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REPORT TITLE	EUROPEAN STRUCTURAL AND INVESTMENT FUND PROGRAMME FOR ENGLAND 2014-2020: WIRRAL WAYS TO WORK PROGRAMME
REPORT OF	COUNCILLOR ANGELA DAVIES, CABINET MEMBER FOR JOBS AND GROWTH

Cllr Angela Davies, cabinet member for jobs and growth, said:

“This is an investment in people. It is about helping families who are struggling to find work raise their aspirations and get back into the job market. The results so far have been fantastic, and we’ve helped almost 3,000 people get back into work.

“We’re committed to building community wealth, and to helping every Wirral resident find good, well-paid jobs to support them and their families. Creating more jobs and building the local economy were fundamental aspects in our Wirral Plan and this investment is yet more proof of how serious we are about meeting those promises.”

REPORT SUMMARY

This report notifies of a new application to DWP via the Liverpool City Region Combined Authority to secure European Social Fund (ESF) monies to continue the existing Liverpool City Region Ways to Work Programme. The report seeks authority for the identification and commitment of match funds required as part of the bid submission, and to authorise acceptance of ESF funds on behalf of the Council if successfully awarded.

The report sets out how the application, if successful, will be funded and delivered in Wirral following confirmation from DWP of an award of funds. The report also seeks authority to progress and finalise new commissioned contracts, or variations and/or extensions to existing contracts of the programme.

The Wirral Ways to Work Programme is part of the Liverpool City Region Combined Authority Ways to Work programme. The programme is designed to engage eligible workless young people and adults and support their progression into education, employment, and training via a suite of flexible, tailored employment support services.

The Ways to Work programme supports the following pledges of the Wirral Plan:

- Young people are ready for work/adulthood
- Vulnerable children reach their full potential
- Workforce skills match business needs
- Greater job opportunities

- Wirral residents live healthier lives

The programme has been delivering since April 2016 and has achieved the following outcomes as at 31st December 2018:

- Engaged 5198 Wirral residents,
- Supported 2753 Wirral residents back into employment or training,
- Positive outcome rate of 53%.

This is a key decision and this matter affects all Wards within the borough.

RECOMMENDATIONS

The Cabinet Member for Jobs and Growth is recommended to:

1. Authorise the Director with Portfolio in consultation with the Director of Finance and Investment to identify and commit eligible match funds required for Wirral's Ways to Work Programme in support of the Liverpool City Region Combined Authority application to DWP for ESF funding;
2. Approve the submission of an application to DWP via the Liverpool City Region Combined Authority for ESF funding to continue the Wirral Ways to Work Programme;
3. Authorise the Director with Portfolio in consultation with the Director of Governance and Assurance to approve changes to the programme and sign any future contractual agreements with the Combined Authority on behalf of the Council;
4. On receipt of a funding agreement from the Combined Authority, authorise the Director of Finance and Investment to accept the funds on behalf of the Council; and additional approval to respond to any future financial allocations or re-profiling across the wider LCR Ways to Work Programme as appropriate;
5. Approve the future delivery model for a successful funding award as set out in this report;
6. Authorise the Director with Portfolio in consultation with the Director of Governance and Assurance to progress and sign any new commissioned contracts or variations and/or extensions of existing contracts commissioned for this programme.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

The Ways to Work Programme is helping to address worklessness in Wirral, an area which has had persistent levels far exceeding regional and national averages for many years. Ways to Work provides services that support adults and young people into employment and training, and therefore successfully supports multiple pledges of the Wirral Plan. Continuation of the Ways to Work programme via additional ESF investment will ensure existing Council funds are maximised more than twofold, and ongoing positive outcomes can be achieved in future years.

2.0 OTHER OPTIONS CONSIDERED

2.1 Do Nothing

The council takes no action and does not participate in the new LCR bid for ESF funds. This option would significantly risk reducing employability service provision within Wirral aimed specifically at supporting unemployed and inactive adults and young people into jobs and training. This option would also weaken the LCR application with one of the constituent LCR partners not taking part. Delivery within the LCR would also be impacted negatively, with a disproportionate effect on availability of services to residents in Wirral compared to those living in the other five LCR local authority areas.

2.2 Non-submission of application: Should Wirral not participate in the joint bid for funding, the Council would not be able to secure ESF funds nominally allocated to Wirral which can maximise local resource more than twofold. Additionally, this could jeopardise the Combined Authority bid submitted jointly with other local authority partners to deliver a Liverpool City Region wide programme.

