
EUROPEAN STRUCTURAL INVESTMENT FUNDS (ESIF) – ESF SEaMLESS Programme

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This report relates to a Key Decision

Purpose of this report

1. To provide further detail regarding the status of the SEaMLESS Consortium European Social Funds (ESF) funding bid, as a follow on from the European Structural Investment Fund paper which was approved by Executive on 6 October 2015. This is to satisfy a recommendation that each project/programme proposed under this fund is brought back to Executive to gain approval to enter into the funding agreement in order to commence.

RECOMMENDATIONS

That the Executive:

1. **notes the further detail provided about the SEaMLESS Consortium ESF funding bid, including the budget, outputs, results and targets, and any associated impacts and risks to the council;**
2. **based on this information, provides approval to enter into the funding agreement, subject to approval by the Department for Work and Pensions (DWP) for this programme, to enable the programme to commence and give delegation to the Director of Regeneration and Business and the Section 151 Officer to approve any minor amendments to this funding agreement, in consultation with the Executive Member for Regeneration and the Executive Member for Education and Skills.**

Overview and Scrutiny Comments/Recommendations

2. The overall recommendations relating to this ESF funding bid were approved by the Sustainable Communities Overview and Scrutiny Committee (OSC) on 20 August 2015 and Executive on 6 October 2015. The Committee RECOMMENDED to support the approach to bid for ESF funds from the ESIF Programme.
3. A further short update was provided to Sustainable Communities OSC on 16 August 2016 as part of the engagement on the All Age Skills Strategy 2016-2020.

Background

4. In the context of shrinking budgets and meeting the needs of our residents and businesses in Central Bedfordshire, it is important to maximise wider opportunities such as tapping into external funding.
5. The European Structural Investment Fund (ESIF) programme implemented by central Government, covers the period of 2014 to 2020 with the aim of increasing social and economic prosperity and to reduce disparity, creating a more competitive, prosperous and inclusive economy. The ESIF programme comprises three ESIF funding streams:
 - **European Social Fund (ESF)** managed by the Department for Work and Pensions (DWP)
 - **European Regional Development Fund (ERDF)** managed by the Department for Communities and Local Government (DCLG)
 - **European Agricultural Fund for Rural Development (EAFRD)** managed by the Department for Environment, Food and Rural Affairs (DEFRA)
6. The ESIF funds offer the opportunity for Central Bedfordshire Council (CBC) to provide additional support for:
 - residents to move into employment or to progress up the career ladder by developing their skills;
 - businesses to tap into well skilled local residents, meeting business skills gaps;
 - economic growth through promoting business innovation and development.
7. A report on the ERDF bid was submitted to the Executive in February 2016, who approved the recommendation to move forward with the £3.9M (incl. 50% match funding) Innovation Bridge ERDF project. Approval was given to sign the Funding Agreement and this programme is now underway delivering up to 30 June 2019.

8. The ESF bid timeframes have moved at a slower pace and the impact of the Brexit vote has introduced complexity and delay, with a period of uncertainty now followed by a drive for projects to be approved and start delivery as soon as possible. A Government announcement was made in October 2016 that EU funded projects will be honoured beyond the UK's departure from the EU.

European Social Fund (ESF) – SEaMLESS Programme Application

9. In May 2016, CBC submitted an outline application for ESF funds to create the SEaMLESS (South East Midlands Local Employment Support Service) Programme to deliver employment support to long term unemployed and economically inactive individuals in the SEMLEP area. In order to maximise the funding opportunity, a £12.89M Consortium bid was submitted with CBC as the accountable body, and the 11 local authorities in the SEMLEP area as delivery partners. It proposed supporting 8,874 individuals who are either unemployed or economically inactive to move them closer to, or into employment.
10. The bid assessment was put on hold whilst Government reviewed the impact of Brexit. On 30 August, DWP invited the Consortium to progress to the submission of a full application. The full application was for a smaller project valued at £7.28M (including 50% match funding). The full application includes only 3 consortium partners, and proposes supporting 4,337 individuals who are either unemployed or economically inactive to move closer to, or into employment.
11. CBC is the accountable body, and is also undertaking delivery on the programme, alongside Bedford Borough Council (BBC) and Luton Borough Council (LBC) as delivery partners. The table below shows the allocation of the budget to each delivery partner and the number of individuals who will be supported by each local authority. The allocations have been based on the availability of match funding and the development of each individual model taking into account the specific needs of the local authority area.

