

**Report of Director of City Development**

**Report to Executive Board**

**Date: 17 April 2019**

**Subject: European Structural and Investment Funds Programme 2014-2020:  
Enhanced Local Flexibility for the Unemployed 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 checked="" type="checkbox"/> Yes	<input 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 The Best Council Plan 2019/20-2020/21, Tackling poverty and reducing inequalities, sets out the Council's ambition for Leeds to be the best city in the UK, one that is compassionate and caring with a strong economy. In 2017/18 activities contributing to these aims included supporting 5,624 residents into work, 7,200 to acquire new skills, and 5,396 young people to learn more about apprenticeships and the world of work.
- 2 In November 2018 the Department for Work and Pensions (DWP) as the Managing Authority for European Social Funding (ESF) issued the call for the Enhanced Local Flexibility for the Unemployed Programme as part of the wider ESIF 2014-2020 programme. The call was for an employability programme that supports job seekers and inactive people (those not actively seeking work), including the long-term unemployed and individuals from groups which face particular labour market disadvantage, to tackle the barriers to sustainable employment.
- 3 The Managing Authority expects to allocate approximately £27million across the Leeds City Region for this call and does not intend to allocate less than £3million of ESF funding to any single project or programme. Central to all ESIF programmes is a match funding requirement of 50% of total project costs, meaning any single project or programme is required to have a minimum £6million budget.
- 4 On 29<sup>th</sup> January 2019, the Employment and Skills Service submitted a bid to deliver an £18.25m programme to support job seekers in Leeds and Bradford with a focus

on the most disadvantaged jobseekers including: people from BAME groups; those aged over 50; and lone parents. The Council acting as the Lead Partner submitted the bid along with City of Bradford Metropolitan District Council (CBMDC) and other delivery partners. In Leeds, Blue Apple Training (BAT) will be a delivery partner and bring with them approximately £200k of match funding. Bradford Council will deliver under the same project with various delivery partners who will be managed by CBMDC. The Council has committed up to £2.78m match funding which is made up of staff time dedicated to the programme. As Lead Partner the Council will enter into a Service Level Agreement with Delivery Partners.

- 5 It is expected that the new programme will commence delivery in summer 2019 and will run for 3 years and 6 months, therefore ending around December 2022. The programme across both Leeds and Bradford is anticipated to support over 14,000 residents across Leeds and Bradford and deliver over 2,500 job outcomes.
- 6 The Council expects to be notified of the outcome of the bid in May/June 2019. If successful, the Council as Lead Partner will enter into a formal contract with DWP as the Managing Authority.
- 7 The programme will contribute to the delivery of the Best Council Plan 2019/20 priorities of Inclusive Growth and Child-Friendly City, and the calls to action in the Leeds Talent and Skills Plan and the Leeds Inclusive Growth Strategy. Targeted support will contribute to the achievement of Best Council Plan outcomes to ensure that all residents can do well at all levels of learning, have the skills they need for life and to earn enough to support themselves and their families.

## **Recommendations**

Executive Board is asked to:

- 1 Subject to a successful bid outcome, authorise and delegate to the Director of City Development the decision to enter into a formal contract with DWP as part of the Enhanced Local Flexibilities for the Unemployed Programme and enter into a Service Level Agreement (SLA) with City of Bradford Metropolitan District Council and Blue Apple Training (BAT) as programme Delivery Partners.
- 2 Approve total expenditure of up to £5.56m by the Council, inclusive of £2.78m maximum match funding to deliver the Enhanced Local Flexibilities for the Unemployed Programme over the next three years and six months, 2019-2022;
- 3 Note that the Head of Projects and Programmes in the Employment and Skills Service will be responsible for the implementation, anticipated to commence June 2019 and end December 2022.

## **1 Purpose of this report**

- 1.1 This report seeks authorisation to approve total expenditure of £5.56m and commit £2.78m maximum of Council match-funding to deliver the Enhanced Local Flexibilities for the Unemployed programme.
- 1.2 The report also seeks authorisation to act as Lead Partner and enter into a formal contract with DWP and a Service Level Agreement with City of Bradford Metropolitan District Council and Blue Apple Training.

## **2 Background information**

- 2.1 The current European Structural and Investment Fund Programme (ESIF) commenced in 2014 and is a seven year programme designed to support a range of economic development, skills, environmental improvement and social inclusion activities. The Leeds City Region was awarded one of the largest allocations in the country with a total value of £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). 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 total project costs and therefore require match funding, this includes the Enhanced Local Flexibility for the Unemployed Programme.
- 2.3 The Leeds City Region ESIF Programme was launched in spring 2015. Executive Board was presented with a report from the Director of City Development on 16 March 2016 which summarised the Council's planned activity under ESIF either as the lead applicant or a key delivery partner at that time.
- 2.4 The Employment and Skills Service leads on or contributes as a Delivery Partner on a number of programmes through this funding. These include:
  - Skills, Training and Employment Pathways (STEP) programme - launched in 2015 the Council is currently delivering this £2.8m programme (including £1.4m Council match) which is supporting 1,500 of the city's most vulnerable residents into work and or training. The programme will end in December 2019 with the last referral on to programme in June 2019.
  - Not in Education, Employment or Training (NEET) - in January 2019 the Council commenced delivery to support young people (15-24) who are either NEET or who are at risk of becoming NEET. This programme is delivered in partnership with the Council's Children's and Families Directorate and the Prince's Trust. Over 1,200 young people will be supported throughout the 3 years of delivery.
  - Routeways - Also in January 2019 a further programme commenced to establish clear links between education and business and promoting apprenticeships in schools as a positive career progression. This programme aims to increase student contact with, and understanding of, business in schools and Further Education resulting in more young people entering and staying in the labour

market. Throughout the duration of the programme it is expected that 1,700 young people will be supported during delivery.

