

Report of Director of Childrens' Services

Report to Executive Board

Date: 22 March 2017

Subject: European Structural and Investment Funds Programme 2014-2020: The Local Flexibility for Reducing Unemployment Programme

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

- 1.1 The Best Council Plan sets out the Council's ambition for Leeds to have a strong economy and to be a compassionate city, tackling poverty and inequalities. In 2015-16, activities contributing to these aims included supporting more than 4,800 people to make the transition from benefits into work, improving employment outcomes for individuals with complex needs and supporting 12,200 local residents to acquire new skills.
- 1.2 On 13 March 2017, the Council received notification that its joint bid with the City of Bradford Metropolitan District Council to deliver the European Structural and Investment Fund (ESIF) Local Flexibility to Reduce Unemployment Programme had been successful. The Department for Work and Pensions (DWP), as the ESIF Managing Authority, has approved in principle the award of £4.9m ESF grant to the Skills, Training and Employment Pathways (STEP) Project jointly developed by Leeds and Bradford Councils. The STEP project will have a total budget of £9.8m over 3 years with up to £2.8m available to be spent exclusively for the benefit of Leeds residents.
- 1.3 STEP will build on existing good practice to provide tailored employability support for adults aged 25 years plus and furthest from the labour market across Leeds and Bradford. STEP will offer a personalised support package to 1,500 long-term unemployed people in Leeds, helping them to improve their skills and move into sustained employment.

- 1.4 The project builds on a long standing and successful partnership between Leeds and Bradford Councils delivering key programmes under the City Deal and its successor programmes. STEP combines the authorities' detailed knowledge of the needs within their local communities and extensive experience of what works, creating the right conditions to make a significant impact across both districts.
- 1.5 The proposals set out in this report contribute to the Best Council Plan outcome for everyone in Leeds to earn enough to support themselves and their families, and specific Best Council Plan 2016-17 priorities around supporting economic growth and access to economic opportunities, supporting communities and raising aspirations, providing skills programmes and employment support and helping people adjust to welfare changes.
- 1.6 The STEP Project will contribute to the delivery of the Council's More Jobs, Better Jobs Breakthrough Project by supporting activity seeking to integrate employment and health support services to better meet the needs of residents with health barriers to return to work.

Recommendations

The Executive Board is asked:

- 1 To authorise the Council, as Delivery Partner, to work with the City of Bradford Metropolitan District Council under a Service Level Agreement, to deliver the STEP (Skills, Training and Employment Pathways) Project, part of the ESIF Local Flexibility for Reducing Unemployment Programme.
- 2 To approve a total expenditure of up to £2.8m by the Council inclusive of £1.4m maximum match funding to deliver the Leeds element of the STEP Project over the next three years to December 2019.
- 3 To delegate authorisation of contract awards and the proposed funding allocations to subcontractors to deliver this specialist provision in Leeds, to the Director of Children's Services in consultation with the Executive Member Employment, Skills and Opportunity.
- 4 To note the timescales for the implementation of these decisions, will be April 2107 as determined by the Department for Work and Pensions (DWP), acting as the ESIF Managing Authority and in accordance with the Council's Corporate Procurement Rules.
- 5 The Head of Projects and Programmes in the Employment and Skills Service will be responsible for the implementation of the STEP Project in Leeds, anticipated to commence by April 2017 and complete by December 2019.

1 Purpose of this report

- 1.1 This report seeks authorisation to commit £1.4m maximum of Council match funding to deliver the Leeds element of the STEP Project, with a total value of up to £2.8m and part funded by the European Structural and Investment Fund (ESIF), and for the Council to work in partnership with the City of Bradford Metropolitan District Council ('Bradford Council') to manage this provision.
- 1.2 Approval is also sought to delegate authorisation of contract awards and the proposed funding allocations to subcontractors to deliver this specialist provision in Leeds to the Director of Children's Services in consultation with the Executive Member, Employment, Skills and Opportunity, and following the completion of the procurement process.

