

**Report to:** Leader of the Council      **Date of Report:** 5 October 2015  
**Date of Decision:** 12 October 2015  
Cabinet      **Date of Meeting:** 5 November 2015

**Subject:** European Funding Applications

**Report of:** Head of Inward Investment and Employment

**Wards Affected:** All

**Is this a Key Decision** No

**Is it included in the Forward Plan** No

**Exempt/Confidential:** No

### **Purpose/Summary**

To seek authorisation from the Leader of the Council for the submission of full and final funding applications for two project proposals to the European Structural and Investment Fund for Liverpool City Region.

This replaces the Cabinet decision of 3 September 2015 for approval of full and final applications to be delegated to the Cabinet Member – Regeneration and Skills.

The reason is that the complexity of bid preparation by city region consortia of local authorities has delayed the completion of the applications, to the point where delegation would result in funding deadlines being missed. A Leader's decision places the applications back on track.

At application stage the Council is not entering into any financial commitments towards these projects.

### **Recommendations**

#### **Leader of the Council**

- (i) That the Leader of the Council approves two full and final applications, as set out in this report, for submission to the Department for Communities and Local Government for:
  - a) Integrated Business Support (ERDF)
  - b) Ways to Work (ESF)
- (ii) It be noted that the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Regeneration and Environmental Services) had given their consent under Rule 46 of the Overview and Scrutiny Procedure Rules for this decision to be treated as urgent and not subject to "call in" on the basis that

it cannot be reasonably deferred because the deadline for submission of full applications precludes any other form of decision.

**Cabinet**

That the report be noted.

**How does the decision contribute to the Council’s Corporate Objectives?**

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Jobs and Prosperity	√		
3	Environmental Sustainability		√	
4	Health and Well-Being		√	
5	Children and Young People		√	
6	Creating Safe Communities		√	
7	Creating Inclusive Communities		√	
8	Improving the Quality of Council Services and Strengthening Local Democracy	√		

**Reasons for the Recommendations:**

To provide additional resources in line with the Cabinet’s economic priorities to positively impact on the prosperity of Sefton and support for the most vulnerable (NEET, young unemployed, long-term workless).

**What will it cost and how will it be financed?**

The financial implications for the Council are fully described in the report to 3 September Cabinet. The total match funding requirement for the Council is £3.98 million in the period to 2019. This expenditure is contained partly within approved revenue budgets for 2015-17, plus a forecast of potential match for 2017-19. The match funding forecasts will be constantly monitored and updated, and corrective action taken to substitute any shortfall.

**Implications:**

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

<b>Legal</b>	None
<b>Human Resources</b>	None
<b>Equality</b>	
The Equality Implications have been identified and mitigated	

**Impact on Service Delivery:**

If approved, the funding applications will contribute to the costs of service delivery by the Council. However, under EU rules, European funding must be additional to activity paid from mainstream public expenditure and not substitute for it.

**What consultations have taken place on the proposals and when?**

Refer to 3 September Cabinet:

The Chief Finance Officer has been consulted and comments that although £3.98 million has been identified as match funding within revenue budgets in 2015-17 there is a risk concerning potential match funding in future years 2017-19. There is also the concern over future budget savings that the Council may have to find 2017-18 onwards. There is a small potential future risk that if Britain came out of Europe as part of the planned Referendum of Europe in 2017 it may impact on European grants in the future (FD 3729/15).

The Head of Regulation and Compliance has been consulted and any comments have been incorporated into the report. (LD 3012/15)

**Are there any other options available for consideration?**

There are currently no other funding options available for this work. Not to fund this project would severely reduce the Council’s ability to support new business growth and attract inward investment in line with its economy priorities and objectives.

**Implementation Date for the Decision**

With immediate effect.

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## **Background**

1. Cabinet on 3 September 2015 resolved that
  - (1) The progress towards the submission of full applications for Ways to Work, Integrated Business Support, and FIT for the Future projects be noted;
  - (2) The Cabinet Member for Regeneration and Skills be granted authority to approve the full and final applications by the specified deadlines after taking advice of the Chief Financial Officer and Head of Regulation and Compliance as necessary prior to submission;
  - (3) It be noted that if the FIT for the Future application was successful, then Sefton Council would be deemed to be accountable body for the project.
2. The delegated decision was to be made by 30 September. Due to the complexity of co-ordinating consortia bids by all city region local authorities, preparation of full and final applications has taken longer than expected.
3. Delegation to the Cabinet Member – Regeneration and Skills would now result in an additional cycle of decision-making and missing the deadlines for submission (final due date is 2 October 2015).
4. Therefore to put the applications back on track, it is proposed that approval of full and final applications is referred to the Leader, and that the Leader makes an immediate decision and call-in is rescinded, so that deadlines can be met.
5. Cabinet Member – Regeneration and Skills has been consulted throughout and received briefings on the two applications – see below. The applications have her full support.
6. It should be noted that partners are not proceeding with the FIT for the Future application due to feedback received during the appraisal process, therefore recommendation (3) above lapses.