2.3 In house delivery: The Council has significant experience in commissioning services with European investment to support residents into employment. Should the Council choose to switch delivery of these services in-house then TUPE could apply from existing suppliers. The Council could additionally have the risk of significant surplus staff at the end of the delivery period owing to the scale of the programme and the time limited nature of the funding.

3.0 BACKGROUND INFORMATION

Existing Programme Impact

3.1 The LCR Ways to Work programme is a local intelligence-driven, comprehensive and integrated programme for young people and adults, designed to improve personal resilience and progression into sustainable employment.

The current programme has been delivering since April 2016 and has achieved the following key outcomes as at 31st December 2018:

- Engaged 5198 Wirral residents,
- Supported 2753 Wirral residents back into employment or training,
- Positive outcome rate of 53%.

- 3.2 Ways to Work has provided immense benefit to residents who have been supported into local and regional employment and training opportunities, which not only supports a more inclusive Wirral economy, but also improves the health and wellbeing and life chances of individuals and their families through increased household incomes, improved mental and physical health, personal confidence, social networks and aspirations.
- 3.3 Compared to the other local authority delivery partners in LCR, Wirral Council's performance has achieved a larger proportion of unemployed residents moving into employment (252% above target), and inactive residents moving into employment or job search (140% above target), demonstrating the success of Wirral's approach.
- 3.4 As Social Return on Investment, the programme provides £23,020 of benefit to society per resident moving into employment, and benefits each resident going into employment by £3,720. During an evaluation focus group Wirral residents participating in the programme said "*ReachOut was life-changing*" and "*my advisor supported and encouraged me, made me believe in myself and then she helped me find the right job for my skills*".
- 3.5 In the year to September 2018, economic inactivity amongst the Wirral population increased by 0.9% to 23.2% highlighting continued local need for the programme.

Delivery model and funding context

- 3.6 Wirral Ways to Work Programme is delivered between three projects utilising funding from two ESF Priority Axes (Priority Axis 1.1 and Priority Axis 1.3). The projects are delivered through a mix of in-house and externally commissioned provision. Table 1 provides a summary.
- 3.7 Projects delivered under Priority Axis 1.3 were originally due to end in June 2018. Earlier in 2018, the Combined Authority was invited by DWP to submit a request for additional funds and for an extension for this element of the programme. That request was successfully approved by DWP in July 2018, and Priority 1.3 element of the programme has been extended with additional funds until March 2020. There is potential for DWP to publish a call for new Priority 1.3 applications in future that could fund projects beyond 2020. This is a watching brief at present, with indications a new call will be published during 2019.
- 3.8 Projects delivered through Priority Axis 1.1 funds were due to end on 31st December 2018. In December 2018, DWP granted a six month extension (of time only) to enable the programme to continue delivery to 30th June 2019. This followed a request by the Combined Authority to DWP to extend and seek additional funding for this Priority (as was sought for Priority 1.3).
- 3.9 However, DWP informed the Combined Authority that to have the opportunity of continuing the Priority 1.1 element beyond June 2019, a new full application would need to be submitted via a published open competitive call for proposals. This call was published by DWP on 29th January 2019.

Table 1: Summary of current projects and funding Priority Axis

Project	Delivery	Funded via ESF Priority Axis
Wirral Worklessness Support Service	Contractor: Involve Northwest	1.1 and 1.3
Careers Information Advice and Guidance Service	Contractor: Career Connect	1.3
Intermediate Labour Market (ILM) Programme	In-house: Wirral Council Children & Young People's 14-19 Team	1.3

3.10 Wirral Worklessness Support Service is currently delivered by Involve Northwest through their 'ReachOut' branded service. Circa 80% of ESF funding for the contract is maintained via Priority Axis 1.1, and the contract will end by 30 June 2019.

3.11 The current service offers an intensive outreach and engagement programme to assist unemployed and inactive residents over the age of 16 through a series of 26 work clubs across the borough in community locations. Dedicated Job Coaches provide personalised one to one information, advice and guidance to assist residents to secure employment and training opportunities.

DWP Call for Proposals for European Social Fund (Priority Axis 1: Inclusive Labour Markets)

3.12 The 2014 to 2020 European Union Structural and Investment Growth (ESIF) Programme 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 programme for England. The ESF Programme is operated as a national programme, with investment decisions taken by DWP, as the Managing Authority, in consultation with local areas who provide advice regarding the strategic fit of submitted applications. The ESF programme is structured around 3 priority axes, namely Inclusive Labour Markets; Skills for Growth, and Technical Assistance.

