
Meeting: Executive

Date: 10 December 2013

Subject: Extending the European Social Fund (ESF) Programme to Support the Unemployed and Economically Inactive

Report of: Cllr Nigel Young, Executive Member for Sustainable Communities - Strategic Planning and Economic Development

Summary: This report proposes that the Executive approve the extension of the current ESF programme by up to £6M for the delivery of additional activity across Central Bedfordshire and Bedford Borough.

Advising Officer: Liz Wade, Assistant Director Economic Growth, Skills and Regeneration

Contact Officer: Kate McFarlane, Head of Community Regeneration and Adult Skills

Public/Exempt: Public

Wards Affected: All

Function of: Executive

Key Decision Yes

Reason for urgency/ exemption from call-in (if appropriate) N/A

CORPORATE IMPLICATIONS

Council Priorities:

1. The ESF Programme operates as a shared service with Bedford Borough and accordingly delivers against the priorities of each Council. The proposed programme of additional ESF activities will support the delivery of a number of Central Bedfordshire Council's Medium Term Plan priorities, most notably:
 - **Enhancing Central Bedfordshire – creating jobs, managing growth, protecting our countryside and enabling businesses to grow** – through the expansion and extension of the work club network more individuals will be supported to prepare for, and find employment. Through the work based learning programme individuals will gain work experience in key sectors and a building enterprise programme will support adults for whom self employment is an option.

- **Improved educational attainment** – the work based learning support programme will pro-actively target 16 – 19 year old young people Not in Employment Education or Training (NEET).
- **Promote health and wellbeing and protecting the vulnerable** – through the delivery of learning programmes that support independent living and gaining employment or self employment, therefore improving health and wellbeing. A specific focus will be working with adults with mental health issues for whom work would be a positive outcome.

Financial:

2. Central Bedfordshire Council has ESF Co-Financing status and is the accountable body for the management and distribution of ESF funding. The Council is one of a small number of Local Authorities with ESF Co-Financing status and therefore able to access additional ESF funding at this time.
3. The current Bedfordshire ESF Programme runs from 2007 to 2014 and is worth £4.4M ESF. Average spend each financial year is circa £0.65M. In order to draw down the ESF, match funding has to be provided at a 50% intervention rate. Match funding for the existing programme is provided by Central Bedfordshire Council and Bedford Borough Council and primarily comes from two sources, children's workforce development activities and funding made available to sixth form schools under the control of the Local Authorities. This does not include funding for Free Schools or Academies. The match funding requirement for the existing programme has been met.
4. The additional ESF programme of up to £3M requires an equal amount of match funding. This match funding will come from the Education Funding Agency (EFA) allocation to the Develop Education Business Partnership (EBP) subject to a formal written agreement being agreed. The written agreement will be with the Department for Work and Pensions (DWP) who manage the programme nationally, the Skills Funding Agency (SFA) who manage the ESF programme on behalf of the EFA, the EFA, Develop EBP and Central Bedfordshire Council.
5. Up to 9% of the overall programme (maximum of £6M made up from £3M ESF and £3M match) can be used to cover the management and administration costs of running the programme. This equates to a maximum of £540k, although the actual amount is dependent upon the final level of ESF spend on activity delivered during the course of the programme. The management and administration costs will be based upon time spent on the programme and recorded on timesheets, with an agreed hourly rate for all individuals. This additional funding is directly linked to the partial delivery of efficiency SC175 of £170k.
6. Of the £3M additional ESF funding, a total of £2.5M of new activity will be tendered with spend being split equally across Central Bedfordshire and Bedford Borough geographies. In addition, a further £60k underspend from the current programme will also be tendered.

Legal:

7. Under the Education Act 1996 the Council has the power to secure the provision of education and training opportunities for adults. The Council also has a general power under the Local Government Act 2000 to promote the economic, social and environmental wellbeing of the area. The arrangements proposed in this report reflect these powers.