## **Application 1 – Ways to Work**

7. Following the ESIF tendering process earlier in 2015, a call was launched by Department for Work and Pensions under Priority Axis 1 to identify suitable organisations capable of operating a range of services to assist workless people enter sustainable employment.
8. An outline submission was compiled between the Combined Authority's constituent Local Authorities and Merseytravel to respond to this call and was submitted in May 2015. Upon assessment of all the outline applications, DWP invited the LCR Combined Authority to submit a full application for the Ways to Work project. The deadline for submission of the full bids is 2 October 2015.
9. The grant will enable Sefton Council to continue the provision of services to workless residents through Sefton@work and offer a range of innovative

interventions to tackle long standing worklessness among groups affected by poor health and deprivation.

### Proposed Scale of Ways to Work

10. The ESIF tender call was for a total of £50.8 million grant available between January 2016 and December 2018. This included an allocation for Liverpool City Region of an additional EU grant called Youth Employment Initiative, which needs to be defrayed before end July 2018. The following table indicates the scale of the total bid and the partner's proposed share of the funding. The funding being sought is dependent upon each partner identifying 40% investment of match funding, which accounts for the allocations being based on available finance rather than on deprivation levels.

<b>Partner</b>	<b>Area totals (£ match and grant)</b>	<b>% share</b>
Liverpool	12,099,850	28.2%
St Helens	4,871,531	11.3%
Wirral	6,570,938	15.3%
Halton	3,273,686	7.6%
<b>Sefton</b>	<b>6,173,124</b>	<b>14.4%</b>
Knowsley	9,585,580	22.3%
Merseytravel	300,000	0.7%
<b>Total</b>	<b>42,874,709</b>	<b>100%</b>

### Impacts in Sefton

11. In response to the ESIF tender call, the Ways to Work project will consist of two parts:

(a) Support for young people aged between 16 and 29 ( using YEI)

The young person's programme will allow the expansion of the Youth Employment Gateway to broaden its eligibility beyond the current groups, as it is restricted at present to those aged between 18 and 24 who are claiming either Jobseekers Allowance or Universal credit benefits. Given that our local intelligence indicates that many young Sefton residents who want to work fall outside these categories, this expansion will be extremely beneficial for a broader range of Sefton residents. The grant funding will allow us to secure our staffing within Sefton@work to undertake realistic caseloads of young people with a wide range of backgrounds including care leavers, young people from Troubled Families and those who are NEET. All ESF activity with benefit claimants will need to be based upon partnership and collaborations with JobcentrePlus so as to ensure benefit conditionality is met and sanctions avoided.

In addition, we have agreed with our LCR partners that we will offer Gateway paid employment opportunities to those young people who need to evidence work history to future employers. These Gateway opportunities will have similar characteristics to previous programmes such as Future Jobs Fund, where we

will work with employers who are willing to offer young participants a work opportunity within their organisation for a period of at least six months for an average of 30 hours per week. Suitable employers will be sought via an open call and state aid declarations will be used in line with ESR regulations.

#### (b) Support for workless adults aged over 18

This programme will focus on people who have been out of work for longer periods of time, who have few or no skills and who have complex barriers to re-engagement including poor physical or mental health.

The funding will allow us to broaden and expand upon some of the small scale neighbourhood project work we have conducted over the past few years with Troubled Families and within the Linacre Bridge area. We will work alongside the newly commissioned Integrated Wellness Service in Sefton in order to conduct this work and with our internal colleagues within Active Sefton to carry out a range of interventions to improve employability and facilitate re-entry to the labour market. In addition to the provision of qualified caseworkers we will make use of a range of flexible budgets to negotiate with training providers, other agencies and potential employers to deliver work trials, placements, employer-led routeways etc. to prepare participants to enter sustainable and rewarding work. Central to this project will be an emphasis on digital inclusion and compliance with DWP claimant commitments signed by the participants.

### **Outcomes**

12. We forecast that if the application is successful we will be able to deliver the following outcomes in Sefton:
  - more than 1,000 Sefton residents to enter and sustain employment
  - more than 350 young people accessing a Personalised Employability Budget
  - More than 3,000 residents attached to a qualified adviser to improve their employability
  - More than 2,000 residents receiving a customised employability action plan
  - More than 100 employers engaged in supporting the project through placements, vacancies, guaranteed job interviews.

