

**Executive Board
20 July 2021**

Subject:	Back2Work Project (part-funded by the European Social Fund)
Corporate Director(s)/Director(s):	Wayne Bexton, Interim Corporate Director of Growth and City Development
Portfolio Holder(s):	Rebecca Langton, Portfolio Holder for Skills, Growth and Economic Development
Report author and contact details:	Alex Reader, Project Manager – Employment and Skills alex.reader@nottinghamcity.gov.uk
Other colleagues who have provided input:	Owen Harvey, Economic Strategy Manager
Subject to call-in: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Key Decision: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Criteria for Key Decision:	
(a) <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	
and/or	
(b) Significant impact on communities living or working in two or more wards in the City	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Type of expenditure: <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital	
Total value of the decision: £3,997,278	
Wards affected: All	
Date of consultation with Portfolio Holder(s): 17 June 2021	
Relevant Council Plan Key Theme:	
Nottingham People	<input checked="" type="checkbox"/>
Living in Nottingham	<input type="checkbox"/>
Growing Nottingham	<input type="checkbox"/>
Respect for Nottingham	<input type="checkbox"/>
Serving Nottingham Better	<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users):	
This project application was submitted in response to the D2N2 Local Enterprise Partnership's call for projects to support unemployed residents' progress into employment following the Coronavirus pandemic and its impact on the local economy.	

Exempt information: None

Recommendation(s):

1) To approve the Council to act as the Accountable Body for D2N2 and accept European Social Fund (ESF) monies for the D2N2 Back2Work Project, to run between September 2021 and December 2023.

2) To authorise the allocation of budget for the Council project posts.

3) To delegate authority to the Corporate Director for Growth and City Development to enter into a funding agreement with the Department for Work and Pensions and collaboration agreements with delivery partners, to allocate funding to delivery partners, and to authorise Council project roles.

4) To create, and recruit to, 1 ESF Project Administrator post within the Council's Economic Development team to support the management of the project. The funding for the post is being approved as an executive decision, and the establishment of the post is being approved as a non-executive decision by the Corporate Director for Growth and City Development under Delegation 16.

1 Reasons for recommendations

1.1 Subject to a successful ESF application, a decision is required to set up and deliver the D2N2 Back2Work Project. This project is a pre-employment intervention and support programme for unemployed individuals across the D2N2 area, including Nottingham. The project is needed to reduce unemployment rates in Nottingham (7.8%), increase access to vocational skills and support employment sectors hardest hit by Covid-19 to recruit and recover.

1.2 The project will bring an additional £2million into D2N2 (the remainder being provided by local match funding) and will support 2211 individuals in D2N2, with at least 580 of these progressing into education, training or employment or gaining a qualification upon leaving the programme. The funding will ensure the continuation of the Nottingham Jobs Hub beyond March 2023, when its current funding runs out.

1.3 The project will directly contribute to the following Council Plan targets to:

- Support delivery of the Nottingham Economic Recovery and Renewal Plan;
- Support 1,000 Nottingham residents including disadvantaged groups into employment, education and training;
- Successfully deliver the Nottingham Kickstart programme supporting 400 young people into employment;
- Guarantee a job, training or further education place for every 18-24-year-old;
- Help 500 people who are over 50 into work or training;
- Continue to deliver the Nottingham Jobs Hub service;
- Work with businesses to deliver 500 new apprenticeships;

- Work with mass job sectors such as construction to connect local people to job opportunities and encourage them to pay at least the real living wage; and
- Deliver the Council apprenticeship and workforce diversity agenda.

2 Background (including outcomes of consultation)

2.1 This is a revenue only project, which is applying to the ESF. The ESF will provide 50% funding with the remaining 50% match funding being provided by the project delivery partners, as outlined in the attached appendix.

2.2 Economic Development project costs (accountable body and delivery team) are met through ESF contributions, additional contributions from the delivery partners and the Council's Procurement Levy.

2.3 This includes covering all Economic Development costs that sit outside of the project (e.g., redundancy, pension deficit, Apprenticeship Levy). As per existing Council Procurement Levy policy, contractors are required to pay a 1% levy contribution back to the Council. This Levy income (£100,000 per year) can only be used to fund the delivery of Employment and Skills related activity within Nottingham. The Council's Children's Integrated Services costs are covered by matching to existing posts, with the funding providing additional capacity into the team to provide mentoring and employment support to female lone parents and young people.

2.4 The Council income that is generated from the partners is reliant on them meeting their contracted delivery obligations so that all of the maximum ESF allocated funds can be drawn down. This is a model that has been used with success in previous, and currently running, ESF projects. ESF funding is paid in quarterly arrears based on the submission of compliant quarterly claims. To minimise the impact on the Council, partners are paid project income once it has been received from the Managing Authority.

2.5 The local match contributions from delivery partners are in the form of the salaries paid to their existing staff. This levers in an equivalent amount of ESF funding, plus a contribution to the overheads of employing these staff. The Council uses a proportion of the partners' overheads to provide the local match for the employment of the 3 delivery roles and the provision of the Accountable Body function, i.e., the project management staff. The funds are secure in that both the Managing Authority and the partners commit and contract to provide the funds. However, the drawing down of both funding sources is subject to the successful delivery of the project in line with targeted outputs and activities, as well as the submission of compliant quarterly claims.

2.6 To minimise risk, officers have risk management plans, monitoring and clear escalation procedures in place to ensure all funding is received and any potential risks are identified and mitigated early. Partners are paid for the project once income is received from the Managing Authority.