2 Background information

- 2.1 The ESIF Programme will run for seven years and is designed to support a range of economic development, skills, environmental improvement and social inclusion activities. The Leeds City Region (LCR) was awarded one of the largest allocations in the country with a total value £304m.
- 2.2 The regional allocation is made up of three funds: the European Regional Development Fund (ERDF), European Social Fund (ESF) and a small allocation of European Agricultural Fund for Rural Development (EAFRD). There are ten overarching priorities or 'thematic objectives', described in the Leeds LCR ESIF Strategy.
- 2.3 A number of programmes are match-funded by government departments and agencies as part of the ESIF 'opt-in' arrangements. Other activities are funded up to 50% of the total project costs and therefore require match funding. Projects are based on larger geographical or thematic areas across the region and funded for a maximum of three calendar years.
- 2.4 The Leeds City Region ESIF Programme was launched in Spring 2015. The Executive Board received a report from the Director of Development on 16 March 2016 which summarised the Council's planned activity under ESIF either as the lead applicant or a key delivery partner.
- 2.5 Following the outcome of the EU referendum in June, HM Treasury announced a number of important assurances in relation to the future of EU funding, including the ESIF programme. The assurances included a commitment that all ESIF projects signed up to prior to point at which the UK departs the EU will be fully funded.

3 Main issues

3.1 Programme Context

- 3.1.1 Leeds is experiencing the fastest rate of private sector jobs growth of any major city in the UK and Leeds has moved into the top five UK cities in terms of the number of inward investment projects. Leeds accounts for over a third of the city region economy and an extra 81,200 jobs were forecast across the city region

between 2013 and 2020. With almost a third of all employment based in Leeds, the city is expected to attract around 34,300 of these new jobs over this period.

- 3.1.2 A key challenge for the City is to better connect local people to these jobs, in particular those furthest away from the labour market. While the number of residents actively seeking work and claiming Jobseeker Allowance has continued to fall to around 8,620 or 1.7% of the working age population in August 2016, the numbers reliant on Incapacity Benefit or Employment Support Allowance remains stubbornly high at over 32,370 or 6.4% of the working age population. Most of these individuals will have a health barrier that prevents or currently limits their ability to secure employment. Nearly 50% of this group suffer from mental ill-health, with the majority living in our most disadvantaged communities. Therefore, we need to do more than reconnecting those on the edge of the labour market, we need to provide more tailored support to overcome the multiple and complex barriers many of these residents will face in moving into work.
- 3.1.3 The DWP current national programmes to address long term unemployment will end in March 2017. DWP is currently procuring providers to deliver the successor Work and Health Programme, which is likely to commence between November 2017 and February 2018. However, the budget allocated to this programme is £130m per annum in comparison to the £920m Work Programme / Work Choice budget and is therefore likely to support lower volumes of customers nationally and locally.
- 3.1.4 The Council continues to offer a range of targeted employment support services and skills programmes to local residents with 80% of those supported into work residing in the most disadvantaged communities with the highest out-of-work benefit claimant rates. The proposed programme will enable the Council to extend its reach to and better support the longer term unemployed within these communities that experience multiple and complex barriers to securing employment through targeted specialist and intensive support. The programme will be aligned with other local and national programmes currently being procured to provide a coherent local offer and avoid duplication to make best use of resources.

3.2 Local Flexibility for Reducing Unemployment Programme

- 3.2.1 The Local Flexibility Programme under Thematic Objective 8 of the ESIF Strategy is focused on Promoting Employment. It focuses on supporting the long term unemployed aged 25 years and overcome barriers to move into sustainable employment.
- 3.2.2 Funded through the European Social Fund, this programme is a non 'opt-in' call which requires 50% eligible match funding. The DWP is the Managing Authority. Three stage 1 open calls were released on 24 May 2016, as part of a two stage appraisal process, as follows:
- Leeds and Bradford
 - Kirklees, Calderdale and Wakefield
 - Craven, Harrogate, Selby and York

3.2.3 In July 2016, Bradford Council acting as Lead Partner and Leeds City Council as a Delivery Partner submitted a joint Outline Application to the DWP. On 16 September 2016, notification was received that the local bid for the STEP Project had been successful and approval was given to progress the submission of a Full Application. This final stage application was submitted on 14 October 2016.

