

## FINANCIAL RECOMMENDATIONS: THE NOTTINGHAM WORKS 4YOU PROJECT

### SUMMARY OF THE DECISION

1. That programme costs associated with this project of £4.867m and 66.7% of these costs will be funded from ESF and YEI grant (£3.244m).
2. The project spans 2020/21, 2021/22 and 2022/23.
3. NCC will be the accountable body for the grant and will be required to make payments to partners based on the appropriate returns.
4. That additional temporary resources will be required within Economic Development to deliver the project.
5. There will be no negative impact to the Medium Term Financial Plan in the funding of this project.
6. NCC resources supporting delivery of this project, during the financial years set out in point 2 above, may need to be isolated from any budget reductions to ensure compliance with grant conditions.

### GRANT ANALYSIS

7. Nottingham City Council has submitted a bid to the European Structural Fund (ESF) to support the delivery of a programme of works across the next 3 years (financial years 2020/21- 2022/23) to the value of £4.867m.
8. This programme is to be funded 66.7% from European Structural Fund (ESF) and Youth Employment Initiative (YEI) grant via DWP acting as the Managing Authority and 33.3% from external delivery partners, as summarised in **Table 1** below.

TABLE 1: PROGRAMME COSTS						
	Posts	ESF Project FTE	Direct Salary costs £m	Indirect costs @ 15% of Direct Salary Costs £m	Other Indirect Costs- Participating & Marketing Costs @ 20% of Direct Salary Costs	Total £m
9 External delivery partners			2.573	0.386	0.000	2.959
NCC – HR Services	3.0	2.50	0.270	0.040	0.000	0.310
NCC – Economic development- Project Management	6.0	3.55	0.374	0.056	0.000	0.430
NCC – Economic development- Employment & Skills	3.0	3.00	0.367	0.055	0.746	1.168
<b>TOTAL PROGRAMME COSTS</b>			<b>3.584</b>	<b>0.537</b>	<b>0.746</b>	<b>4.867</b>

9. The split of the programme costs between actual grant funding and match funding by organisations is set out in **Table 2** below, the actual grant being received by the ESF/YEI will only be £3.244m.

<b>TABLE 2: FUNDING OF PROGRAMME COSTS</b>						
	<b>Posts</b>	<b>FTE</b>	<b>Direct Salary costs* £m</b>	<b>Indirect costs @ 15% of direct £m</b>	<b>Other Indirect Costs- Participating &amp; Marketing Costs @ 20% of Direct Salary Costs £m</b>	<b>Total £m</b>
<b>ESF &amp; YEI GRANT FUNDING</b>						
9 External delivery partners			1.715	0.257	0.000	1.973
NCC – HR Services	2.0	1.7	0.180	0.027	0.000	0.207
NCC – Economic development-Project Management	4.0	2.3	0.249	0.037	0.000	0.287
NCC – Economic development-Employment & Skills	2.0	2.0	0.245	0.037	0.497	0.778
<b>TOTAL ESF &amp; YEI GRANT</b>			<b>2.389</b>	<b>0.358</b>	<b>0.497</b>	<b>3.244</b>
<b>MATCH FUNDING</b>						
9 External delivery partners			0.858	0.129	0.008	0.994
NCC – HR Services	1.0	0.8	0.090	0.013	0.001	0.104
NCC – Economic development-Project Management	2.0	1.2	0.125	0.019	0.000	0.143
NCC – Economic development-Employment & Skills	1.0	1.0	0.122	0.018	0.240	0.381
<b>TOTAL MATCH FUNDING</b>			<b>1.195</b>	<b>0.179</b>	<b>0.249</b>	<b>1.623</b>

\*Direct salary costs include national insurance and pension costs.

## **MEDIUM TERM FINANCIAL PLAN (MTFP) IMPACT**

10. HR services – 0.5 FTE HR resources identified required for this programme are resources currently funded within the MTFP and there is a requirement to create 2 FTE Grade F Project Officer- Equality and Employability posts.

The required 33% of the match funding required to meet the costs of the 2 new FTE posts (£0.067m) will be met within the grant funding received for the 0.5 FTE existing posts @ 66.7% (£0.045m) and existing HR salary budget (£0.023m).

On this basis the £0.180m ESF & YEI grant funding received for direct salary costs will be not be additional income to the MTFP.

£0.014m of the on cost element of £0.027m grant funding will be used to fund the match funding of the Economic Development team (see section below for more detail). The balance of £0.013m will be aligned to current income targets in HR Services.

It is the requirement of the service to evidence staff time attributable to the delivery of the project amounting to £0.270 m total salary costs (2.5 FTE).

It must be ensured that **these posts are protected from future savings proposals for the duration of the project to comply with the grant conditions.** The protection of the posts for the duration of the project has been confirmed with the HR services via a signed guarantee.

