

Report to:	Cabinet	Date of Meeting:	10 March 2016
Subject:	Liverpool City Region Combined Authority Ways to Work ESF Project Grant approval	Wards Affected:	(All Wards);
Report of:	Head of Inward Investment and Employment		
Is this a Key Decision?	Yes	Is it included in the Forward Plan?	Yes
Exempt/Confidential	No		

Purpose/Summary

To advise members of progress of the Liverpool City Region Combined Authority Ways to Work ESF bid submission and to seek delegated authority to accept the ESF & YEI (Youth Employment Initiative) grant offer for delivery in Sefton.

Recommendation(s)

- (1) To note the in-principle approval received for the Combined Authority 'Ways to Work' ESF programme; and
- (2) To delegate acceptance of the ESF grant offer for delivery in Sefton to Cabinet Member – Regeneration & Skills in line with the advice received from the Chief Finance Officer and Head of Regulation and Compliance prior to bid submission.

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		x	
2	Jobs and Prosperity	x		
3	Environmental Sustainability		x	
4	Health and Well-Being	X		
5	Children and Young People	X		
6	Creating Safe Communities		x	
7	Creating Inclusive Communities		x	
8	Improving the Quality of Council Services and Strengthening Local Democracy		X	

Reasons for the Recommendation:

To accept the offer of an ESF grant award of £2,742,123 and Youth Employment Initiative award of £1,062,919 for Sefton. This is part of the wider Combined Authority bid which totals £19,123,473 ESF and £10,416,183 YEI for the City Region Combined Authority partners.

Alternative Options Considered and Rejected:

Not to apply for EU funding would be to forego the benefits (financial, social and economic) associated with external funding. EU funding will provide an essential component of the future funding of key elements of the Council's Investment and Employment Service from 2016 onwards, and will support the delivery of key objectives for prosperity and jobs. The opportunity to attract Youth Employment Initiative funding (YEI) in addition to European Social Fund offers a particularly desirable level of grant intervention rate. It is considered that this would provide the only possible method of securing this level of investment to improving the life chances of vulnerable young people the Council could pursue over the next three years.

What will it cost and how will it be financed?

(A) Revenue Costs

The project has a value of £42,707,136 across the Liverpool City Region of which £29,539,656 is grant. The remainder of £13,167,479 is financed from partner match. The total share allocated to Sefton (including match) is £6,173,124, consisting of £2,742,123 ESF, £1,062,919 YEI and £2,368,082 match.

The identification of the match funding has been undertaken with extreme rigour and this has resulted in a match funding package which can maximise the Council's investment in ESF eligible activity and enable it to draw down additional European funding to expand and consolidate the programme of employability support it currently supports. Eligible activity includes provision of information, advice and guidance for young people such as the Youth Employment Gateway and a range of Sefton@work operations targeted at adults.

In principle approval has been received from the Department of Work and Pensions (DWP) to deliver the project and Sefton will receive a back to back agreement from the Combined Authority which is the accountable body for funding and governance arrangements. The total match funding requirement for the Council is £2,368,082 for the period to 2018. This expenditure is contained partly within approved revenue budgets for 2016-17, plus a forecast of potential match for 2017-18 arising from existing Council commitments deemed eligible to attract ESF grant. The match funding forecasts will be constantly monitored and updated, and corrective action taken to substitute any shortfall. However, the particular benefit for Sefton of operating this scheme within the LCR Combined Authority arrangement is that there is scope for much greater flexibility in terms of the security of match funding across the 6 partners than previous ESf funding rounds where the Council applied for funds on standalone projects.

