



Report of Director of City Development

Report to Executive Board

Date: 16 December 2020

**Subject: European Structural and Investment Funds Programme 2014-2020:
Enhanced Local Flexibility for the Unemployed Programme**

Are specific electoral wards affected?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If yes, name(s) of ward(s):	
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 checked="" type="checkbox"/> Yes <input 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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, access to information procedure rule number:	
Appendix number:	

Summary

1. Main issues

- In November 2019 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 Round 3 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
- On 29th May 2020, the Employment and Skills Service submitted a bid to deliver a programme to support job seekers in Leeds with a focus on the most disadvantaged jobseekers including: people from BAME groups; those aged over 50; and lone parents. The Council has committed up to £3m match funding which is made up of staff time dedicated to the programme.
- It is expected that, if successful, the new programme will commence delivery in January 2021 and will run for 3 years, therefore ending in December 2023. The programme is anticipated to support over 4,000 residents across Leeds and deliver over 2,500 job outcomes.
- The Council expects to be notified of the outcome in December 2020. If successful, the Council will then have 30 days to enter into a formal contract with DWP as the Managing Authority.

2. Best Council Plan implications (see the [latest version of the Best Council Plan](#))

- 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 2019/20 activities contributing to these aims included supporting 5,414 residents into work and 6,921 to acquire new skills.
- The programme will contribute to the delivery of the Best Council priorities of Inclusive Growth and Health and Wellbeing, 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.

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 ESF funding will bring in an additional investment pot to Leeds that would otherwise not be available to support some of the city's most vulnerable resident's move closer to the labour market and back into work or training.
- All staffing with the exception of two admin posts will be existing LCC staff and therefore there will be limited actual spend accrued as new.

Recommendations

Executive Board is asked to:

- a) Subject to a successful bid outcome, authorise and delegate Director of City Development to enter into a formal contract with DWP as part of the Enhanced Local Flexibilities for the Unemployed Programme.
- b) Approve total expenditure of up to £6m by the Council, inclusive of £3m maximum match funding to deliver the Enhanced Local Flexibilities for the Unemployed Programme over the next three years, 2021-2023.
- c) Exempt this decision from call in due to the reasons outlined in 4.5.1.
- d) Note that the Head of Employment and Skills will be responsible for the implementation, anticipated to commence January 2021 and end December 2023.

1. Purpose of this report

- 1.1 This report seeks authorisation to enter into a formal contract with DWP as part of the Enhanced Local Flexibilities for the Unemployed Programme
- 1.2 This report also seeks authorisation to approve total expenditure of £6m and commit £3m maximum of Council match-funding to deliver the Enhanced Local Flexibilities for the Unemployed programme.

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 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.
- 2.3 There has been a series of Executive Board reports providing detailed updates on the COVID-19 crisis and its impact in Leeds since lockdown first happened in March 2020. Included in these has been an overview of what action has been taken in relation to business and the economy for the city.
- 2.4 Leeds entered lockdown from a period of strength, but like all cities it has been hit hard by the crisis. COVID-19 has had an unprecedented impact on the economy locally, nationally and internationally. On 11th August 2020 it was confirmed that the UK economy had entered an official recession for the first time in 11 years, suffering its biggest slump on record between April and June 2020, with GDP shrinking 19.8% compared with the first three months of the year, as well as the Service sector declining by 20% and production down 17%. Forecasts predict it may take between 2021 and 2024 to return to pre-crisis levels.
- 2.5 For October the provisional figures for the total number of people claiming Universal Credit in Leeds local authority area is 70,127. This includes all Universal Credit claimants whether they are in employment or not in employment. This is an increase of 98% since March 2020 and an increase of 1,135 claimants on the previous month.
- 2.6 The latest figures for the number of people claiming Universal Credit in Leeds that were unemployed in September 2020 is 42,884, an increase of 81% since March 2020. It is likely that this number will be significantly higher as the impact of the end of the Job Retention Scheme in October (now extended to March 2021) and the new national restrictions impact on business further.
- 2.7 While Universal Credit claims have doubled across all wards, we are seeing rising inequalities – lower earners are three times as likely to have lost their job or been furloughed as high earners and are more than twice as likely to do jobs exposing them to health risks. 15% of workers in sectors which have shut down because of the coronavirus are from a BAME background, compared to 12% of all workers. 57% are women, compared to a workforce average of 48%, and over 50% are under 35 years old.

2.8 We know that in Leeds we are seeing three broad areas of the workforce requiring different levels of support: the newly unemployed; the new entrants to the labour market (typically school, college and university leavers); and the long-term unemployed or those not in education, employment or training.

2.9 We need to continue to work towards creating more secure, well-paid jobs that are less vulnerable to changes in the labour market. Much of this work is already underway through our well established Employment Hub Programme.

2.10 The Employment and Skills Service, through our Employment Hub leads on or contributes as a Delivery Partner on a number of programmes through ESF funding. These include:

- 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.
- Enhanced Local Flexibility for the Unemployed Programme Round 2 (Employment Hub). In July 2019 the Council commenced delivery to support Leeds residents aged 18+ who are unemployed or inactive including the long-term unemployed and individuals from groups which face particular labour market disadvantage, to tackle the barriers to sustainable employment. The programme is anticipated to support over 14,000 residents across Leeds and Bradford and deliver over 2,500 job outcomes.