3.13 The UK Government has confirmed that it will guarantee funding for ESIF projects and will continue to sign new projects in the event of a 'no deal' after the UK exits the EU, throughout 2019 and 2020, to the full value of the ESIF programme allocations.

3.14 On 29th January 2019 DWP published a new call for commissioned projects in the LCR area which seeks proposals that will support Priority Axis 1, Inclusive Labour Markets. Applications made against this call will be appraised as part of a single-stage appraisal process and successful applicants will enter into a funding agreement with the DWP.

3.15 The deadline for submission of a full application is 12th March 2019.

The Call for Proposals covers the following Investment Priorities:

- Investment Priority 1.1 Access to Employment for Jobseekers and Inactive People;
- Investment Priority 1.2 Sustainable Integration into the Labour Market of Young People

3.16 Within the call for proposals, up to a total of £8.5m of ESF funds are available across two areas of activity, with a stated preference to make one funding award for each of the two areas.

Of the total £8.5m, £6m is available for 'Activity (1)' "*to support unemployed and inactive residents into work*", and £2.5m is available for 'Activity (2)' "*to narrow employment and unemployment rate gaps within particular groups*".

3.17 Projects must be completed no later than 3 years and six months after the proposed project start date and all ESIF projects must be completed by 31st December 2023.

Proposed Application

3.18 A total of £6m of ESF grant is available under Activity 1 to be allocated across the six local authority areas of the Liverpool City Region. Wirral's nominal allocation in this application exercise is £1.3m.

3.19 Under this activity, the call seeks proposals that offer open access employment support to be delivered across the City Region, specifically targeting harder to help residents who are unemployed and those who are inactive. Activities should include providing information, advice and guidance to residents offering access to pre-employment training provision, referring to other organisations or services for specific support for work experience, and provide outreach and engagement into local areas where there are higher rates of unemployment and inactivity.

3.20 The specified activity under Activity 1 in the call aligns with the model of the existing programme, and if the application is successful will enable a continuation of provision in Wirral and across Liverpool City Region.

3.21 Wirral Council will prepare to commission a new contract to deliver a service within the borough that is conversant with the scope and the delivery objectives of the application submitted to DWP by the LCR Combined Authority. Lead officers from Wirral Council have contributed to shaping the application accordingly to ensure strategic fit, deliverability and value for money considerations.

3.22 The amount of ESF funding available through the call is a key factor in determining the length of the programme for LCR delivery partners. At time of writing this report, and following financial modelling exercises undertaken by each local authority partner, it is likely that the programme will be expected to close by September 2021.

3.23 Should the bid be successful, the new programme would commence from July 2019. However, owing to indicative timescales involved in DWP appraisal and selection of proposals, there is likely to be a gap in provision in Wirral. This is due to the necessary procurement processes that would need to be undertaken

by Wirral Council and it is likely that delivery would be unable to commence until September 2019. Any commission will be subject to the relevant legal agreements for ESF funding being in place between the Council and the Combined Authority.

- 3.24 Clearly it is not desirable to have a gap in provision locally, and further work will be undertaken to identify ways in which this can be addressed. It may be necessary to seek an internal mechanism that provides a solution to maintain a level of contracted service provision in the borough between July and September 2019.

4.0 FINANCIAL IMPLICATIONS

- 4.1 As outlined in 3.14, the LCR group of lead officers is proposing to apply for £6m of ESF grant. This would require match funding of £4.2m and would result in an overall Liverpool City Region wide programme worth £10.2m.
- 4.2 As a share of the overall programme, Wirral Council will seek c£1.25m ESF grant requiring c£835,000 in eligible match funding, providing a total Wirral programme worth c£2.1m.
- 4.3 To finalise Wirral's element of the Combined Authority application, this report seeks authority to enable the Director with Portfolio in consultation with the Director of Finance and Investment to identify and commit up to £875,000 of eligible non-European funds in contribution to the total project costs, and provide a match funding certificate for inclusion in the Combined Authority application to DWP by the submission deadline of 12th March. Circa £650,000 of the match contributed would be required to be cash over the life of the programme which may create budgetary pressures. This level of cash match is required in order to release the necessary funds in the modelled budget in order to pay for a commissioned service and staff resources involved in managing the programme.
- 4.4 In order to receive ESF funds applicants are required to financially contribute to their total project costs by committing other eligible non-European funds as match funding. The ESF intervention rate in the Liverpool City Region LEP Area is 50% in the More Developed areas (applies to Halton), and 60% in the Transition areas (applies to all other LCR local authorities including Wirral).
- 4.5 As had been the case for the current programme, it is anticipated that a new funding agreement will grant ESF monies on a City Region footprint; therefore there will be potential flexibility to reallocate funding levels by authority area throughout the lifetime of the programme, subject to performance and capacity. The process for any such reallocations will be determined in the Terms and Conditions of the funding agreement issued by the Combined Authority. This report therefore seeks additional approval to authorise the Director with Portfolio in consultation with the Director of Finance and Investment to respond to any future financial allocations across the wider LCR Ways to Work Programme as appropriate.