(B) Capital Costs

N/a

Implications:

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

Financial A risk assessment and associated mitigation measures were noted by Cabinet on 3 September 2015
Legal Specialist advice is being obtained by the LCR Combined Authority as regards EU funding issues including State Aids, procurement, eligibility of costs, and the accountable body role of the Combined Authority. This advice will be incorporated in delivery arrangements.
Human Resources N/A
Equality 1. No Equality Implication <input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated <input type="checkbox"/>
3. Equality Implication identified and risk remains <input type="checkbox"/>

Impact of the Proposals 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. Sefton has a well-established track record of using European Social Fund in a manner that is in line with these regulations and fully meets audit and inspection requirements

What consultations have taken place on the proposals and when?

The Chief Finance Officer has been consulted and comments that although £2.3 million has been identified as match funding within revenue budgets in 2015-17, there is a risk concerning potential match funding in future years 2017-18. 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 the European Union as a result of the planned Referendum on European membership in 2016 it may impact on European grants in the future (FD 4028/16).

The Head of Regulation and Compliance has been consulted and any comments have been incorporated into the report. (LD3311/16)

Implementation Date for the Decision

Following the expiry of the "call-in" period for the Minutes of the Cabinet Meeting

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Background Papers:

There are no background papers available for inspection

1. Introduction/Background

- 1.1 Members will recall a Cabinet report of 3 September 2015 outlining three submissions for European Structural Funds following a call for proposals on 27 March 2015. Sefton officers reviewed the calls, identified fit with the council's strategic priorities and where the proposed activities are feasible, deliverable and affordable.
- 1.2 This report outlines progress with the following ESF bid:

PA1.3 Ways to Work

Applicant: LCR Combined Authority (bid signed off by John Fogarty, s151 Officer for CA).

Partners: Halton MBC, Knowsley MBC, Liverpool City Council, Sefton MBC, Wirral MBC, St Helens MBC

Purpose: A local, intelligence-driven, comprehensive and integrated programme for young people and adults, designed to improve personal resilience and progress to sustainable employment incorporating our existing Youth Employment Gateway.

Total costs (actual submission differs slightly original cabinet report): £42m, request for ESF of £19m, request for YEI of £10m

Outputs: approx. 7,500 participants, of which in education/training/employment on leaving the programme = 2183 formerly unemployed, 485 formerly inactive. Of which Sefton: approx. 1,500 participants, approx. 400 formerly unemployed and approx. 100 formerly inactive.

- 1.3 The full application received in-principle approval from DWP on 21st January 2016 and notification was sent to Liverpool City Region Combined Authority. There were no pre-contract conditions to be met. The Ways to Work Partners are now working with the Combined Authority's Compliance Team to prepare for delivery.
- 1.4 The Project will provide local unemployed and workless clients with a suite of interventions to support them gaining and sustaining employment. In Sefton, this will primarily be run through Sefton@work, providing specific support in areas such as paid work placements, training, motivation and confidence building, job search and interview support, group and one to one sessions, access to transport support and overcoming other barriers to participation.
- 1.5 A significant number of paid work placements will be devised, enabling clients to access support in the workplace to help overcome barriers to sustainability. Local employers will be invited to take part in this initiative by offering national minimum wage for the age opportunities over and above their existing workforce, to enable those with little or no work experience to understand better the world of work. In work support will be available to help sustain clients in work for the duration of the work opportunity.

- 1.6 This programme will work in synergy with other Council services and initiatives, such as Sefton Turnaround and the Leaving Care teams. Specific opportunities with employers, including paid work placements, will be ringfenced to clients also accessing support in these areas, thus adding value to the existing service offers to these clients.
- 1.7 The Youth Employment Initiative (YEI) is a European targeted fund which is only available in five areas of England where youth employment is deemed to be unacceptably high. The YEI will be operated by the UK government on the same basis as ESf, with similar eligibility conditions for participants. The major differences between YEI and ESF is that projects targeted youth unemployment such as Ways to Work will receive a significantly higher grant intervention rate and YEI funding will need to be fully expended by end July 2018. Given that the implementation of current 2014 – 2020 ESF programme is already behind schedule, there is a strong impetus to commence delivery as swiftly as possible. The Managing Authority for both ESF and YEI funds is the Department for Work and Pensions.