Consortium partner	Allocation of overall programme budget	Number of participants supported
CBC	29%	942
BBC	20%	1383
LBC	52%	2012
Total	100%	4337

12. Subject to DWP approval of the bid, the programme was planned to commence in January 2017 and complete on 31 December 2019. The bid is currently still under consideration by DWP, having dealt with the appraisal feedback received from the DWP moderators. The commencement date could therefore be shifted. We are waiting for guidance from DWP on this. To commence the programme, DWP will require CBC to enter into a funding agreement (draft example in Appendix 3). A tight timeframe is anticipated for signing the funding agreement in order to avoid any further delays.
13. The SEaMLESS Programme has been designed to incorporate a distinct project managed by each local authority. Each local authority partner has proposed a delivery model that fits with their local context, and will lead delivery in their own area. Open to all participants in the SEMLEP area, delivery activity will take place in the three local authority areas of Central Bedfordshire, Bedford and Luton.
14. Each local authority will establish Job Hubs in their area where participants will receive personalised and intensive support that breaks down barriers to employment, provides access to basic skills and employability and provides direct engagement with employment opportunities. Jobs brokerage will be an integral part of the hubs, engaging with local businesses to secure employment for the SEaMLESS participants.
15. SEaMLESS aims to integrate with existing services that support unemployed or economically inactive individuals, in order to provide a holistic and cohesive service to participants. Where possible, complimentary council services have been used as match funding.
16. As the lead applicant for the programme, CBC will take a programme administration management fee (equivalent to 10% of the total programme value) to cover the costs of being the accountable body for the programme which includes employment of a Programme Management Team and other revenue costs associated with delivering the programme (such as marketing).
17. The table below shows the contribution by each consortium partner to the programme administration management fee (calculated as 10% of each local authority's total project value).

Partner	Total Project value	Programme administration management fee (10% of total programme value)
CBC	£2,099,800	£209,980
BBC	£1,429,790	£142,979
LBC	£3,750,960	£375,096
Total	£7,280,540	£728,054

18. The programme administration management fee will be used to manage the relationship with the managing authority (DWP) and to ensure that the programme is compliant and the money is spent and evidenced in a compliant way. CBC must also ensure all the outputs for the programme are delivered through the partnership. CBC will provide programme management and administrative support to ensure the programme is run in accordance with ESF rules. All the money for the programme will pass through CBC and any issues with the partners, the match funding and any risks for the programme will be the responsibility of CBC. There will be a Service Level Agreement (SLA) with each consortium partner to manage and mitigate risks for CBC and each partner as far as possible.
19. In addition to being the accountable body, CBC, along with Bedford Borough Council and Luton Borough Council will be involved in the delivery of client activity – providing employment support activities through local Job Hubs in their areas and ensuring the associated staff time spent on the programme is evidenced correctly for DWP. The SLA will ensure all partners share in the responsibility for the delivery of the overall outputs for the programme. All consortium partners have experience of delivering ESF programmes.
20. Delivering an ESF funded programme offers CBC both additional funding for its own employment support activities and strategic positioning, particularly in the context of devolution and future funding opportunities. It provides an opportunity to look in-depth at integrated employment support across Central Bedfordshire and beyond into the two other local authority areas of Bedford and Luton, and to work with key influential partners.
21. Across Central Bedfordshire delivery of SEaMLESS will form a key part of CBC's Employment and Skills provision for more vulnerable residents to access employment and fulfil their potential. The CBC delivery model has been designed to maximise integration within CBC services, working with the Supported Families Programme, Social Housing Employment Support and Adult Services learning disabilities or difficulties teams

Reasons for decision

22. Securing funding for SEaMLESS provides an excellent opportunity to lever in external funding to support our most vulnerable residents back into employment. SEaMLESS takes a holistic and personalised approach to supporting individuals, and provides a unique opportunity to better integrate local delivery.

23. Including match funding, the bid is £7.28M. The programme will commit consortium partners to the ESIF funding criteria and have implications on the Council which are described throughout this report. A summary of the cash flow forecast and the associated risk can be found in Appendix 1.

Council Priorities

24. SEaMLESS is key in supporting Central Bedfordshire to achieve its full economic potential and in delivering the Council's 5 Year Plan priorities to support education and skills, and business growth and prosperity. It supports CBC's All Age Skills Strategy (approved by Executive in October 2016) which includes objectives to support vulnerable residents into employment.

Corporate Implications

25. CBC is committing to be the lead body to deliver the programme which has a total value of £7.28M over 3 years. This will include funding for additional resource requirements such as additional fixed term staffing. The whole programme should have a positive impact on CBC resources as it enables the authority to meet some important needs including supporting our most vulnerable residents into employment. It provides part funding for existing staff and full funding for the additional posts to be created. The following paragraphs provide more detail.