2.11 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 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.

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

- people from ethnic minorities;
- those aged over 50 years;
- lone parents;
- those with a disability and/or a health condition;
- individuals who are long term jobless for over 2 years;
- Individuals inactive in the economy.

3.3 Leeds City Region is the biggest city region economy in the country, with an annual output of £69.6bn representing 5% of the English total. It hosts 126,000 businesses, 3

million residents and a 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 230,000.

3.4 As a city, Leeds is Britain's second busiest for legal work and the third for financial services. Our Digital sector is growing faster than anywhere in the UK and now employs 30,000 people, an increase of 67% since 2015 and has been particularly resilient. Leeds has a strong knowledge-rich employment base linked to the city's universities and teaching hospitals which are major innovation assets and the city performs well in terms of business start-ups, with strong growth in medical technologies, telecoms and creative industries. Boosting productivity remains a challenge and although the city produces many highly skilled jobs, employment and output growth has seen a rise in 'lower productivity' sectors such as consumer-services and this continues to impact on growth and productivity. There are significant opportunities in emerging Green sectors. Recent modelling from the Local Government Association shows Leeds will become a hotspot for new green jobs, generating the highest estimated number of jobs in the low-carbon and renewable energy sector of all the English Core Cities, with the city expected to see almost 34,000 jobs by 2050.

3.5 There has been a series of Executive Board reports providing detailed updates on the COVID-19 crisis and its impact in Leeds since nationwide restrictions were first introduced in March 2020. Included in these has been an overview of what action has been taken in relation to business and the economy for the city.

3.6 The Leeds Economic Recovery Framework was published in October, this sets out our approach to recovery, centred on the need to:

- Respond. Where required, continue to take immediate actions to support businesses, workers and the economy as we have done since lockdown in March 2020.
- Reset and Renew. Ensure we understand the challenges and opportunities that we face in recovery and that we have a clear focus and direction on the projects and partnerships that will address them.
- Build Resilience. Maintain a long term view of our aspirations to deliver inclusive growth, address the climate emergency and be the best city for health and wellbeing. Ensure that our decisions lead us towards these goals.

3.7 Since March we have been working with DWP and partners to increase capacity across our programmes, adapting and expanding our training and reskilling programmes to reflect the changes to labour market, pivoting to where new jobs will be created. Since March we have helped over 2000 people into employment, with around 1700 currently being supported but there is still much more work to be done.

3.8 Our existing employment support services and skills programmes have been adapted to ensure we can continue to support 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 new proposed programme will enable the Council to extend its reach even further 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.

3.9 The match funding for the programme will be realised through allocating existing staff from Employment and Skills and Citizens and Communities (Job shops).

3.10 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 in Community Hubs and will see Jobshop staff transition in to caseload delivery for 50% of their time.

3.11 The programme is expected to support over 4000 people across Leeds of which:

- Over 1000 residents will go in to or become actively engaged in job search;
- Over 160 residents will achieve basic skills.

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 Deputy Leader/Executive Member for Resources have been consulted on the issues in this report.

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 November 2020 and the assessment confirmed that due consideration has been given to all equality groups.

4.3 Council policies and the Best Council Plan

4.3.1 The programme contributes directly to specific the Best Council Plan priority 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.

Climate Emergency

- 4.3.2 A key part of the Best Council Plan priority on ‘Sustainable Infrastructure’ is how we tackle the risks of climate change. Following the council’s declaration of a climate emergency in March 2019, due consideration has been given to the climate impact. The delivery of this programme will have no adverse impact on the climate.

4.4 Resources, procurement 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 to Leeds over three years that would otherwise not be available to support some of the city’s most vulnerable resident’s move closer to the labour market and back into work or training.

4.5 Legal implications, access to information, and call-in

- 4.5.1 There is no access to information or other legal implications relating to these proposals. The proposals contained within this report are normally subject to Call In. However, we are requesting that Executive Board agree to exempt this decision from call in as the timescales set by DWP/ESIF mean that if successful, we will need to commence delivery of the programme on 1 January 2020, three days before the call in period would expire. Therefore, if the decision was not exempt from call in we would not be able to meet contractual requirements for the funding.
- 4.5.2 The appraisal, by DWP, of our bid was not time bound and we did not receive confirmation that it was agreed in principle until the 16th November. We are subject to final sign off through ESIF sub-committee at any time, to which we would receive limited notification to sign the contract with DWP.

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 the programme. 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 beyond the current transition arrangements.

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 £4m will be invested to support around 4,000 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 Employment Hub, NEET and Routeways contracts already delivered through Employment and Skills.

6 Recommendations

6.1 Executive Board is asked to:

- a) Subject to a successful bid outcome, authorise and delegate Director of City Development to enter into a formal contract with DWP as part of the Enhanced Local Flexibilities for the Unemployed Programme.
- b) Approve total expenditure of up to £6m by the Council, inclusive of £3m maximum match funding to deliver the Enhanced Local Flexibilities for the Unemployed Programme over the next three years, 2021-2023.
- c) Exempt this decision from call in due to the reasons outlined in 4.5.1.
- d) Note that the Head of Employment and Skills will be responsible for the implementation, anticipated to commence January 2021 and end December 2023.

7 Background documents¹

7.1 None.

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.