partner match funding commitment up to **£0.379m**

ESF Grant draw down of up to **£1.635m**

It should be noted however that as the full application progresses and develops the project value and associated match funding commitment may change. The project will be closely monitored and managed by the Employment Service so that should there be any changes, delivery will be reduced accordingly to ensure that no liabilities fall to the Council.

4.2.2 All Council match funding resources (up to £1.26m) required for delivery of the project are identified from existing approved Council budgets. This includes £0.46m from Employment Service Salaries and Overheads and £0.80m from Birmingham Adult Education Service as cash match for related project activity. SMBC as the delivery partner has identified match funding contribution of up to £0.38m made up of salary and overheads. This offer has been confirmed in writing (letter dated 23 November 2017). All project funding will need to be defrayed by project end date of 31 October 2020.

Up to £2.9m of the gross value of the project will relate to direct delivery provided in-house through either the Council or its named delivery partners. Additional activity up to £954,384 will be commissioned through external providers via a procurement process compliant with the Public Contracts Regulations 2015 (PCR 2015) with up to £754,384 to commission sector specific training through the programme, and up to £200,000 allocated to deliver more innovative provision of basic skills training for those with no/low basic skills.

The FBC (Appendix A) summarises the budget by financial year with a more detailed project budget set out in Appendix I including salary and direct costs against the Council and SMBC staff and activity. Other Direct Costs include participant support related costs and are also set out within Appendix I for the Council and SMBC respectively and budget headings summarised below:

Please see Appendix I for detailed breakdown of costs		
Total Project Expenditure:		
BCC	Salary Costs	932,748
	Overheads @15%	139,914
	Other Direct Costs	1,117,089
	Totals	2,189,751
SMBC	Salary Costs*	915,298
	Overheads @15%**	137,292
	Other Direct Costs	27,067
	Totals	1,079,657
Project Totals		3,269,408
Funded By:		
BCC – Employment Service Salaries		455,930
BCC – Adult Education Reserves		800,000
SMBC - Salaries		378,774
ESF Grant		1,634,704
Totals		3,269,408
* Includes £280,086 Salary costs for 3 Staff employed by SMBC on behalf of BCC		

** Includes £42,013 Overhead costs for the 3 Staff employed by SMBC on behalf of BCC

This results in additional ESF grant to SMBC of £.161M above the 50% intervention rate and a corresponding decrease in the BCC ESF grant

4.2.3 The Council will be the Lead Applicant and the Accountable Body and this will include:

- Responsibility for overall project development, management and delivery.
- Agree a Service Level Agreement with SMBC to ensure that roles and responsibilities are clearly set out. A robust partnership framework is already in place with SMBC as a result of joint project delivery on several EU funded projects over the past years. Further detail on roles and responsibilities outlined in para 5.4.
- Ensure compliance with DWP grant conditions and seek to mitigate these through appropriate contractual agreements with the delivery partner and service providers through the Council's approved processes.
- Allocate experienced officers from within the Economy Directorate to monitor and manage the project.
- Closely monitor and manage project performance both in terms of outputs and expenditure on a monthly basis to ensure that any risk to achievability is identified and actions put in place to mitigate impact.
- Ensure all delivery arrangements are subject to monitoring and performance checks to ensure compliance and eligibility of activity.
- Undertake where appropriate project compliance visits.
- Address any issues arising around ability to deliver against required project outputs in a timely manner through appropriate dialogue and consultation with DWP to ensure that activity is scaled down as required and claw back is managed. The SLA and any contracts with commissioned providers will contain clauses to ensure that any responsibility for claw back implications can be passed on and enforced with the delivery partner and/or contractors.

There are no further on-going revenue implications as a consequence of accepting this grant funding other than the persisting risk of audit and claw back on the basis of under-performance against outputs, eligibility issues or poor document/data management.

4.2.4 A project Risk Register has been developed and will be reviewed and monitored throughout the project lifecycle and updated accordingly. All identified and potential risks will have assigned leads and a probability/impact score resulting in risk rating and respective mitigation actions identified to enable effective risk management. The Council has extensive experience of managing European projects and resources. In addition to successful delivery as the Lead Accountable Body for ESF Innovation, Trans-nationality and Mainstreaming Projects, the Council has vast experience of being a Co-Financing organisation and managing a complex network of delivery partners. The Council has experience of assisting and co-ordinating project partners to ensure that they are able to learn from the development, capacity building, compliance, eligibility, feasibility work that the Council will undertake. This level of experience and skills will enable the project to operate at minimum risk. Further details are set out within the Risk Register at Appendix H including risks specifically related to finance.