Legal Implications

26. The Council's Executive Arrangements and Regulation 8 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 confirm that key decisions must be taken by the Council's Executive.
27. Service level agreements with local authority delivery partners will be informed by LGSS Law and such agreement will be consistent with the content of the Council's bid and terms of the grant funding agreement. This will help the Council mitigate the risk of clawback of grant funding and state aid.
28. In the event that the Council, or delivery partners, engage private partners for the delivery of services, the terms of such engagement must comply with the requirements of the grant funding agreement. Any procurement process must be followed in accordance with EU regulations, their own procurement rules, and Public Contracts Regulations 2015 if applicable. All contracts will be vetted approved by each council's legal services with a particular focus on ensuring that expenditure and activity is sufficiently auditable to manage risk and compliance.

29. The Council is subject to the requirement to obtain best value in any procurement process because it is a best value authority for the purposes of the Local Government Act 1999. The Act requires the Council to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. To this end, the Council must be satisfied that its procurement processes achieve best value in terms of price and quality.
30. The Council is required under the Public Services (Social Value) Act 2012 to consider the following in respect of procurements that are subject to the EU procurement regime:
 - a) How what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area; and
 - b) How, in conducting the process of procurement, it might act with a view to securing that improvement.

These criteria will be given due consideration in any EU procurement process.

Financial Implications

Programme Management

31. The total budget for the SEaMLESS programme is £7.28M, inclusive of match funding.
32. The table below shows the project value by partner, their 10% contribution towards the programme administration management fee, and match funding.

	CBC	BBC	LBC	Programme total
ESF	(£839,919)	(£571,915)	(£1,500,383)	(£2,912,217)
Match Funding	£1,049,898	£714,893	£1,875,479	£3,640,270
10% programme administration fee	(£209,980)	(£142,979)	(£375,096)	(£728,055)
Project Value	£2,099,797	£1,429,787	£3,750,957	£7,280,541

33. There is a requirement for 50% match funding for ESF. This will be provided through a mix of local authority staff time and cash match, along with a 15% overhead on salaries. The provisional budget breakdown by financial year of match contribution from each local authority is provided in Appendix 1.

34. The team has used experience and lessons learned from our previous EU funded projects including the CBC internal audit recommendations to feed into this. Effective systems need to be put in place to ensure match funding can be properly evidenced and claimed and that expenditure is ESF eligible, otherwise funding for the ESF programme will be at risk. Therefore we are working with Legal and Finance on ensuring correct agreements, systems, governance and processes are in place, building on the recommendations from CBC internal audit team on the previous EU programme delivery.
35. In order to embed the ESF financial requirements within the Council, funding is included to cover the costs of a part time External Funding Finance Manager which is proposed to sit within the corporate Finance team within the overall delegation of the Section 151 Officer. This role will feed into the effective overall management of the ESF programme and is an integral part in mitigating and controlling financial risk to the Council.
36. Some expenditure is ineligible for ESF funding. As such, each consortium partner is bearing legal costs associated with this project. Also, each partner bears a financial risk associated with redundancy payments for staff contracted wholly to work on the ESF programme, should the programme have to be terminated early. CBC will be responsible for any associated redundancy payments for staff it recruits to undertake programme management or delivery activities.
37. In order to ensure that there is a Management Information (MI) system in place from the start of the programme, all partners have agreed to invest in the development of the current MIS used by CBC's Employment and Skills Service. Due to the timeframes involved in delivering SEaMLESS, and the need for a robust MI system to be in place from the outset, it has been agreed by the partners that this will be funded outside of the programme budget. The associated development costs are approximately £30,000, which will be apportioned equally between the delivery partners. There are sufficient funds within the Business and Investment Service's budget to cover the CBC portion. The alternative would be to procure a new MI system, which would take time and incur additional costs around rollout and implementation, in addition to the transfer of information that had been collected on the project before a new system had been implemented.
38. As the lead applicant for the programme, CBC must ensure adequate cash flow as there may be a delay in receiving funding from DWP for payment of claims.
39. If a funding clawback situation arises due to a failure of a delivery partner to provide sufficient evidence in meeting the prescribed criteria, the SLA sets out the process that is in place to ensure it is passed through to the correct deviating delivery partner.

