

## **WIRRAL COUNCIL**

### **STRONG LEADER REPORT**

**24 SEPTEMBER 2015**

<b>SUBJECT:</b>	<b>2014 TO 2020 EUROPEAN UNION STRUCTURAL AND INVESTMENT FUNDS GROWTH PROGRAMME</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>STRATEGIC DIRECTOR REGENERATION AND ENVIRONMENT</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>CLLR PAT HACKETT</b>
<b>KEY DECISION:</b>	<b>YES</b>

#### **1.0 EXECUTIVE SUMMARY**

- 1.1 This report provides an overview of the Liverpool City Region Combined Authority application for European Social Fund (ESF) via the 2014 to 2020 European Union Structural and Investment Funds (ESIF) Growth Programme and seeks approval for the Council to join the submission as a delivery partner and sign a letter of intent to commit Council funds as required as part of the application process.
- 1.2 This ESF application is in response to the 'Inclusive Labour Markets' Call for Proposals for commissioned projects in the Liverpool City Region area to support adults and young people into employment as published by the Department for Work (DWP) and Pensions in their capacity as Managing Authority for these funds. In order to receive ESF funds applicants are required to financially contribute to their total project costs by committing other eligible non-European funds.
- 1.3 Approval is sought for the Strategic Director Regeneration and Environment to finalise details of Wirral's programme as part of a wider Combined Authority submission in consultation with the Strategic Director Families and Wellbeing and Director of Finance who will sign the letter of intent to commit funds on behalf of the Council.
- 1.4 This decision is time critical owing to a submission deadline of 2 October 2015 and therefore a decision is required before the next Cabinet meeting takes place on 8<sup>th</sup> October 2015. This decision has been delegated to the Deputy Leader of the Council owing to Cllr Phil Davies' role within the Liverpool City Region ESIF Committee that advises DWP regarding the strategic fit of submitted applications for these funds.
- 1.5 Bidding for ESF is a competitive process and as such Appendix 1 of this report is exempt under Schedule 12A of the Local Government Act 1972.

## 2.0 BACKGROUND AND KEY ISSUES

2.1 The 2014 to 2020 European Union Structural and Investment Funds (ESIF) brings together European Social Fund (ESF), European Regional Development Fund (ERDF) and part of the European Agricultural Fund for Rural Development together into a single European Union (EU) Structural Investment Funds (ESIF) Growth Programme for England.

2.2 The ESF Programme 2014 to 2020 is operated as a national programme, with investment decisions taken by Department for Work and Pensions (DWP) as the Managing Authority for these funds. However while DWP are responsible for undertaking a full appraisal of applications they invite local areas to provide a perspective on local strategic fit against each areas locally developed ESIF Strategy. In the LCR this role is undertaken by an ESIF Committee supported by a Strategic Fit Officer Group who receives a summary of each submitted application plus the Managing Authority's initial appraisal.

### 2.3 DWP Call for Proposals European Social Fund

On 27<sup>th</sup> March 2015 DWP published a Call for Proposals to commission ESF funded activity under Priority Axis 1: Inclusive Labour Markets of the ESF Operational Programme. This included additional Youth Employment Initiative (YEI) funds that the LCR has been allocated to use in conjunction with ESF to support additional young people into the labour market. The Call for Proposals covered the following Investment Areas:

**Table 1: DWP Call for Proposals: Inclusive Labour Markets**

Priority Area	ESF (£)	YEI (£)	TOTAL (£)
1.1: Access to employment for jobseekers and inactive people	10,900,000	0	10,900,000
1.2 Sustainable integration into the labour market of young people (specifically those at risk of becoming NEET)	600,000	0	600,000
1.3 Sustainable integration into the labour market of young people	19,684,000	19,684,000	39,368,000
<b>TOTAL</b>	<b>31,184,000</b>	<b>19,684,000</b>	<b>50,868,000</b>

2.4 The Call outlined a two stage competitive application process, namely an outline application (closing date 22 May 2015) in order to select applicants to be invited to submit a full application at a later date. The Call outlined DWP's intention to award multiple funding agreements across the LCR. Applicants were advised that all submissions must be capable of providing coverage across the whole of the LCR area and that activity must be used to achieve additional activity or bring forward activity more quickly than otherwise would have been the case in response to opportunity or demand.