3 Other options considered in making recommendations

3.1 To not bid for the available ESF funding. This option was rejected because:

- D2N2 would lose the opportunity to secure £2million of European funding to support the most disadvantaged unemployed residents into employment at this vital time;
- D2N2 employers would not benefit from support activities worth £4million specifically designed to help them recover from Covid-19 by retraining and recruiting local residents;

- Much of the existing Nottingham Jobs activity will end in March 2023 and the impact of the service will be significantly reduced;
- The opportunity to increase skills and productivity in key sectors in Nottingham and across D2N2 would be lost; and
- Providing funding will increase sustainability of Back2Work Community Partners, ensuring residents continue to receive vital employment and skills support.

4 Finance colleague comments (including implications and value for money/VAT)

4.1 This decision seeks approval to receive and spend £3.9million in regards to the Back2Work project. The project is to be funded 50% from the ESF and 50% from local match contributions, provided by ten partner organisations and the Council.

4.2 The Council's match funding of £245,000 is in the form of 12.8 full-time equivalent posts from within the Children's Integrated Services department and the Economic Development department. The posts are to be funded from a combination of base budget and procurement levy. The service will need to monitor all funding sources effectively to ensure any potential risks to funding are identified and mitigated early on. Any changes to the establishment in regards to these posts should also consider the potential impact on achieving targeted outputs linked to external funding.

4.3 The Back2Work project is to be implemented in partnership with ten different partner organisations and requires the Council to take on the role of accountable body. The accountable body is required to receive and manage funds on behalf of the partnership but also to apply its own contract procedure rules and financial regulations to the project.

4.4 Receipt of all funding sources is largely dependent on the successful delivery of the project in line with the targeted outputs and activities, as well as the submission of compliant quarterly claims. Project Manager and Project Compliance Officer roles have been allocated into the accountable body resource requirements for the project. It is important these roles are able to take responsibility for ensuring the project is delivered within budget and within timescales to ensure that all conditions of the grant are adhered to and the risk of unfunded expenditure is mitigated. The roles should also ensure regular updates are provided to the Head of Service.

4.5 Acceptance of ESF funding requires the creation of one Project Administrator position. It is recommended the department refer to established internal processes to resource. The project is expected to start in September 2021 and to be completed by December 2023.

4.6 To mitigate the risk of unfunded staffing costs, this post will need to be appointed on a fixed term contract.

Advice provided by Michelle Pullen, Senior Commercial Business Partner – Growth and City Development, on 14/06/2021.

5 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)

5.1 If the application for ESF funding is successful, the Council will act as the accountable body for the funding on behalf of all the delivery partners. If successful, the Council will be required to enter into a funding agreement with the Department for Work and Pensions which sets out the amount of funding and the terms and conditions of funding

including performance targets and that must be met. Failure to adhere to the funding conditions could result in clawback of the funding from the Council.

5.2 Accordingly, in order to protect the Council from the risk of clawback necessitated by any acts or omissions of delivery partners, the grant funding conditions must be included in legally binding contracts with the delivery partners in respect of the elements of the services that they will be providing. In addition, any procurement of goods/services/works must be in accordance with public contract regulations and the Council's Contract Procedure Rules.

Advice provided by Sarah O'Bradaigh, Senior Solicitor, on 17/06/2021.

6 HR colleague comments

6.1 This decision relates to acceptance of funding from the ESF, and which would have to be matched by the Council. This funding will enable the project to support the employment of project management staff. If funding is accepted, management of the posts will remain with the Council, which will retain all employment liabilities including any exit payments that may be payable at the end of the funding period. Management should ensure a clear agreement is in-place to guarantee the funding for the proposed period, with all on-costs included in order that all salary-related costs are off-set by the funding.

6.2 At the end of the funding period, if this service does not transfer to another provider, the Council may need to delete the posts, in which case a redundancy consultation will be required. In this case, it is likely that the employees may be entitled to a redundancy payment due to the length of service accrued from commencing in the role. Management will need to ensure appropriate timelines for either scenario and budget for the exit payments if relevant.

6.3 Once the funding is approved and the posts are to be filled, a business case for recruitment is required with the support of the relevant Director and all requests should be submitted through the recruitment portal. All posts will be considered for redeployment and internal resource options should be considered first. Management should be aware that the selected candidate(s) should commence on a starting salary of Level One within the respective Grade, unless the appointed colleague is already in employment at the Council and on Level Two of the same grade, in which case the employee would be matched over at the rate of pay they currently receive.

6.4 There will need to be a support and development plan for the new post-holder once appointed in line with managing performance through the new probationary policy. As the post is initially temporary, provisionally until December 2023, an appropriate exit strategy must be in place in order to terminate the contract in line with Council guidance in the event that the post cannot be made permanent at the end of the fixed-term period. Management will need to ensure appropriate timelines are in place to notify the affected employee and give appropriate notice.

Advice provided by Marie Read, Senior HR Consultant, on 10/06/2021.

7 Social value considerations

7.1 Not applicable.

8 Regard to the NHS Constitution

8.1 Not applicable.

9 Equality Impact Assessment (EIA)

9.1 An EIA is not required because the project has an existing Equality Policy and Implementation Plan, and specific targets relating to each of the Equality and Diversity priorities.

10 List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

10.1 An appendix providing details of the Local Match is attached to this report.

11 Published documents referred to in this report

11.1 None.