Risk Management:

8. The delivery of the ESF Co-financing programme does present risks to the Council. The risks outlined below will be mitigated by regular monitoring of overall programme performance by a skilled and experienced team of staff.
 - (a) Compliance with ESF rules and regulations: ESF funding comes with strict rules and regulations, including strong eligibility and evidence requirements. Failure to comply could result in the Council having to repay ESF funding already claimed or the suspension of future payments. Compliance will be secured through regular monitoring of ESF and match funded contracts, and by responding in a timely manner to any issues emerging through Department for Work and Pensions (DWP) quarterly audits.
 - (b) Securing ESF match funding: ESF funding can only be accessed if suitable match funding can be secured. Failure to secure match funding prevents any ESF being drawn down. The source of the match funding is outlined in paragraph 4. A written agreement will be drawn up between the provider whose contract is being used for match funding, the relevant funding bodies and Central Bedfordshire Council. Compliance with this agreement will be monitored by the Adult Skills Service.
 - (c) Delivery within a tight timescale: The additional £3M of ESF funding has to be spent by the end of August 2015, with final claims submitted to DWP by the end of November 2015. The timescale for procurement and delivery is significantly shorter than would usually be the case. The procurement team have been engaged early in the process to try and condense the procurement time to as much as is reasonably practical, whilst remaining legally compliant and within the parameters of the Council's procurement framework. The forthcoming tendering round will be promoted widely to providers so that they are aware of the opportunity to access additional funding through the procurement process. A key appraisal criteria will be the ability for providers to begin immediate delivery, commencing on 1 April 2014.

- (d) Risk of not delivering the full £3M additional programme: £3M is the maximum amount of ESF funding that can be accessed. With the very tight timescales outlined in point (c) above it is possible that we cannot deliver a full programme of activity equivalent to £3M. This could result in a reputational risk of failure and/or the Council not being able to draw down sufficient ESF funding to cover the programme administration. A clear approach will be developed to ensure that messaging about the new programme is that £3M is the maximum funding level and the Adult Skills Service will on a quarterly basis review programme performance and staff time spent on administering the overall programme.
- (e) Risk of doing nothing: Doing nothing would mean that the Council misses out on the opportunity to secure an additional £3M ESF funding which through its relative flexibility can be used to contribute to the delivery of a number of Central Bedfordshire Council's Medium Term Plan priorities, most notably supporting adults into employment and addressing the impacts of welfare reform changes. Failure to draw in additional external funding could affect the ability of the Council to deliver the agreed priorities.

Staffing (including Trades Unions):

9. Staff across the existing Adult Skills Service will oversee and manage the procurement, monitoring and reporting of the additional ESF activity. Whilst no staffing changes are anticipated as a result of this additional ESF money in 2014 a review of staffing capacity will be undertaken to prepare for the transition and eventual close down of the current programme in Autumn 2015. At the appropriate time ahead of close down, consultation with trade unions and affected staff will take place in accordance with the Council's Managing Change policy.

Equalities/Human Rights:

10. Central Bedfordshire Council 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.
11. The activities and target groups to be supported through the additional £3M ESF funding have been identified following a brief review of the agreed Adult Skills Service Commissioning priorities. These were developed in 2012 as part of the wide ranging Adult Skills Service review. During this review, focus groups were held with learners and non-learners and a series of in-depth qualitative telephone interviews were held with businesses. Interviews were also held with key stakeholders with an interest in the delivery of adult learning. An Equality Impact Assessment was completed as part of the 2012 Adult Skills Service review; this took into account the outputs from the resident focus groups, business feedback and stakeholder views along with analysis of service data, mosaic mapping of residents who use and do not use the Adult Skills Service and the June 2011 Ofsted inspection report findings.

12. In reviewing the Adult Skills Service commissioning priorities the findings from the 2013 Local Economic Assessment equalities considerations and target groups were also considered. An Equality Impact Assessment was completed alongside the development of the Local Economic Assessment. An Equality Impact Assessment was also completed when developing the All Age Skills Strategy.
13. The target groups that will be supported have been identified as those requiring the greatest support to access employment and will be amongst the most vulnerable. The proposed extension of the ESF programme is therefore likely to have a positive impact on equality of opportunity.