4.2.5 Procurement

The Council has a published procurements procedures manual. All procurement opportunities to be advertised through the "Find it in Birmingham" web portal in the first instance. Any contracts which exceed the relevant threshold (currently £181,302) shall be

advertised in the Official Journal of the European Union (OJEU) and be procured in accordance with PCR 2015. Further details of procurement activity is set out within Appendix E.

4.3 Legal Implications

4.3.1 The 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. Section 111 of the Local Government Act 1972 contains the 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 Equality Analysis (EA002511) screening has been carried out as part of the Full Business Case process for this project (see Appendix A).

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. On 21 April 2017 Calls were released inviting grant applications for funding to deliver employment support provision across the GBSLEP area. In response to the specific Call for projects that support Priority Axis 1, Inclusive Labour Markets, the following project was developed in partnership with SMBC and with support from the then Cabinet Member for Jobs and Skills.

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.

5.2 This project is being progressed following approval to proceed with projects presented within the report to 6 March 2018 meeting entitled *External European Social Fund (ESF) Full Applications*. The full project application has been appraised at the recent ESIF Committee held on 17 April 2018 and received committee approval to progress. We are awaiting formal communication from DWP in this respect and this report is being taken to June Cabinet to allow for a rapid start once DWP funding approval has been received with scope for retrospective spend from the contract start date of 1 July 2018.

5.3 In line with the Call requirements and available resource the project aims 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/or 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 across Birmingham and Solihull. Further information on outputs and results is set out in Appendix G.

5.4 In relation to project management and delivery, roles and responsibilities within the project are set out below:

The Council will:

- act as the Accountable Body
- be the lead partner
- be responsible for Project Management, delivery and oversight
- be responsible for commissioning project related activity
- lead the project team
- deliver support to Birmingham residents
- shape provision for Birmingham residents.

SMBC will:

- be the project's delivery partner
- deliver support to Solihull residents
- attend and participate within the project delivery group
- shape provision for Solihull residents.

Officers from Birmingham and Solihull form the Project Delivery Team and will ensure that activity is delivered as per the project outputs and results defined through the approval process with DWP. See Appendix D for Organogram.

In addition as the Project's Delivery Partner SMBC will be delivering services to Solihull residents. The programme team will work closely with Jobcentre Plus (JCP), National Careers Service (NCS) and other community based organisations as part of the attraction campaign, promoting the project and providing referrals into the provision. Further information on the project is included within the Full Business Case (Appendix A).

- 5.5 This project will supplement and complement other employment and skills projects within the service area which have already secured, or are seeking to secure, other ESF financial support to ensure that the Council's Employment provision adequately covers the various cohorts of disadvantaged people, including young people, workless adults, people with disabilities, ethnic minority groups, homeless etc. targeting provision on wards where there is high unemployment and deprivation.

6. Evaluation of alternative option(s)

- 6.1 Examine alternative options: The project has been shaped based upon previous experience and proven track record of delivery. It is in line with requirements of the Call and the GBSLEP and has been developed with the full involvement of the delivery partner. Having looked at various options including an alternative lead partner and model of delivery for instance with local Colleges the Council and delivery partner have decided to adopt the model of delivery outlined in the FBC (Appendix A) as the most effective in delivering the required interventions. It is an integrated jobs and skills model which will bring forward a positive impact in supporting unemployed and inactive residents across the Birmingham and Solihull geography.
- 6.2 Do Nothing: If we did not develop and submit the proposal 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 work experience, apprenticeships and employment opportunities and the opportunity to widen participation amongst priority and under-represented groups.

7. Reasons for Decision(s):

- 7.1 To enable the Progression Pathways for Adults Project to be progressed and delivered on a timely and successful basis in accordance with relevant DWP timescales.

Signatures

Date

Councillor Jayne Francis
Cabinet Member for Education, Skills and Culture

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Waheed Nazir
Corporate Director, Economy

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List of Background Documents used to compile this Report:

- DWP Full Funding Application: ESF 1.1 Progression Pathways
- Cabinet Report 6 March 2018: External European Social Fund (ESF) Full Applications

List of Appendices accompanying this Report:

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| 1. Full Business Case | Appendix A |
| 2. Project Overview | Appendix A1 |
| 3. Stakeholder Analysis | Appendix B |
| 4. Timeline & Milestones | Appendix C |
| 5. Project Organogram | Appendix D |
| 6. Procurement of Contracts | Appendix E |
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