5.0 LEGAL IMPLICATIONS

- 5.1 Until the Combined Authority has had sight of a new funding agreement from DWP, the exact terms and conditions are unknown, although likely to remain similar to the terms of the agreement covering the existing programme.
- 5.2 From the Council's experience of delivering European funded programmes it is known that these agreements have stringent rules and regulations, rigorous financial and audit processes and can be subject to financial clawback of funds for failure to follow procedure and/or achieve the required outputs. Audit processes adopted previously have been based on sampling and if errors are found these can then be multiplied against the scale of the bid, which can significantly increase the level of financial clawback when compared against the actual identified error. DWP themselves have cited errors in procurement as being one of the most common areas found at audit.
- 5.3 As such, Officers from the Place and Investment Team will seek internal legal advice from Governance and Assurance regarding the acceptance of the funding agreement and procurement, financial and audit procedures where appropriate.
- 5.4 On notification of a successful application it is recommended to authorise the Director with Portfolio in consultation with the Director of Governance and Assurance to progress and sign any future new commissioned contracts, or variations and/or extensions to existing contracts for the Wirral Ways to Work Programme.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1 The Council will manage the Wirral Ways to Work programme through staff in the Place and Investment team and Commercial Management; with posts assigned to the programme on a time limited basis. The table below provides the anticipated breakdown of staff resources. All costs will be met from Wirral Ways to Work total project costs.

Table 2: Anticipated Staff for Wirral Ways to Work Programme ESF Application

Description of Post	Grade	Status	Team
Economic Development Lead	PO 10	Existing	Place & Investment
Economic Monitoring Officer	Band H	Existing	Place & Investment
Economic Development Lead	PO 10	Existing	Commercial Management
Economic Development Support	PO 2	Existing	Commercial Management

7.0 RELEVANT RISKS

- 7.1 Liverpool City Region Combined Authority 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 because of the failure of the Council or its subcontractors to comply with those requirements. As such the Combined Authority will contract with the constituent local authorities as delivery partners and pass on this liability. The subsequent risk (which is assessed as being high) 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 procurement, financial and audit requirements;
 - Staff (referred to in Table 2) will be assigned to closely monitor the Council and the Council's subcontractors' compliance with EU audit requirements;
 - Specialist legal advice as outlined in paragraph 5.3 of this report may succeed in passing on the risk of default to the Council's subcontractors but their indemnity to the Council will not obviate the risk of their inability to defray the cost of claw back (e.g. by reason of insolvency).
- 7.2 There is a risk that the LCR Combined Authority application for Priority Axis 1.1 ESF funds will be unsuccessful resulting in the Ways to Work programme becoming significantly reduced and delivered with only Priority 1.3 funds from July 2019.

8.0 ENGAGEMENT/CONSULTATION

This project supports the 20 pledges with the Wirral Plan: A 2020 Vision which was developed following full consultation with partner organisations and residents. The Wirral Growth Plan has also been informed by consultation which has taken place with a number of public and private sector partners and with local businesses.

9.0 EQUALITY IMPLICATIONS

- (a) Yes and impact review is attached –

The potential impact has been reviewed with regard to equality and links to the existing EIA conducted for Wirral's Growth Plan. <https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments/equality-impact-assessments-2014-0>

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REFERENCE MATERIAL

2014 to 2020 European Structural and Investment Funds Growth Programme, Call for Proposals, European Social Fund, Priority Axis 1: Inclusive Labour Markets

NOMIS Wirral Update 2019 (Labour market statistics)

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet – European Issues Paper	21st March 2016
Delegated Decision Report of the Portfolio Holder for Jobs and Growth - European Structural and Investment Fund Programme for England 2014-2020: Wirral Ways to Work Programme Extension	6 th July 2018