3.3 Contract Value

3.3.1 On 13 March 2017, notification was received that the Full Application had been approved in principle with an ESIF funding allocation of £4.9m (up to £1.4m for Leeds) to deliver the Leeds and Bradford STEP Project. This investment must be matched by an equivalent amount across both local authorities, creating a local provision with a total value of £9.8m over three years. Table 1 below provides a breakdown of the total budget for the STEP Project which includes up to £2.8m allocated to Leeds.

3.3.2 In Leeds, these funds will be used to deliver key worker support for approximately 500 long term unemployed participants per year for three years. It will also support a barriers fund to overcome obstacles that may be faced by individuals returning to work and an enhanced employment offer. The funding will also cover the costs of three full time equivalent posts including an apprentice to manage the provision in Leeds.

3.3.3 Participants from Leeds and Bradford will have access to Information, Advice and Guidance (IAG) funded by the National Careers Service and delivered by Aspire-Igen across both districts. The cost of this service has been included in the budget as an additional match funding contribution.

Table 1 - Three Year Programme Budget

District	ESIF £ Up to	Match £ Up to	Total £ Up to
Leeds	1,389,309	1,278,784 (in kind) 71,255 (match from NCS) 39,270	2,778,618
Bradford	3,556,907	3,360,132 (in kind) 97,000 (match from NCS) 99,775	7,113,814
Totals	4,946,216	4,946,216	9,892,432

3.4 Proposed Delivery Model

3.4.1 Bradford Council is the Lead Partner on the STEP Project and will enter into a contract with the DWP as the ESIF Managing Authority. Leeds City Council will be a Delivery Partner. This role includes procurement and contract management of all external sub-contractors delivering in Leeds and responsibility for a pro rata share of the outputs and results.

- 3.4.2 Legally-binding service level agreements will be in place between Bradford Council and all delivery partners including Leeds City Council. A project board will also be established chaired by a senior representative from Bradford Council and including senior representatives from all delivery partners and other key stakeholders.
- 3.4.3 The STEP Project will provide a targeted but flexible programme of activity enabling people furthest from the labour market (long term unemployed including non- claimants) to successfully compete and move into sustainable employment. All participants will receive as a minimum:-
- an initial assessment to establish level of capability, skills and aptitude to identify any specific barriers to employment
 - Information, advice and guidance
 - job/sector-specific training or support and an element of work experience if appropriate
 - mentoring support including referral to other relevant agencies
 - job search support (linking to the Council's Community Hubs/Jobshop provision where appropriate)
 - guaranteed job interviews
 - specialist support to tackle specific barriers e.g. mental health, drug or alcohol problems
 - in-work support, and
 - any additional or creative activities that help to achieve the aims of the project.
- 3.4.5 Leeds will also deliver up to 25 paid placements per year under an Enhanced Employment Offer to specific cohorts. These placements will be for six months in a supportive working environment and will target individuals who are deemed furthest away from the labour market e.g. people with mild to moderate mental ill health.
- 3.4.6 The project builds on the successful delivery model of the Devolved Youth Contract and Headstart Programmes delivered across both districts under the City Deal. Participants will be assigned a key worker who will offer flexible support and interventions, responsive to the individual's needs and inclusive of a strong mentoring approach. Key Worker support will be sub-contracted with a focus on established local organisations delivering local services in community settings including third sector partners. Procurement of the providers was completed in December 2016.

3.5 Target Groups

- 3.5.1 The STEP Project will target individuals aged 25 years and over who have been out of work for at least 12 months and face particular labour market disadvantage and need support to tackle the barriers they face to access work. Participants are not required to be claiming an out-of-work benefit. In Leeds, there will be a strong focus on helping people with mild to moderate mental ill-health, adults previously in care who still require support and are struggling to find and sustain employment and older adults aged 50 years plus.

- 3.5.2 This project will, where appropriate, provide a progression route for participants from the ESIF funded Back to Work (B2W) Programme which will be delivered by Reed in Partnership across Leeds and Bradford. This voluntary programme will prioritise participants from 16 years plus and on benefits for at least six months.
- 3.5.3 Participation in the STEP Project is voluntary and referrals will be sourced by Jobcentre Plus, subcontractors and will include self-referrals through Childrens' and Adult Services, Citizens and Communities, GPs and the network of community and third sector organisations in the city.
- 3.5.4 Over the next three years, STEP will support 4,236 unemployed people in total across Leeds and Bradford. This will include up to 1,500 individuals in Leeds who face multiple and complex barriers to work, helping to improve their employability. Of which, a minimum of 464 local residents will move into sustainable employment.