### 2.5 Match Funding

In order to receive ESF funds applicants are required to financially contribute to their total project costs by committing other eligible non-European funds. With the exception of Halton, the LCR local authorities have the status of a 'Transitional' area which allows ESF to contribute up to 60% of the total eligible project costs (ie: ESF + Applicant Contribution; YEI does not form part

of percentage calculation). Halton's status as a 'More Developed Area' reduces this ESF contribution to 50%. At full application stage applicants are required to provide proof of match funding in the form of a letter of intent. If the Combined Authority submission is successful a Public Match Funding Certificate will be required at contracting stage.

## 2.6 Timescales

The Call for Proposals from DWP outlined that the operations for ESF must be completed by 31 December 2018 with a slightly earlier date of 31 July 2018 for the YEI element.

## 3.0 **LCR COMBINED AUTHORITY APPLICATION**

3.1 Detail regarding the focus and financial level of the Combined Authority Application is commercially sensitive and as such is contained in Exempt Appendix 1.

3.2 As part of the development of the full application, LCR Chief Executives requested a Due Diligence exercise be conducted on the proposed activity of each constituent local authority/Merseytravel, with Liverpool Council subsequently leading this activity on behalf of the Combined Authority.

## 4.0 **IMPLICATIONS FOR WIRRAL**

4.1 Detail regarding the implications of the Combined Authority Application for Wirral in relation to specific activities to be delivered and outcomes achieved is commercially sensitive, and as such is contained in Exempt Appendix 1.

## 4.2 Managing Conflict of Interest

As outlined in paragraph 2.2 of this report, members of the LCR ESIF Committee and the Strategic Fit Officer Group have a role in advising the Managing Authority's on the local strategic fit of ESF applications. As such the Council must manage conflicts of interest to ensure that members of both groups have no involvement in drafting or decision making relating to the Council's application for these funds. This has been managed as follows:

- Cllr Phil Davies, Leader of the Council, is a member of the ESIF Committee and as such the approval for this report has been delegated to the Deputy Leader of the Council;
- An Officer from the Policy Unit represents Wirral on the Strategic Fit Officer Group and has therefore had no involvement in the development of the Ways to Work programme, and
- Officers from the Investment Strategy and 14 to 19 teams have been working on the development of the Ways to Work programme and have no role in advising DWP regarding local strategic fit.

## 5.0 **RELEVANT RISKS**

5.1 Should the LCR Combined Authority bid be successful in its application, Merseytravel, as accountable body, will enter into a legally binding agreement with DWP and will carry the liability to ensure that the terms of the funding agreement are met; failure to do so may result in claw-back of funds. As such Merseytravel will contract with the constituent local authorities as delivery

partners and pass on this liability. The subsequent risk to the Council of claw-back of funds will be mitigated by:

- The Council's previous experience in managing ESF programmes and ensuring compliance with European Union financial and audit requirements;
- A robust Due Diligence exercise conducted by Compliance Officers from Liverpool Council in advance of the full submission for ESF, and
- As part of any consequent tendering process all necessary terms relating to obligations and liabilities will be passed from the Council to the appointed supplier(s).

## **6.0 OTHER OPTIONS CONSIDERED**

6.1 The Council and the wider LCR Combined Authority could choose not to submit a bid for ESF and instead leave it to the open market in anticipation that other organisations will have the eligible match funding at the required scale to invest in the LCR to tackle labour market failure, however:

- At a national level the 2014 to 2020 England ESF programme has already been subject to significant delay, with January 2016 being the earliest anticipated start date. The availability of eligible match funding from other sources is unknown and if undersubscribed DWP would have to recommence another Call for Proposals which could further delay the start of the ESF programme, and
- The Council would not be able to maximise existing funds already allocated to support this agenda. The planned investment of Council funds has the potential to increase the total funds available threefold.