Public Health:

14. There is a strong relationship between skills and employment and health and wellbeing. Those who are more highly skilled are more likely to secure employment and to enjoy higher standards of living, contributing to better physical and mental health. Concurrently, poor health and disability can contribute to lower attainment and economic inactivity. Through supporting skills development and employability, the programme of new ESF activity has a role to play in contributing to improved health and wellbeing.

Community Safety:

15. Access to skills, training and employment are key factors in preventing offending behaviour and breaking historic patterns of offending for individuals and within families. The Council has a statutory duty to do all that it reasonably can to prevent crime and disorder in its area.
16. The planned programme of additional ESF activity can play a role in supporting community safety by working with the Bedfordshire Integrated Offender Management Programme, a multi-agency partnership that works with offenders to break the cycle of crime. A range of support and interventions will be offered, including those around providing support and training to improve basic skills and life skills and support into employment.

Sustainability:

17. Matching employment with the needs of our growing resident population will support the longer term sustainability of Central Bedfordshire. The programme of new ESF activity supports the delivery of the All Age Skills Strategy (adopted by the Council in March 2012), which itself is aligned to the Economic Development Plan which fits with the Council's Climate Change Strategy.

Procurement:

18. All ESF money has to be open and competitively tendered. The procurement process will build on and improve previous procurement rounds and will operate in accordance with the Council's procurement processes and procedures. Support will be required from the Council's procurement team. This resource is in place.

19. Any engagement with partner organisations or external service providers will be formalised through an appropriate agreement (prepared in accordance with the procurement toolkit) which contains a statement of requirements (or specification), a set of contract terms and conditions, performance metrics and remuneration arrangements.

Overview and Scrutiny:

20. The proposed programme of ESF activities to be supported through the additional ESF money directly linked to the implementation of the All Age Skills Strategy priorities. The draft All Age Skills Strategy and role of the Local Authority in supporting its delivery was considered and endorsed at the 28 February 2012 Children's Services Overview and Scrutiny Committee joined by the members of the Sustainable Communities Overview and Scrutiny Committee.

RECOMMENDATIONS:

The Executive is asked to:

1. **approve the extension of the current ESF programme contract by accepting up to an additional £3M ESF, matched by a further £3M from the Education Funding Agency to support the unemployed and inactive into work or further training; and**
2. **approve the use of the additional funding against each of the proposed activities specified in paragraph 29 of the report.**

Reason for Recommendations: To enable the delivery of an additional programme of activities to support adults and young people to improve their skills, gain employment or start a business.

Executive Summary

21. Central Bedfordshire Council is an approved European Social Fund (ESF) co-financing organisation. This means that the Council can bid for ESF money to deliver programmes of activity to support adults and young people improve their skills, progress to further education and training, gain employment or start a business. It can also be used to support leaders and managers of small and medium sized enterprises (SMEs) and employees with low level skills. The Council administers the programme across Central Bedfordshire and Bedford Borough as a shared service.
22. There are two national priorities within the ESF programme.
- Priority 1: 'Extending employment opportunities' to tackle the barriers to work faced by unemployed and disadvantaged people.
 - Priority 2: 'Developing a skilled and adaptable workforce' to train people who do not have the basic skills and qualifications needed in the workplace.

Additional funding is only available to support Priority 1 activities.

