

## FINANCIAL RECOMMENDATIONS: Skills Hub

### SUMMARY OF THE DECISION

1. That programme costs associated with this project of £4.797m and 50% of these costs will be funded from a grant (£2.398m).
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 £4.797m.
8. This programme is to be funded 50% from European Structural Fund (ESF) grant via DWP acting as the Managing Authority and 50% from external delivery partners, as summarised in **Table 1**

<b>TABLE 1: PROGRAMME COSTS</b>					
	<b>Posts</b>	<b>FTE</b>	<b>Direct Salary costs £m</b>	<b>Indirect costs @ 40% of direct £m</b>	<b>Total £m</b>
5 External delivery partners			2.030	0.812	2.842
NCC – IT Services	6	6	0.683	0.273	0.957
NCC – Economic development	6	5.8	0.713	0.285	0.998
<b>TOTAL PROGRAMME COSTS</b>			<b>3.426</b>	<b>1.370</b>	<b>4.797</b>

below.

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 will only be

<b>TABLE 2: FUNDING OF PROGRAMME COSTS</b>					
	<b>Posts</b>	<b>FTE</b>	<b>Direct Salary costs* £m</b>	<b>Indirect costs @ 40% of direct £m</b>	<b>Total £m</b>
<b>ESF GRANT FUNDING</b>					
5 External delivery partners			1.015	0.406	1.421
NCC – IT Services	3	3	0.342	0.137	0.478
NCC – Economic development	3	2.9	0.356	0.143	0.499
<b>TOTAL ESF GRANT</b>			<b>1.713</b>	<b>0.686</b>	<b>2.398</b>
<b>MATCH FUNDING</b>					
5 External delivery partners			1.015	0.406	1.421
NCC – IT Services	3	3	0.342	0.137	0.478
NCC – Economic development	3	2.9	0.356	0.143	0.499
<b>TOTAL MATCH FUNDING</b>			<b>1.713</b>	<b>0.686</b>	<b>2.398</b>

£2.398m.

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

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

10. IT services – The 6 IT resources identified required for this programme are resources currently funding within the MTFP.

On this basis there will be grant income of £0.342m over a 3 year period (0.114m per annum) that is currently additional to the MTFP. It is the recommendation of this report that this income is aligned to currently budgeted income target within the IT service.

£0.126m of the on cost element of £0.137m grant funding will be used to fund the match funding of the Economic Development team (see section below for more detail). The balance of £0.011m will be aligned to current income targets in IT services.

It is the requirement of the service to evidence staff time attributable to the delivery of the project amounting to £0.683m total salary costs (6 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 IT department via a signed guarantee.

11. Economic Development - the project requires 5.8FTE in total, currently there is 0.2 FTE made up of 0.1 FTE Finance Business Analyst and 0.1 FTE Economic Development Communications & Marketing Specialise 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 Economic Development Project Management duties require an additional 5.6 FTE over and above the current establishment, these are set out in **Table 3** below:

**Table 3**

Directorate	Position	Grade	FTE
Economic Development	Skills Access Hub Project Manager	H	1.0
Economic Development	Skills Access Hub Project Compliance Officer	E	1.0
Economic Development	Project Marketing & Administration Officer	E	0.6
Economic Development	Skills Access Hub Adviser	H	1.0
Economic Development	Skills Access Hub Adviser	H	1.0
Economic Development	Skills Access Hub Adviser	H	1.0

salary costs.

The value remaining of the indirect element for IT services (£0.011m) and the external delivery partners (£0.033m) will be paid over throughout the project.

## RISKS

12. 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.

13. 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.

14. 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**

15. Payments to providers for the duration of the budgeted programme will total £2.398m and will be apportioned as follows:

- i. Delivery partners - £1.015m plus £0.033 indirect costs;
- ii. NCC IT service - £0.342m; plus £0.011m indirect costs;
- iii. NCC – Economic Development - £0.998m;

16. The receipt of quarterly ESF Grant funding up to a maximum of £2.398m 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**

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