40. ESIF allocations to SEMLEP (and the wider UK) have been made in Euros at a fixed Exchange Rate and it is noted the overall allocations may vary over time in line with exchange rate fluctuations. This is being managed by the LEPs committing to funds at an early stage of the programme in sterling and they will take account of any exchange rate fluctuations by varying uncommitted funding.
41. A Government announcement was made in October 2016 that EU funded projects will be honoured beyond the UK's departure from the EU.
42. A high level risk register for SEaMLESS is provided in Appendix 2. To mitigate risk, the programme has been conservatively estimated and forecast to ensure that there is confidence in the delivery of the outputs for the programme and sufficient mitigations are in place to minimise risk to the council. This position is the same for all ESIF programmes.

CBC Focussed Delivery

43. CBC will have £2,099,796 (including 50% match funding) for delivery within Central Bedfordshire as shown in the table below:

10% programme administration management fee	ESF	Match funding	Total project value
£209,980	£839,919	£1,049,898	£2,099,797

44. CBC's match funding for the programme is through a mixture of staff time, overheads and £350K of cash. There is no commitment to provide funds in excess of this. The breakdown of match funding sources for CBC is shown in the table below:

CBC Match funding	Value
Overheads	£242,546
Cash	£350,000
Salaries	£457,352
Total	£1,049,898

Procurement Implications

45. All procurement will be in accordance with each council's procurement rules. Where there is a conflict between these rules and procedures and the ESIF Procurement Guidance CBC will ensure that ESIF rules are followed, as failure to do so could result in funds being deemed ineligible and clawback applied.
46. The ESIF regulations impose wider requirements to adhere to than the CBC corporate processes. For example, ESIF regulations require additional levels of publication.

47. Experience from the previous European Funded programmes delivered by CBC has provided several guiding principles for this as follows:
- All contracts are advertised openly on Council procurement web pages, using the Intend procurement system where the value of the contract indicates that this is appropriate;
 - All bid submissions are evaluated in an open and transparent manner by a team of evaluators using the Council procurement toolkit and seeking guidance on EU principles where required; and
 - Contract management and initiation takes place in accordance with the Council's procurement team and legal team who have experience of EU procurement standards and requirements.

Equalities Implications

48. CBC has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
49. The ESF bid requires CBC to produce an ESF specific Equality and Diversity Policy and Implementation Plan, which has been based on CBC's Equal Opportunities Policy Statement. This will apply to all bid partners and has been included with the bid submission.
50. SEaMLESS will deliver employment support to unemployed and economically inactive participants. In Central Bedfordshire, delivery specifically targets some of our most vulnerable groups including those:
- over 50 years of age
 - ethnic minorities
 - with disabilities
 - who live in a single adult household with dependent children
 - without basic skills.
51. To follow ESF requirements all programmes must adhere to European Equalities and Diversity requirements which mean:
- No beneficiaries are excluded from participation in the ESIF programmes on the grounds of their protected characteristics;
 - The needs of all potential beneficiaries are considered at programme design stage in order that the service is appropriately delivered;

- Services are responsive to the needs of all communities where relevant; and
- Support is targeted towards under-represented communities where relevant.

Risk

52. The programme requires us to enforce robust approaches to risk management in order to maximise the funding opportunities offered through this ESF call. Minimising risks of poor performance, lack of delivery and potential claw back. A full risk analysis has been completed and submitted as part of the bid development. An outline of the risks and mitigating actions can be found in Appendix 2.
53. CBC as the lead body will need systems and contracts in place to ensure risks are mitigated and possibilities of claw back by DWP are closely managed, ensuring failure to deliver or incorrect claims are identified quickly and programme managed effectively.
54. A risk register will be maintained and have a supporting risk strategy. These will be reviewed at the regular steering group meetings, risks clearly identified with the appropriate ownership agreed for effective management. The documents will be live and updated regularly.
55. Any potential risks in the programme will be managed through the programme management approach – including the steering group, programme sponsor, programme manager and regular reviews of the risk register. In addition to this gateways have been built into the programme to review particular risks, such as delivery of outputs and results and to implement mitigating actions if not.

Sustainability Implications

56. The ESF programme will meet the key objectives of CBC's Sustainable Development Policy:
 - Social progress that recognises the needs of everyone;
 - Effective protection of the environment;
 - Prudent use of natural resources; and
 - The maintenance of high and stable levels of economic growth and employment.
57. The ESF bid requires CBC to produce an ESF specific Sustainability Policy and Implementation Plan, which has been based on CBC's Sustainable Development Policy.

58. This will apply to all partners to ensure that sustainable development covers the three areas of economy, society and the environment, across the whole of the bid area. It has a particular focus on minimising waste, minimising energy consumption and minimising use of travel / promoting public transport methods where possible.