23. The existing 2007 -2014 programme, worth £4.4M ESF, enables the delivery of a range of projects which include supporting young people not in education employment and training (NEET), unemployed adults to start a business, a manager and leaders programme for small and medium sized enterprises (SMEs) along with targeted work to address basic skills needs of individual Gypsies and Travellers.
24. The current ESF programme is performing well in comparison to national programmes. The programme to the end of August 2013 has engaged over 1,845 unemployed and economically inactive adults, 988 NEET and pre NEET young people and 175 leaders and managers of SMEs.
25. An external evaluation of the first half of the programme for the period 2007 - 2010 found that 48% of adult participants from the Bedfordshire ESF programme progressed into employment compared to the national average figure of 15%. It also found that 81% of Bedfordshire NEET participants had been re-engaged in education, employment or training compared to a national average of 71%. Analysis of second half programme performance to date shows that the Bedfordshire ESF programme is broadly mirroring or is above national performance indicators.
26. Nationally there is a significant ESF programme under spend in Priority 1. As an ESF co-financing organisation with a track record of delivery and low audit risk the Council has the opportunity to bid for additional ESF funding. Any funding received has to be open and competitively tendered in accordance with ESF funding rules and regulations.
27. A recent review of the Adult Skills Service commissioning priorities, that has incorporated economic intelligence from the 2013 Local Economic Assessment, has identified that the priority activities for investment are; to expand and extend the existing work club network across Central Bedfordshire; a business start up programme for the unemployed; Get into Work programmes specifically targeting the hospitality, retail, care and construction sectors; and activities to support adults with mental health issues.

Proposed Areas of New ESF Activity

28. The proposed activities along with indicative amounts of funding for delivery in Central Bedfordshire are outlined below. We are proposing to take an all age approach in line with Central Bedfordshire Council's All Age Skills Strategy:

29. (a) Expand and Extend the Work Club offer across Central Bedfordshire:

Indicative funding allocation: Maximum of £490,000

Indicative Participant numbers: 450

Enable the work club network to become hubs for advice and support on employment and skills development. Activities to include tailored job search, careers advice, CV writing, and 1 2 1 support.

Programmes of specific activities to be delivered around ICT literacy, programmes to increase confidence and support women returners, target and engage young unemployed and the over 50s group.

Looking to also expand volunteering opportunities. Options for work clubs to be delivered in a range of venues including libraries, community centres and children's centres. Work clubs to increase partnership working across Council teams (children's services and social care, health and housing) and with external partners (such as Registered Social Landlords and Jobcentre Plus) to address barriers to employment such as housing, debt and benefit entitlements and changes. Opportunities for the Council to offer work club participants work experience opportunities and encourage applications for future apprenticeship vacancies. The future work club programme will build on the emerging recommendations from the evaluation of the current work club programme.

(b) Business Start Up Programme for the Unemployed and Economically Inactive:

Indicative funding allocation: Maximum of £200,000

Indicative Participant numbers: 200

Programme to support unemployed and economically inactive adults and young people to consider self employment. This programme will build on the successes of the previous ESF project Building Enterprising Communities which finished in June 2013. Programme to be delivered in a range of community settings, including within work club settings.

(c) Get Into Work Programmes:

Indicative funding allocation: Maximum of £450,000

Indicative Participant numbers: 240

Programmes to get individuals aged 16 years+ into work in specific sectors, namely hospitality, retail, construction and care. Programmes to build on the successful pilot work and approach used within the hospitality sector. Working closely with employers and Sector Skills Councils to shape strong work based training programmes that provide participants with opportunities to meet employers and where appropriate better understand the world of work.

- (d) Supporting adults with mental health issues back to work:

Indicative funding allocation: Maximum of £140,000

Indicative Participant numbers: 70

Programme to support adults with mental health issues to take steps towards gaining employment, which could include further training and volunteering. This programme will work with mental health specialist teams and other partner organisations to support people in addressing the barriers which have prevented their progression into learning and employment. This community based programme will be tailored around individual needs offering practical solutions based on local labour market intelligence. This intensive support will not only provide a flexible package of provision to progress people into work, but also a comprehensive in-work solution working with both the new employee and employer as appropriate.

30. Bedford Borough Council are undertaking a similar exercise to determine their priority areas for investment. It is likely that the business start up programme and programme to support adults with mental health issues back to work will be jointly tendered across both Central Bedfordshire and Bedford Borough Council. All other activities listed above will only be commissioned in Central Bedfordshire.

Current ESF Programme

31. A summary of the existing ESF programme priorities along with details of individual projects can be found at <http://www.centralbedfordshire.gov.uk/local-business/european-funding/european-social-fund-2007-13.aspx>

Appendices:

None

Background Papers: (open to public inspection)

None