## **7.0 CONSULTATION**

7.1 This report is consistent with the principles of Wirral's Corporate Plan and Investment Strategy developed following extensive consultation. This also fully supports the longer term Wirral Plan: A 2020 Vision which is currently being developed in full consultation with partner organisations and residents.

## **8.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS**

8.1 The Strategic Director Regeneration and Environment has previously gained the following approvals from Cabinet:

- 9 October 2014: To allocate funds from the Public Health Grant to deliver activity to tackle worklessness and to use part of this funding to negotiate and finalise Wirral's position as part of a LCR bid to secure ESF investment to tackle worklessness, and
- 6 November 2014: To allocate funds the Council has received from the national Youth Contract Underspend programme to deliver activity to reduce youth unemployment and to use an allocation of these funds to seek additional ESF investment.

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

9.1 There are no direct implications for voluntary community and faith groups arising from this report.

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

- 10.1 As outlined in paragraph 2.5 of this report the Council will be required to identify eligible non-European funds to contribute to the total project costs. Detail regarding the resource implications of the Combined Authority Application to be submitted is commercially sensitive and as such is contained in Exempt Appendix 1.

## **11.0 LEGAL IMPLICATIONS**

- 11.1 Should the LCR Combined Authority full submission be successful the Council will enter into a legally binding agreement with Merseytravel, in their capacity as accountable body for Combined Authority programme. Officers will ensure that this agreement is scrutinised and approved by the Head of Legal and Member Services and dependent on the final value of the award seek Member approval as appropriate.
- 11.2 Applicants are required to set out in their application how their proposal complies with State Aid law. The Council has previous experience of State Aid procedures and the proposed approach relevant to the activity identified was set out and accepted as part of the Due Diligence process.
- 11.3 All procurement must be undertaken in line EU regulations. The Council is compliant with the new Public Contract Regulations 2015 and revised Contract Procedure Rules are in the process of being updated.

## **12.0 EQUALITIES IMPLICATIONS**

- 12.1 ESF requires all applicants to deliver their services in-line with Public Sector Duty as defined in the Equality Act 2010. Merseytravel, as accountable body will be required to set out their compliance in the full application, however each delivery partner has submitted their relevant policy documents as part of the Due Diligence exercise. It is anticipated that a project specific plan will be developed in due course.

## **13.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS**

- 13.1 ESF requires all applicants to have a Sustainable Development Policy and Implementation Plan. Once again Merseytravel will be required to set out their compliance in the full application and each delivery partner has submitted their relevant policy documents as part of the Due Diligence exercise. It is anticipated that a project specific plan will be developed in due course.

## **14.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

- 14.1 There are no direct planning or community safety implications arising from this report.

## **15.0 RECOMMENDATIONS**

15.1 The Deputy Leader of the Council is requested to

- Approve the proposed approach for Wirral Council as part of a Liverpool City Region Combined Authority Application for European Union Structural and Investment Funds Growth Programme, and.
- Authorise the Strategic Director Regeneration and Environment to finalise details of Wirral's programme as part of a wider LCR Combined Authority submission for European Social Fund in consultation the Strategic Director Families and Wellbeing and Director of Finance who will sign the letter of intent to commit funds on behalf of the Council as required as part of the full application process.

## **16.0 REASON FOR RECOMMENDATION/S**

16.1 Despite significant success in reducing worklessness Wirral has persistent levels that far exceed regional and national averages. Reducing worklessness and tackling inequality is a key priority for the Council and supports Wirral's Corporate Plan and Investment Strategy. This also fully supports the 'Greater Job Opportunities Pledge' within the Wirral Council Plan: A 2020 Vision, which is currently being developed.

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## **BACKGROUND PAPERS/REFERENCE MATERIAL**

### **SUBJECT HISTORY**

<b>Council Meeting</b>	<b>Date</b>
<b>Cabinet Report: Tackling Worklessness</b>	9 October 2014
<b>Cabinet Report: Youth Employment Gateway (Youth Contract Underspend)</b>	6 November 2014