

# **WIRRAL COUNCIL**

## **CABINET**

**14<sup>TH</sup> APRIL 2011**

<b>SUBJECT:</b>	<b>TACKLING WORKLESSNESS THROUGH THE EUROPEAN SOCIAL FUND: WIRRAL INTERMEDIATE LABOUR MARKET PROGRAMME</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>KEVIN ADDERLEY INTERIM DIRECTOR OF CORPORATE SERVICES</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>CLLR. ANDREW HODSON REGENERATION AND PLANNING STRATEGY</b>
<b>KEY DECISION?</b>	<b>NO</b>

### **1.0 EXECUTIVE SUMMARY**

- 1.1 This report sets out a model for delivering an Intermediate Labour Market (ILM) Programme as part of the Worklessness element of Wirral's European Social Fund (ESF) employment programme.
- 1.2 This programme will fund part of a fixed term employment contract with training with a local employer for those residents experiencing a range of barriers to employment. It will assist those residents to re-enter the job market whilst also supporting local business growth.

### **2.0 RECOMMENDATION/S**

- 2.1 Members are requested to approve the proposed delivery model for Wirral's Intermediate Labour Market Programme as outlined in section 4 of this report and authorise the Interim Director of Corporate Services commence delivery of the programme.

### **3.0 REASON/S FOR RECOMMENDATION/S**

- 3.1 As notified to Cabinet on 4<sup>th</sup> November 2010, an Intermediate Labour Market programme was included in Wirral's proposal to secure an allocation of European Social Fund to reduce worklessness. This recommendation proposes a delivery model for the ILM Programme which will provide support for Wirral residents with multiple barriers to employment and enable them to compete for work in an open labour market.

## **4.0 BACKGROUND AND KEY ISSUES**

### **4.1 Background**

- 4.1.1 On 3<sup>rd</sup> February 2011 Cabinet agreed to authorise the Interim Director of Corporate Services to progress enabling actions to reduce worklessness as part of Wirral's European Social Fund worklessness programme (minute 321 (a) refers). This included actions such as an ILM programme.

### **4.2 Wirral's Proposed Intermediate Labour Market Delivery Model**

- 4.2.1 Wirral's programme has been developed to build on best practice identified from other ILM models and from Wirral Council's experience of delivering The Wirral Apprentice programme. Additionally the model has been developed to ensure that funding requirements such as State Aid rules are accommodated.

- 4.2.2 It is proposed to provide an employment opportunity for up to 52 weeks with a local small or medium sized employer for 100 Wirral residents who are workless; with a particular focus on those furthest from the labour market. Participants will be paid at national minimum wage for 35 hours per week with the council reimbursing the employer with the salary costs, including the employer National Insurance contributions, for the first 26 weeks. The employer will be asked to fund a further 26 weeks of the programme. Employers will be required to demonstrate that ILM placements are additional and are not replacing existing jobs. A mandatory training element will be incorporated to improve participants' employability by providing not only a bridge back into the world of work, but also by improving skills levels through training.

- 4.2.3 The programme would run from May 2011 to May 2012 in line with the Worklessness element of Wirral's ESF employment programme.

### **4.3 Setting up and Operating the ILM**

- 4.3.1 The engagement, personal development and jobsearch elements of the ILM will be delivered by Involve Northwest as part of the ESF Worklessness contract.

- 4.3.2 Wirral Council will identify potential employers and provide a single point of contact for those employers to offer support, ensure training is provided, manage relationships, ensure compliance with state aid rules etc. The officer will also work with Involve Northwest to establish seamless referrals, appropriate record-keeping, financial reporting and monitoring and to address any problems during the course of the programme.

- 4.3.3 As with the Wirral Apprentice Programme the Invest Wirral website will be used to advertise the opportunity to local employers and the Invest Wirral team will also be involved in the selection of employers. The scheme will also be advertised through the local press.

### **4.4 Branding**

- 4.4.1 The ILM programme will be branded in line with Wirral Council's Think Big branding. This will strengthen links with existing initiatives such as The Wirral Apprentice and will support with the engagement of local employers with a recognisable and trusted brand.

## **5.0 RELEVANT RISKS**

- 5.1 As reported to members 3<sup>rd</sup> February 2011, the Council is required to be the Accountable body for the ESF resources and in addition to managing and accounting for the money it also has to ensure compliance with all existing European financial and audit requirements. These are standard ESF requirements and ones which the Council already undertakes in relation to the other ESF projects for which it is the accountable body. The Council will manage the programme through existing officers in Corporate Services who have the expertise and a proven track record in dealing with ESF projects.
- 5.2 This programme will contribute to the job outcome targets of the ESF worklessness programme.