3.6 Next Steps

- 3.6.1 Bradford Council, as Lead Partner, will be required to formally enter into contract with the DWP within 30 days of the funding notification to deliver the Leeds and Bradford STEP Project. Subject to Executive Board approval, the Council will enter into a service level agreement with Bradford Council to deliver the Leeds element of this provision.
- 3.6.2 Subcontractors including third sector organisations will be appointed to deliver Key Worker services for the STEP Project across both districts. This includes those able to deliver end to end services as well specialist provision supporting those recovering from mental ill health and drug and alcohol misuse. Procurement of the providers to deliver this provision in Leeds was completed in December 2016. Subject to Executive Board approval, the Director of Children's Services will proceed to formally award contracts, as delegated decisions, to the successful subcontractors.

4 Corporate considerations

4.1 Consultation and Engagement

- 4.1.1 The Leeds City Region ESIF Strategy was subject to wide consultation across the city region during its development in 2013/14. Smaller stakeholder sounding groups continue to be used to develop programmes under each thematic objective prior to release. Leading up to the launch of calls for proposals, regional information sessions were held, generally led by the West Yorkshire Combined Authority (WYCA) and the relevant Managing Authority.
- 4.1.2 Stakeholder events held from October 2015 to February 2016 helped to identify potential delivery partners and sub-contractors and ensured responsive and locally designed provision. Events included representatives from the public, third and private sector across both Leeds and Bradford and Elected Members.

- 4.1.3 The Executive Member for Employment, Skills and Opportunity and the Executive Member for Resources and Strategy have been consulted on the proposals set out in this report in September 2016.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 The assessment of the LCR ESIF Strategy by central Government incorporated consideration of a range of equality and diversity issues. Each individual project has to address gender and diversity issues, and some projects will have specific targets for participation of priority groups including women and BAME.

- 4.2.2 The STEP Project is specifically aimed at supporting identified disadvantaged groups. An equality impact screening was completed on 23 August 2016. This assessment confirmed that due consideration has been given to all equality groups, including people with mild to moderate mental ill-health, adults 25 years plus and previously in care and older people 50 years plus, identified as local priorities for Leeds.

4.3 Council Policies and Best Council Plan

- 4.3.1 The project will contribute to the Best Council Plan outcome for everyone in Leeds to earn enough to support themselves and their families. It will contribute to the achievement of the Best Council Plan 2016/17 priorities, namely to support economic growth and access to economic opportunities, supporting communities and raising aspirations, providing skills programmes and employment support, and helping people adjust to welfare changes.

- 4.3.2 The STEP Project will also contribute to the delivery of outcomes under the More Jobs, Better Jobs Breakthrough Project by supporting activity seeking to integrate employment and health support services to better meet the needs of residents with more complex needs.

4.4 Resources and value for money

- 4.4.1 The ESIF programme is a significant source of external funding for employment support services which in this case will contribute up to 50% of the programme costs. The match funding required has been identified and included in the Employment and Skills service budget.

- 4.4.2 The STEP Project represents an additional investment of up to £1.4m over three years that would otherwise not be available to support some of the city's long term unemployed and most vulnerable residents move closer to the labour market and back into work. In the longer term this reduces reliance on and the cost of public services.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 This report is being considered on this agenda today, 22 March, as a late item. The reason for this is that it is a statutory requirement for the Executive Board agenda to be made available 5 clear working days prior to the meeting. This was adhered to and the agenda was published on 14 March. Following a competitive bidding process, the notification of the award of funding for the proposed

programme was received on 13 March 2017. It was therefore not possible to check and review the grant offer and include this report within the agenda as published. The matter cannot be deferred to the next scheduled Board meeting (19 April), for the reasons detailed in 4.5.2 below.

