



**Report of Head of Projects and Programmes**

**Report to Chief Officer Employment and Skills**

**Date: 23 July 2019**

**Subject: European Structural and Investment Funds Programme 2014-2020: STEP  
Novation of contracts with Remploy and the Bridge Project**

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open 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: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**Summary**

**1. Main issues**

- In March 2017, the Council received notification that its joint bid with the City of Bradford Metropolitan District Council for £4.9m to deliver the European Structural and Investment Fund (ESIF) Local Flexibility to Reduce Unemployment Programme had been successful. The project is known locally across Leeds and Bradford as the Skills, Training and Employment Pathways (STEP). Bradford Council is the Lead Partner on STEP and has entered into a contract with the Department of Work and Pensions (DWP) as the ESIF Managing Authority. Leeds City Council is a Delivery Partner. The Programme is a significant source of external funding which contributes 50% towards the costs of Council priority projects and programmes.
- Delivery of STEP in Leeds is sub-contracted to six local organisations via delivery lots. Following a competitive tendering process in 2016, Remploy was awarded six delivery lots each worth £140,000 and The Bridge Project three specialist delivery **lots each worth £56,000.**
- Changes in provider capacity along with the new opportunities developed through a pilot with large employers requires that changes are made to the delivery lots. The proposed solution to minimise risk and maximise support for unemployed Leeds residents is to novate one delivery lot per provider from Remploy to Blue Apple Training and from The Bridge Project to Learning Partnerships.

## **2. Best Council Plan Implications**

- The proposals set out in this report contribute to the Best Council Plan 2019-20 priorities around supporting Inclusive Growth by helping adults learn new skills to benefit from the economy to their full potential, and tackling poverty in priority neighbourhoods.
- The delivery of the ESF programmes will also help to deliver outcomes under other Council initiatives by increasing digital inclusion; supporting the early integration of refugees; engaging vulnerable and isolated adults and skills support to those with mild to moderate mental ill-health.

## **3. Resource Implications**

- 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. The match funding has been included in the budget plans for the City Development directorates.
- The programme brings additional investment in to Leeds 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 education. The programme is payment by results and the novation of one delivery lot from Remploy to Blue Apple Training and one lot from The Bridge Project to Learning Partnerships will ensure that the Council is making best use of its opportunity to draw down maximum ESIF funding.
- These novations do not change the overall programme budget or outcome targets. This is simply a shift from one provider to another to ensure the Council is able to drawdown maximum funding and maximise support for Leeds residents.

## **4. Recommendations**

4.1 The Chief Office Employment and Skills is asked to authorise the:-

- a) Novation of two delivery lots awarded one each to Remploy (£140,000) and the Bridge Project (£56,000).
- b) Reassignment of one delivery lot to Blue Apple Training (£140,000) and one specialist delivery lot to Learning Partnerships (£56,000) under the existing STEP framework.

4.2 Note that the Head of Projects and Programmes in the Employment and Skills Service will be responsible for the implementation of the novation of lots within the existing STEP programme.

## **1. Purpose of this report**

- 1.1 This report seeks authorisation to novate one delivery lot to the maximum value of £140,000 from Remploy to Blue Apple Training and one delivery lot to the maximum value of £56,000 from The Bridge Project to Learning Partnerships on the STEP programme.

## **2. Background information**

- 2.1 The current EU 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, including the Sustainable Integration of Young People into the Labour Market Programme are funded up to 50% of the total project costs and therefore require match funding. Projects are funded for a maximum of three calendar years
- 2.3 The Leeds City Region ESIF Programme was launched in spring 2015. Executive Board was presented with 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.
- 2.4 STEP provides a targeted but flexible programme of activity enabling those furthest from the labour market (long term unemployed including non-claimants) to successfully compete and move into sustainable employment. STEP launched in May 2017 and provision will cease in December 2019. It aims to support circa 1500 long term unemployed people in Leeds.

## **3. Main issues**

- 3.1 Delivery of STEP in Leeds is sub-contracted to six local organisations via delivery lots. Delivery lots are split into two main areas, including mainstream and specialist support. Mainstream support is delivered by Remploy and Blue Apple Training. Specialist support for ESOL, mild to moderate mental ill-health and drug and alcohol dependency is delivered by Learning Partnerships, Leeds Mind and The Bridge Project respectively. PATH Yorkshire also delivers specific support with paid work placement opportunities.
- 3.2 Following a competitive tendering process in 2016, Remploy was awarded six delivery lots. Each delivery lot has a target output of 125 starts on programme and is worth £140,000. Remploy is the largest STEP provider in Leeds with a total contract value of £840,000 to provide intensive support to 750 local residents furthest from the labour market and to help 300 residents into work but as a result of internal resourcing issues is not currently on track to achieve the contracted outputs. The

Bridge Project is a specialist provider in drug and alcohol support for residents but has struggled to generate suitable referral numbers for the programme

- 3.3 All targeted employment support and skills programmes seek to prioritise support to local residents in Priority Neighbourhoods i.e. those neighbourhoods that fall within the 1% most deprived nationally on the Index of Multiple Deprivation. A specific and tailored support package to include ESOL was required to respond to the opportunity presented by a pilot programme with Leeds Teaching Hospitals Trust as part of the Leeds Anchors Network. This enabled residents from the adjacent Priority Neighbourhood of Lincoln Green to apply for and secure employment. It is planned that the successful pilot delivery model will be repeated.
- 3.4 Blue Apple Training is the second largest provider on the STEP programme and has the capacity to support a continuation of the NHS recruitment programme as well as having a pipeline of customers to maximise numbers before the end of the STEP programme. Learning Partnerships offer ESOL support and like Blue Apple Training have both the capacity and pipeline of residents to support on both STEP and the NHS pilot.
- 3.6 Both Remploy and The Bridge Project have agreed that a novation of one delivery lot each is the best course of action to achieve programme objectives. This will mean Blue Apple Training will be targeted to support an additional 125 hardest to help Leeds residents and Learning Partnerships a further 50 Leeds residents.