- 2.5 The new programme will be aligned with this existing provision to create one single service offer to residents, partners and referral sources.

### **3 Main issues**

#### **3.1 Programme Context**

3.1.1 The Enhanced Local Flexibility for the Unemployed Programme falls under the ESF Investment Priority 1:1, Access to employment for jobseekers and inactive people. The programme will focus on helping those who are at a disadvantage in the labour market; helping individuals tackle barriers to work, and enter and sustain employment.

3.1.2 The Call identified the following groups as having a specific labour market disadvantage:

- BAME Communities;
- Those aged over 50 years;
- Lone parents;
- Individuals who are long term jobless, 2 years plus.

#### **3.2 The Economic Context**

3.2.1 Leeds City Region is the biggest city region economy in the country, with an annual output of £64.6bn representing 5% of the English total. It hosts 126,000 businesses, 3 million residents and an employed workforce of 1.4m. Nine Higher Education institutions and 14 Further Education Colleges are based in the City Region, which is home to a student population of around 300,000. However, despite its economic strengths and assets, the city region it is not realising its full potential. The decline of heavy industry has left a legacy of pockets of serious deprivation and an economy that is less productive than those in many other parts of the country.

3.2.2 The revised vision for the City Region is to be a globally recognised economy where good growth delivers high levels of prosperity, jobs and quality of life for everyone. This revised vision places a greater emphasis on inclusive growth, where a radical up-lift in growth, productivity and business success goes hand in hand with quality jobs that connect all people and places to opportunity and improved quality of life. Achieving the vision will mean that the economy becomes stronger, more dynamic and resilient, and will be on course to consistently improve performance compared to national averages and international competitors over time.

3.2.3 LCR faces a challenge of continuing ethnic minority disadvantage in the labour market compared to the White British majority group. There is a 20 percentage point gap between the employment rate of white people (77 per cent) and people from ethnic minorities (57 per cent). Closing the employment rate gap to match the

level for the white group would mean an additional 50,000 people from ethnic minorities in jobs across LCR.

- 3.2.4 The number of unemployed / inactive people in the over 50s group is substantial. Across LCR, there are 153,000 inactive people in the 50 – 64 age band and 13,000 unemployed and vulnerable to labour market changes.
- 3.2.5 The Council offers a range of 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. This programme will enable the Council to extend its reach and target those at most disadvantage in the local labour market. 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.

### **3.3 Contract Value**

- 3.3.1 The Council will be responsible for the programme budget which is made up of £2.78m from Leeds City Council, £2m from City of Bradford Metropolitan District Council, £200,000 from Blue Apple Training and a further £1.45m from other partners in Bradford. With associated costs and match through ESF the total contract value or spend anticipated is £18.25m. Specifically for Leeds £8.35m will be spent on support for residents.
- 3.3.2 The match funding for the programme will be realised through allocating existing and new staff from Employment and Skills service, Active Leeds, the Care Leavers service and delivery partners.

### **3.4 Enhanced Local Flexibility Proposed Delivery Model**

- 3.4.1 The programme will provide a targeted but flexible programme of activity enabling job seekers to move closer to the labour market. The programme will be managed by Employment and Skills and delivered through a cohort of up to 20 key workers based across Community Hubs; ensuring alignment with Jobshop provision. Blue Apple Training will also deliver support in Leeds and bring significant key worker expertise. CBMDC will be responsible for delivery and delivery partners in Bradford only.
- 3.4.2 The project will provide tailored one-to-one support to participants who are unemployed or inactive, with day one access (eligible to join the programme on first day of unemployment). The programme will be accessible to all who meet the eligibility criteria but there will be a specific focus on engaging certain groups that are disadvantaged in the labour market:
- people from BAME groups;
  - those aged over 50 years;
  - lone parents;
  - individuals who are long term jobless for over 2 years.
- 3.4.3 Provision will be built around the following activities:

- Personalised one to one support / key worker model to meet individual need with a minimum of weekly contact;
- Initial assessment to establish participant's level of capability, skills and aptitude and to identify any specific barriers;
- IAG and sign-posting to relevant support agencies e.g. housing, drug and alcohol support, benefits and debt advice;
- Access to training and basic skills support including ESOL;
- Raising confidence and changing mindset;
- CV support and interview techniques;
- Brokering opportunities with employers and work experience.