- 4.5.2 Notification of the award of funding was received from DWP on 13 March 2017 and it is a requirement that the funding agreement is signed within 30 days of issue. Therefore it is recommended that this decision be exempted from call-in by the Board on the basis that the decisions are urgent i.e. that any delay would seriously prejudice the Council's and the public's interests. Given the limited timescales, any invoking of the Call In process could jeopardise the Council's ability to be in a position to sign a Service Level Agreement to be the delivery partner with Bradford Council, and it in turn not be in a position to sign the Funding Agreement with DWP by the required date. As mentioned above, this decision could not have been taken earlier, given that notification of the award of funding was not received from DWP until 13 March.
- 4.5.3 This matter is a Key Decision, and was added to the List of Forthcoming Key Decisions on 16 March. For the reasons detailed above, this matter was not placed upon the List of Forthcoming Key Decisions for the required 28 day period, and as stated, cannot be deferred to the next scheduled meeting. Also, given that this report is being considered as a late item of business, and has not been published for 5 clear working days prior to this meeting, it is being submitted to the Board in line with Executive & Decision Making Procedure Rule 2.6. As required by this rule, the Chair of the relevant Scrutiny Board (Children's Services) has been notified and has confirmed her agreement that the matter is urgent and cannot reasonably be deferred.
- 4.5.4 There is no access to information or other legal implications relating to these proposals.

4.6 Risk Management

- 4.6.1 The City of Bradford Metropolitan District Council is the Lead Partner on the STEP Project, therefore the risks to the Council in meeting the complex EU funding and Managing Agent funding requirements are limited. However, there is a potential contractual and reputational risk if the Council fails to deliver under the terms of the service level agreement that will be put in place between the two authorities.
- 4.6.2 The Employment and Skills Service will lead on the delivery arrangements on behalf of the Council and has extensive experience and sufficient resources in place to successfully deliver a project of this nature. The service has rigorous and robust contract management and performance procedures in place to reduce and mitigate these risks.

5 Conclusions

- 5.1 The Council has ambitious plans to promote sustainable economic growth and improve the wellbeing of local residents which includes helping more people into work and reducing reliance on benefits. The Skills, Training and Employment Pathways Project is part funded by through the European Structural & Investment

Fund and creates an opportunity for Leeds to continue to address local priorities at a time when resources are reducing.

- 5.2 Delivered in partnership with the City of Bradford Metropolitan District Council, as the Lead Partner, this local provision with a total value of £9.8m over three years, offers tailored employability support for long term unemployed adults aged 25 years plus. Acting as a bridge into work, the STEP Project will invest up to £2.8m and support circa 1,500 individuals in Leeds to improve their skills and significantly increase their prospects of moving into sustained employment.
- 5.3 The Council's Employment and Skills Service will manage delivery in Leeds, capitalising on established networks to source local referrals, deliver outcomes and provide specialist support for participants. Where possible, STEP will be aligned with existing services and other ESIF provision including support delivered through the Council's Community Hubs and the Back to Work Programme delivered by Reed in Partnership.

6. Recommendations

6.1 The Executive Board is asked:

i) To authorise the Council, as Delivery Partner, to work with the City of Bradford Metropolitan District Council under a Service Level Agreement, to deliver the Skills, Training and Employment Pathways Project, part of the ESIF Local Flexibility for Reducing Unemployment Programme.

ii) To approve a total expenditure of up to £2.8m by the Council inclusive of £1.4m maximum match funding to deliver the Leeds element of the STEP Project over the next three years, 2017-2020.

iii) To delegate authorisation of contract awards and the proposed funding allocations to subcontractors to deliver this specialist provision in Leeds, to the Director of Children's Services in consultation with the Executive Member Employment, Skills and Opportunity.

iv) To note the timescales for the implementation of these decisions, will be April 2017, as determined by the Department for Work and Pensions acting as the ESIF Managing Authority and in accordance with the Council's Corporate Procurement Rules.

6.2 The Head of Projects and Programmes in the Employment and Skills Service will be responsible for the implementation of the STEP Project in Leeds, anticipated to commence in April 2017 and complete by December 2019.

7. Background documents¹

7.1 There are no background documents.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.