## **4 Corporate considerations**

### **4.6 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 has been consulted on the novation and reallocation of funds within this report in July 2019.
- 4.1.4 Following contract discussions all of the affected providers, Remploy, Blue Apple Training, Learning Partnerships and The Bridge Project, have agreed the proposed novation and re-assignment.

### **4.7 Equality and diversity / cohesion and integration**

- 4.7.1 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.

- 4.7.2 The STEP programme is specifically aimed at supporting identified disadvantaged people. An equality impact screening was completed in January 2017. This assessment confirmed that due consideration has been given to all equality groups, lone parents, those from a BAME background and those with mild to moderate mental ill-health, identified as local priorities for Leeds.
- 4.7.3 Novation and reassignment of the contract lots will support the overall programme delivery to meet contract targets as well as enabling provision to be more effectively aligned to the specific needs of target communities within Priority Neighbourhoods.

#### **4.8 Council policies and the Best Council Plan**

- 4.3.1 The proposals set out in this report contribute to the Best Council Plan 2019-20 priorities around supporting Inclusive Growth by helping adults learn new skills to benefit from the economy to their full potential, and tackling poverty in priority neighbourhoods. The delivery of the ESF programmes will also help to deliver outcomes under other Council initiatives by increasing digital inclusion; supporting the early integration of refugees; engaging vulnerable and isolated adults and skills support to those with mild to moderate mental ill-health.

#### Climate Emergency

- 4.3.2 This is the novation and reassignment of a contract under an existing programme and delivery model. There are no known adverse impacts associated with this decision.

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

- 4.3.1 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 projects and programmes. The provision of the required match funding has been accommodated within the Employment and Skills service budget.
- 4.3.2 The programme has enabled additional investment to support some of the city's most vulnerable residents move closer to the labour market and back into work or education. This is a payment by results programme and the novation of the two delivery lots will enable the Council to make best use of its resources and maximise the draw down of ESIF funding.
- 4.3.3 This novation will not change the overall programme budget or outcome targets. This is simply a shift from one provider to another to ensure the Council is able to drawdown maximum funding and maximise support for Leeds residents.

#### **4.4 Legal implications, access to information, and call-in**

- 4.4.1 The proposals contained within this report are not subject to Call In. There is no access to information or other legal implications relating to these proposals. Legal and PPU have been engaged and confirmed the proposed novation is a significant operational decision due to the value of the reassignments of £140,000 and £56,000 individually and £196,000 in total.

4.4.2 Contract Procedure Rule 21.11 allows for the novation and re-assignment of the lot(s) and is within the delegated authority of the Chief Officer Employment and Skills to make following the Executive Board Decision on 27 March 2017.

## **4.5 Risk management**

4.5.1 The City of Bradford Metropolitan District Council is the lead partner and is under contract with DWP. Leeds Council is a delivery partner and responsible for 38% of the programme outputs. There are significant reputational risks to the Council if Leeds fails to deliver on its share of the contract, which will impact the performance of the Leeds and Bradford STEP programme as a whole.

4.5.2 The ESIF programme is a significant source of external funding which contributes 50% towards the costs of priority projects and programmes. Under a payment by results programme, underperformance will mean that city is not able to maximise its funding allocation and the opportunity to support some of the city's most vulnerable residents into work, training or education.

4.5.3 The current ESIF is a seven year programme designed to support a range of economic development, skills, environmental improvement and social inclusion activities. Further funding Calls are expected imminently and failing to deliver on contractual obligations under STEP could potentially put at risk any future funding applications.

## **5 Conclusions**

5.1 Delivery of STEP in Leeds is sub-contracted to six local organisations via delivery lots. Following a competitive tendering process in 2016, Remploy was awarded six delivery lots each worth £140,000 and The Bridge Project three specialist delivery lots each worth £56,000.

5.2 The resourcing issues and the lower than anticipated programme referrals alongside the new opportunities piloted with a large local employer provides the opportunity to reassign lots to better meet local needs and to ensure the overall programme delivers to the contract target.

5.3 Both Blue Apple and Learning Partnerships have the capacity and required specialism to increase the number of people they are able to support on programme. Therefore the recommended approach to minimise risk and maximise support for unemployed Leeds residents is to novate one delivery lot per provider from Remploy to Blue Apple Training and from The Bridge Project to Learning Partnerships, who have advised that they are able to pick up additional capacity.

## **6. Recommendations**

6.1 The Chief Officer Employment and Skills is asked to authorise the :

- Novation of two delivery lots awarded one each to Remploy (£140,000) and the Bridge Project (£56,000)
- Reassignment of one delivery lot to Blue Apple Training (£140,000) and one specialist delivery lot to Learning Partnerships (£56,000) under the existing STEP framework

6.2 Note that the Head of Projects and Programmes in the Employment and Skills Service will be responsible for the implementation of the novation of lots within the existing STEP programme.

**7. Background documents**

7.1 No background documents