This list is not exhaustive and each participant will work towards achieving goals set out in an Individual Learning Plan (ILP) tailored to their strengths and abilities.

3.4.4 The programme is expected to support 6000 people across Leeds of which:

- Over 1500 residents will go in to or become actively engaged in job search
- Over 240 residents will achieve basic skills

### **3.5 Next Steps**

3.5.1 Subject to a successful outcome of the bid and Executive Board approval, the Council will enter into a formal contract with DWP to deliver the Enhanced Local Flexibilities programme and sign a service level agreement with CBMDC and Blue Apple Training as Delivery partners. CBMDC will be responsible for delivery in Bradford and management of delivery partners operating in their area only.

## **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 Implementation of the strategy is monitored by the Leeds City Region Enterprise Partnership Board, the Leeds City Region Chief Executives' and the Leaders' Board meetings. A Council cross-directorate ESIF officers' group has been engaged in the development of local programmes since 2014.

4.1.3 The Executive Member for Learning, Skills and Employment, and Executive Member for Strategy and Resources (and Executive Lead for ESIF) have been consulted on the issues in this report In March 2019.

## **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 The assessment of the Leeds City Region 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 While open to all jobseekers over the age of 18, the programme is specifically aimed at supporting groups identified as being disadvantaged in the labour market. An EDCI screening was completed and is attached at annex 1, in March 2019 and the assessment confirmed that due consideration has been given to all equality groups.

## **4.3 Council Policies and Best Council Plan**

- 4.3.1 The programme contributes directly to specific the Best Council Plan 2019/20 – 2020/21 Priorities to support Inclusive Growth, and access to economic opportunities, supporting communities and raising aspirations, by providing skills programmes and employment support. It also reflects the ambitions of the Leeds Talent and Skills Plan and the Leeds Inclusive Growth Strategy. Targeted support will contribute to the achievement of Best Council Plan outcomes to ensure that all residents can do well at all levels of learning, have the skills they need for life and to earn enough to support themselves and their families.

## **4.4 Resources and value for money**

- 4.4.1 In the current financial climate of reduced resources, the ESIF programme is a significant source of external funding which contributes 50% towards the costs of Council priority projects and programmes.
- 4.4.2 The ESF funding will bring in an additional investment pot of up to £4.17m to Leeds over three years that would otherwise not be available to support some of the city's most vulnerable residents move closer to the labour market and back into work or training.
- 4.4.3 The Council may wish to enter into contracts with providers to deliver elements of the programme in Leeds, subject to further consideration of priority groups' need for specialist services and the most effective means of delivering the project. This will be carried out through a procurement process in accordance with the Council's Corporate Procurement Rules.
- 4.4.4 If not approved then some elements of the project would still be delivered within Leeds. However the length and scope of the project and the number of Participants who could be supported and the ability to make a real impact on unemployment figures within Leeds and the wider City Region would be significantly reduced.
- 4.4.5 The Leeds City Region is under pressure to use all of their allocated funding and if not approved this would have a negative impact both on their existing ESIF funds and going forward the shared prosperity fund.

## **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 The proposals contained within this report are subject to Call In. There is no access to information or other legal implications relating to these proposals.

## **4.6 Risk Management**

- 4.6.1 The Employment and Skills Service will lead on the delivery arrangements on behalf of the Council and contract manage CBMDC and Blue Apple Training. The service 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.
- 4.6.2 On the 24 July 2018, HM Treasury announced a commitment to underwrite the UK's full allocation for structural and investment fund projects, such as funding secured through the European Regional Development Fund, until the end of 2020. This guarantee given by the Government was aimed at giving applicants continued confidence to bid for and benefit from funding whatever the outcomes of the Brexit negotiations, and ensure that UK organisations continue to benefit from funding post-Exit even in a no deal scenario.

## **5 Conclusions**

- 5.1 The Council has ambitious plans to promote and deliver inclusive economic growth, connecting local residents to opportunity and improving their health and wellbeing.
- 5.2 This project will offer tailored preventative and remedial support to residents who are disadvantaged in the labour market. Up to £8.3m will be invested to support around 6,000 people 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. The project, will be aligned with existing services and other ESIF provision including the NEET and Routeways contracts already delivered through Employment and Skills.

## **6.0 Recommendations**

Executive Board is asked to:

- 6.1 Subject to a successful bid outcome, authorise and delegate to the Director of City Development the decision to enter into a formal contract with DWP as part of the Enhanced Local Flexibilities for the Unemployed Programme and enter into a Service Level Agreement (SLA) with City of Bradford Metropolitan District Council and Blue Apple Training (BAT) as programme Delivery Partners.

- 6.2 Approve total expenditure of up to £5.56m by the Council, inclusive of £2.78m maximum match funding to deliver the Enhanced Local Flexibilities for the Unemployed Programme over the next three years and six months, 2019-2022
- 6.3 Note that the Head of Projects and Programmes in the Employment and Skills Service will be responsible for the implementation anticipated to commence June 2019 and end December 2022.

## **7. Background documents<sup>1</sup>**

- 7.1 There are no background documents.

---

<sup>1</sup> 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.