ICT

59. Due to the scale of the SEaMLESS programme, there is a need to expand the existing MI system, and discussions are taking place with ICT to ensure it is fully compliant with our security and other requirements. A cloud based version has been identified, as the system needs to be accessed by all external delivery partners. This system and access will need to be stable, comply with data protection and allow for meaningful data to be analysed ensuring the smooth monitoring of delivery and performance.

Human Resources

Programme Management

60. CBC will establish a Programme Management Team to ensure the compliant delivery of the Consortium Programme.
61. The CBC Programme Team requires the recruitment of 5 (3 full-time and 2 0.5FTE) fixed term posts to assist with the operation of the programme. Including a small amount of support from existing Management posts in the Council will ensure the team is fully embedded in CBC. All posts involved in the Programme Management are funded by ESF funds. The costs of the new posts (apart from the cost of recruitment) will be met from the ESF programme funding, as part of the 10% programme administration management fee.

ESF PROGRAMME MANAGEMENT TEAM			
Job Title	Time commitment to programme %	Role	Existing staff or new post
Business & Investment Group Manager	5	Strategic overview	Existing
Head of Investment & Employment	10	Programme sponsor	Existing
Programme Enabling Manager	10	Advisor on technical advice	Existing
ESF Programme Manager	100	Programme delivery	New

Senior Project Officers x2	100	Compliant programme management and delivery	New
ESF Finance Manager (0.5FTE)	100	Financial accountability	New
Senior Data Analyst (0.5FTE)	100	Data management	New

Project Delivery in Central Bedfordshire

62. In addition, as CBC will be directly delivering employment support in Central Bedfordshire, we will establish a new Project Delivery Team. The Project Delivery Team requires the recruitment of 5 fixed term staff (FTE) to provide job coaching and personal advisor support to CBC participants. This will be embedded in CBC's Bedfordshire Employment and Skills Service (BESS) by including a small amount of support from existing posts in BESS. The costs of the new recruits (apart from the cost of staff recruitment) will be met from the ESF programme funding.
63. SEaMLESS aims to integrate with existing CBC services and the CBC match funding has been identified so that existing council services can support delivery. CBC delivery integrates with the Supported Families Programme, Social Housing Employment Support and Adult Services, supporting people with learning disabilities or difficulties and Business Support Team for employer engagement. These services will provide referrals into the Job Coach advisors and have been identified as match funding as part of the bid in order to maximise funding for the CBC element of the Programme. This equates to a percentage of time of 20 CBC staff.

ESF CBC PROJECT DELIVERY TEAM			
Job Title	Time commitment to project %	Role	Existing staff or new post
<i>CBC posts funded by ESF</i>			
Employment and Skills Service Manager	10%	Strategic leadership of CBC direct delivery	Existing
Skills for Work and Life Manager	20%	Embedding delivery in wider Service	Existing
Contracts and Commissioning Manager	10%	ESF commissioning and contract management	Existing
ESF Team Leader – Job Coach	100%	Day-to-day direct delivery and ESF compliance	New

Job Coaches/Personal Advisors x4	100%	Job coaching and personal advisor support	New
Skills for Work and Life Tutor	30%	English, maths and ESOL	Existing
<i>CBC posts providing match funding</i>			
Housing Team Employment Support Officer	80%	Supporting participants and referrals	Existing
LDD Employment Support Team Manager	63%	Supporting participants and referrals	Existing
LDD Paid Employment Facilitator	63%	Supporting participants and referrals	Existing
Supported Families Family Partners x14	20%	Supporting participants and referrals	Existing
Business Growth Manager	5%	Business engagement and jobs brokerage	Existing
Business Support Officers x2	10%	Business engagement and jobs brokerage	Existing

Conclusion and Next Steps

64. Delivering an ESF programme offers CBC both additional funding for its own employment support activities and strategic positioning. It provides an in-depth opportunity to look at integrated employment support and to work with key influential partners.
65. Working in partnership within and outside of CBC itself has encouraged synergy and the development of shared approaches to maximise efficiency and effectiveness of the delivery of employment support. It has also created closer working with the Bedford and Luton on employment support initiatives.
66. If the approach is agreed, and subject to DWP approval of the bid, CBC will seek to enter into the funding agreement (example attached in Appendix 3) with the Managing Authority – DWP, with the steer and approval of legal services and the delegated powers of the Director of Regeneration and Business and the Section 151 Officer to approve any minor amendments to this funding agreement, in consultation with the Executive Member for Regeneration and Executive Member for Education and Skills.

Appendices

- 67. Appendix 1. Summary of financial information
- 68. Appendix 2. Risks and mitigating actions
- 69. Appendix 3. Example funding agreement – provided by DWP

Background Papers

- 70. None