## **6.0 OTHER OPTIONS CONSIDERED**

- 6.1 There are a number of financial and delivery models that could deliver an ILM programme. This ILM model is recommended for the following reasons:
- A 12 month programme offers maximum benefit to participants with a substantial period to gain training, work experience and develop skills. This is particularly important for clients furthest away from the job market, to enable them to move into sustainable employment;
  - Time period attractive to employers – 6 months contribution to business should increase longer-term sustainability of posts and this reflects the current Wirral Apprentice programme;
  - The volumes (100 placements) are achievable within the scope of the Worklessness contract programme and allows for intensive support to be offered to employers as well as employees.

## **7.0 CONSULTATION**

- 7.1 The ILM activity meets key priorities and fits with the recommendations of the Economy and Regeneration Task Force as agreed by cabinet on 9<sup>th</sup> December 2010.

## **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 8.1 The supplier of an element of the worklessness contract is a consortium led by Involve Northwest that includes a number of groups from the voluntary, community and faith sector.
- 8.2 This programme will be available to voluntary, community and faith organisations that operate as small and medium sized enterprises or micro-businesses.

## **9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

### **9.1 Staffing**

- 9.1.1 As outlined in the reports to cabinet on 9<sup>th</sup> December 2010 and 3<sup>rd</sup> February 2011, financial provision for the cost a Project Manager has been included in the programme and the ILM scheme will be managed by existing staff from within Corporate Services

## 9.2 Financial

- 9.2.1 The total allocation for the worklessness programme is £2,440,620, consisting of equal funding of £1,220,310 from ESF and Council resources. From this allocation, £656,000 has been identified for the delivery of the ILM scheme.

## 10.0 **LEGAL IMPLICATIONS**

### 10.1 Compliance with State Aid and De minimis rules

State Aid rules exist in order to prevent any form of aid to a commercial undertaking to distort, or threaten to distort, competition with the European Community. However, support to individuals to improve their employability or training, developing disadvantaged regions, and promoting small and medium-sized enterprises are all considered to be in the common interest of the EU and are therefore allowed. As a result it is proposed that the Wirral ILM will:

- Engage with SME's and micro-businesses, rather than larger Wirral employers, which will demonstrate the scheme's contribution towards business growth;
- Include a mandatory training element which will demonstrate that Wirral's ILM has been developed to benefit the individual in line with (and in the spirit of) State Aid rules;
- Ensure the business complies with the de minimis regulation. This rule allows a qualifying enterprise to receive up to €200,000 in aid over three fiscal years. Confirmation will be obtained from employers prior to setting up placements that ILM funding will not take their organisation over this State Aid de minimus limit.

- 10.2 All applicable employment obligations and duties arising from the employment of any person under the programme will be the responsibility of the relevant employer.

## 11.0 **EQUALITIES IMPLICATIONS**

- 11.1 This activity will provide activity to support a range of priority customers group who are currently under-represented in the labour market to secure sustainable employment.

### 11.2 Equality Impact Assessment (EIA)

- (a) Is an EIA required? No
- (b) If 'yes', has one been completed? Yes. The Regional ESF Framework has already been subject to an Equality Impact Assessment.

## 12.0 **CARBON REDUCTION IMPLICATIONS**

- 12.1 This activity will support and contribute to the Regional ESF Framework by supporting workless adults to secure "green jobs"

## 13.0 **PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

- 13.1 There are no implications arising directly from this report

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**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Working Wirral: European Social Fund Complementary Strand report to Wirral Council Cabinet	<b>23<sup>rd</sup> July 2008</b>
Extension of Wirral Apprentice Programme report to Wirral Council Cabinet	<b>14<sup>th</sup> October 2010</b>
Liverpool City Region European Funding Proposal report to Wirral Council Cabinet	<b>4<sup>th</sup> November 2010</b>
Tackling worklessness and supporting apprenticeships in Wirral through the European Social Fund report to Wirral Council Cabinet	<b>9<sup>th</sup> December 2010</b>
Tackling worklessness and supporting apprenticeships in Wirral through the European Social Fund report to Wirral Council Cabinet	<b>3<sup>rd</sup> February 2011</b>