### **Match funding**

13. Each partner has identified a sum of match funding that they are prepared to invest into the joint Ways to Work project. In Sefton's case, this has been particularly challenging since there are no ongoing budgets for employment support. In light of this, a combined match funding sum has been identified which is composed of activity related to statutory provision of Information, Advice and Guidance for young people, departmental reserves from successful projects and external contracts and staffing costs attached to relevant posts.
14. A joint decision has been taken to omit the sum of money attached to the provision of Personalised Budgets for the Youth Employment Gateway (approximately £1.5m) from the match funding pot. This followed advice that the use of personalised budgets in the manner envisaged for Youth Employment

Gateway participants may be incompatible with ESF procurement rules and has therefore been omitted from the wider bid.

### **European Funding Track Record**

15. Since the inception of Sefton@work in 2004, Sefton Council has operated European Social fund projects and European Regional Development fund projects in order to maximise the assistance available to local workless residents. We therefore have an extremely strong track record in EU funding compliance and there is a high level of confidence that funding applied for under Ways to Work will be managed with probity and efficiency.
16. However, following changes to the ESIF process and we will no longer be able to access ERDF funding to support the full breadth of employer-facing activity we have accessed in the past. This will inevitably require some readjustment of job roles and capacity within Sefton@work

### **Application 2 – Integrated Business Support**

#### **Background**

17. A total of £32m ERDF has been allocated under the Liverpool City Region's Business Economy portfolio. The portfolio has four key strands:
  - Improve Enterprise culture
  - More New businesses
  - Business Survival and growth
  - Workforce development
18. Two specific business support calls for the LCR were issued on 27 April under Priority Axis 3 for providing support to small and medium size enterprises (SMEs) and promoting entrepreneurship. The priority axis aims to support the Government's commitment to support SMEs and in doing so strengthen the pipeline of high growth business across England.
19. The two calls are for specific investment priorities:
  - (i) Investment priority 3a – *Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators. Specific objective: Increase entrepreneurship, particularly in areas with low levels of enterprise activity and amongst under-represented groups*
  - (ii) Investment priority 3c – *Supporting the creation and the extension of advanced capacities for products, services and development. Specific objective: Increase the growth capacity of SMEs*
20. Each priority measure has been allocated £6m over three years (Nov 2015 – Oct 2018) and a maximum grant intervention rate of up to 50%. The calls were issued earlier than expected but the key driver behind this decision is to allow

some continuity following the end of existing ERDF business support provision on 31 October 2015.

21. Sefton officers reviewed the Calls and identified where there is a good fit with Sefton's strategic priorities, and where the proposed activities are feasible, deliverable and affordable.

### **Project overview**

22. A partnership delivered by LCR LEP, Local Authorities & Chambers of Commerce to SMEs in the city region, providing integrated & co-ordinated business brokerage & support through a central Growth Hub supported by six access points in each LA area.
23. The project provides a bridge between start-up and more bespoke, intensive or specialist support typically provided by the private sector. It complements two related ERDF applications for The Women's Organisation (start-ups) and the Local Enterprise Partnership (New Markets).
24. In practice, six LCR Growth Hub access points, via the LEP Central Hub, will provide SMEs with:
  - Business Diagnostic
  - An Action Plan for Growth
  - Dedicated Growth Adviser
  - Informed brokerage into specialist/commercial business support
  - More intensive support (where appropriate) for people management, processes & resources
  - Face to Face support at SME premises
  - Demand led SME networks events, workshops, website(s), newsletters
25. The Sefton Growth Hub is based on the existing InvestSefton team, working closely with the Liverpool & Seton Chamber of Commerce & Industry. It will offer
  - A clear local entry and access point, in a partnership with the LCR Growth Hub, for business support and engagement
  - A dedicated Adviser with whom the business can build a long term relationship based upon mutual trust and consistency of support
  - Face to face support at SME premises
  - Demand led SME network events, workshops, website and newsletters
  - Equip participating SMEs with an Action Plan for Growth, a structured, managed referral service to other business support providers and, where appropriate, intensive targeted support

### **Outcomes**

26. Integrated Business Support is a £5.870m project for the Liverpool City Region. It requests ERDF of £2.9m, that will
  - assist 891 SMEs
  - provide 892 diagnostics and
  - create 607 job opportunities.



27. We forecast that if the application is successful we will be able to deliver the following outcomes in Sefton:
- At least 218 “12 hour assists” to small businesses
  - At least 85 jobs created.

### **Match funding**

28. Each partner has identified a sum of match funding that they are prepared to invest into the joint Integrated Business Support project. In Sefton’s case, this has been particularly challenging since there are no ongoing budgets for business support. In light of this, a combined match funding sum has been identified which is composed of activity related to contracts, grants and reserves, and related activity across the service which can attract ERDF.