11. Economic Development Project Management- The project requires 3.55 FTE in total, currently there is 0.35 FTE made up of 0.1 FTE Finance Business Analyst and 0.25 FTE Nottingham Works Project Manager that are currently funded from other grants however these grants will cease on the 31 March 2020 and the resource will transfer to this project.

The remaining 3.2 FTE resources required for the project over and above the current establishment are as set out in **Table 3** below-.

**Table 3**

Table 3				
Directorate	Position Title	Grade	Contracted FTE	ESF Nottingham Works4You FTE
Economic Development- Project Management	Project Compliance Officer	E	1	1
Economic Development- Project Management	Project Administrator	D	1	1
Economic Development- Project Management	Community Employment & Skills Officer	H	1	1
Economic Development- Project Management	Project Marketing & Administration Officer	E	1	0.2
		<b>Total</b>	4	3.2

As these posts are not currently available a recruitment process will be required; the total cost of this team is £0.430m (direct and indirect salary costs) and will be funded from:

- a. £0.250m grant funding for direct salary costs for Economic Development;
- b. £0.037m grant funding for indirect salary costs for Economic Development;
- c. £0.014m (of the £0.027m) grant funding for HR indirect salary costs ;
- d. £0.130m (of the £0.257m) from the grant funding for external partners for indirect salary costs.

12. Economic Development- Employment & Skills

The Employment & Skills team within Economic Development will require the creation of 3 FTE posts as set out in **Table 4** below:

Table 4				
Directorate	Position Title	Grade	Contracted FTE	ESF Nottingham Works4You FTE
Economic Development-Employment & Skills	Nottm Jobs Fund Officer	G	1	1
Economic Development-Employment & Skills	Employer Engagement & Apprenticeship Officer	H	1	1
Economic Development-Employment & Skills	Employer Relations Officer	G	1	1
		<b>Total</b>	3	3

The 33.3% In-kind match funding requirement for the Employment & Skills department equates to £0.381m, consisting of:

- a. £0.102m- Commitments against expenditure to be incurred in relation to the Youth Contract Project- therefore is not an additional cost to the council.
- b. £0.279m- Expenditure incurred in relation to the Nottingham Jobs Fund Officer Post, payment of 120 employer grants, participating and marketing costs funded through the Nottingham Jobs Fund.

The value remaining of the indirect element for HR services (£0.013m) and the external delivery partners (£0.127m) will be paid over throughout the project.

## **RISKS**

13.If the Delivery Partners do not employ their full staffing, as outlined in **Table 1** for the entire duration of the project, there will be insufficient ESF grant funding for in-direct costs. This will then impact on the match funding required for the Project Management Team and potentially cause a financial risk for NCC.

A solution to this is that in-direct costs that are not eligible to be funded from ESF/YEI grant funding are to be charged to partners outside of the claim process which will ensure that there are no unfunded costs left for the Economic Development department to absorb.

14.Mitigations are in place to ensure the monitoring of salary expenditure against the profile is undertaken and where it is found that employers spend falls below profile, a performance improvement plan will be put in place to ensure that any underspend in staffing is recovered by the end of the project.

Should the risk not be mitigated, NCC would have to consider the option of reducing the size of the project management team to ensure that Economic Development are able to cover all expenditure on the project.

Each of the delivery partners have contractually committed to providing the necessary match funding contributions for the scheme in order to enable the maximum ESF grant funding to be claimed.

15.HR will need to ensure that the employees are on fixed contracts ending March 2023 which is in line with the completion date of the scheme; this will ensure there are no staffing costs beyond the project completion date as this will impact on Economic Development's revenue budgets.

## **PAYMENTS**

16.Payments to providers for the duration of the budgeted programme will total £3.244m and will be apportioned as follows:

- i. External Delivery partners - £1.715m plus £0.127m indirect costs;
- ii. NCC HR Services - £0.180m; plus £0.014m indirect costs;

- iii. NCC- Economic Development- Employment & Skills- £0.244m; plus £0.534m for indirect salary costs and to contribute towards participating & marketing costs;
- iv. NCC – Economic Development Project Management - £0.430m;

17. The receipt of quarterly ESF Grant funding up to a maximum of £3.244m for the project is dependent on the successful submission of quarterly compliant claims in arrears by internal and external delivery partners.

As NCC are the accountable body for the project, it is the responsibility of the Employment and Skills manager to collate the information and ensure that controls are in place to maximise the available ESF grant funding required to provide match funding for the project, reducing the risk of there being unfunded costs associated with the project which will require resourcing by the Economic Development directorate.

Delivery partners will only be reimbursed for staffing costs after NCC have been paid from DWP, acting as the managing authority on behalf of ESF.

Advice provided by  
Roma Desai  
Commercial Business Partner- Development and Growth  
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