



**Author/Lead Officer of Report:** Gareth Urwin,  
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**Report of:** *John Macilwraith, Executive Director of People Services Portfolio*

**Report to:** *Cabinet*

**Date of Decision:** *15<sup>th</sup> Sept*

**Subject:** *European Social Fund, Sector Routeways*

Is this a Key Decision? If Yes, reason Key Decision:-	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
- Expenditure and/or savings over £500,000		<input checked="" type="checkbox"/>		
- Affects 2 or more Wards		<input checked="" type="checkbox"/>		
Which Cabinet Member Portfolio does this relate to? <i>Education and Skills</i>				
Which Scrutiny and Policy Development Committee does this relate to? <i>Economic and Environmental Wellbeing</i>				
Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? <i>Attached, number not assigned yet</i>				
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<p><i>“The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).”</i></p>				

**Purpose of Report:**

The purpose of this report is to seek approval of the Cabinet for acceptance of £1,957,860.75 of funding from The European Social Fund (ESF) and to approve the Sector Routeways project of £3.2m comprising of ESF, City Council and Barnsley contributions. The Secretary of State is the managing authority for the ESF Operational Programme and wishes to offer the Grant under the terms and conditions of the Funding Agreement administered by the Department of Work and Pensions following Sheffield City Council's successful bid under ESF Priority 1.4.

**Recommendations:**

It is recommended that the Cabinet:

- a) Approves Sheffield City Council accepting the European Social Fund grant offer of up to £1,957,860.75
- b) Approve the £3.2m Sector Routeways project as described in this report.
- c) Grants delegated authority to the Executive Director of People Services portfolio in consultation with the relevant Cabinet Members, the Executive Director, Resources and the Director of Legal Services, to
  - i) develop and utilise an appropriate procurement strategy as and when required; and
  - ii) accept and administer the Sector Routeways fund and procure the services required to deliver its related outcomes and award the associated contracts.
- d) Approves that Sheffield City Council will act as the Accountable Body and also make grant payments for the Sector Routeways project to its Partner Barnsley MBC.

**Background Papers:**

- Funding Agreement
- Full Application

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: <i>Angela Bellamy</i>
		Legal: <i>David Cutting</i>
		Equalities: <i>Bashir Khan</i>
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	<b>EMT member who approved submission:</b>	<i>John Macilwraith</i>
3	<b>Cabinet Member consulted:</b>	<i>Councillor Abtisam Mohammed</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	<b>Lead Officer Name:</b> <i>Kevin Straughan</i>	<b>Job Title:</b> <i>Head of Lifelong Learning, Skills and Employment</i>
	<b>Date:</b> <i>4.9.20</i>	

## 1. PROPOSAL

Sector specific interventions are aimed at the most disadvantaged groups within the labour market to act as a gateway to employment. An extension of current European Social Fund (ESF) Pathways to Progression (P2P) and Pathways to Success (P2S) Programmes, encompassing a less broad approach to employment and instead focus on key sectors, key skills and key demographics. Led by Barnsley and Sheffield LA's and supported by established networks of third sector organisations to support community recruitment, participation and progression.

Interventions will focus on the following sectors:

Digital

Construction

Engineering

Manufacturing

Care

Working alongside employers from within the above sectors to identify what they require by way of entry level skills; acting as a catalyst to securing employment the research suggests that sector specific training interventions, designed around the requirements of our local employer base will be of great benefit in funnelling new starters towards these growth sectors.

The project will see participants initially acquire tailored 'Universal Skills' around employability, confidence, digital, careers advice, ESOL, etc within community based interventions prior to progressing onto sector specific skills training via the 'Sector Gateway', where participants will be assessed in terms of their 'Universal Skills' and their ability to maximise the opportunities that the Sector Routeways initiative will offer them. From here, successful completion of the sector specific training will then see participants advance onto a two week work placement within the businesses supporting the project. With the support of the Advance Sheffield City Region (SCR) programme aligned to this, participants will be assisted to move into sustainable employment with employer defined training embedded and clear progression opportunities mapped within the role.

- 1.1 Sheffield City Council applied for the funding to scale up on the success of the "Building Block" (DfE Construction Skills Fund), to other sectors.
- 1.2 The Council has been awarded the project as lead with BMBC acting under SCC leadership for its residents.
- 1.3 Cabinet approval required, Form 1 submitted to Democratic services. Requires approval from Cabinet Member for Education and Skills to progress to Sept Cabinet meeting.
- 1.4 This funding will be used to support the key sectors with the increase in workforce requirements and support unemployed and economically inactive residents into these positions. These positions will feed into the ESF funded Advance SCR Programme expected for approval shortly, which will aim to ensure progression is mapped into all entry level roles created through this initiative.
- 1.5 The SR project will support 1216 unemployed or economically inactive participants across the two LA areas. 303 of these participants will sustain employment for at least 6 months, 234 will progress to further education.
- 1.6 Training will be undertaken by Council staff already employed as tutors where possible or subcontracted to training partners where required. Existing Employer Engagement staff will be utilised on this Programme but there will be a requirement for additional officers in this role for a period of 12 months.

## **2. HOW DOES THIS DECISION CONTRIBUTE ?**

2.1 By accepting this funding the Council will be able to increase the skill levels and earning potential of unqualified people locally.

### **3. HAS THERE BEEN ANY CONSULTATION?**

3.1 The Council is not required to carry out a consultation process in respect of these proposals.

### **4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

#### 4.1 Equality of Opportunity Implications

4.1.1 Decisions need to take into account the requirements of the Public Sector Equality Duty contained in Section 149 of the Equality Act 2010 which identifies the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

4.1.2 The Equality Act 2010 identifies the following groups as a protected characteristic: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion and belief; sex and sexual orientation.

4.1.3 An EIA has been carried and highlights that the proposal seeks to support people who are traditionally excluded from the labour market by increasing their increasing skills levels and therefore earning potential.

There is some risk that not all the reported income of will be received as it is linked to performance indicators. However, Sheffield City Council Managers, as part of their budget responsibilities, will ensure that expenditure is managed in order that it does not exceed the actual income received.

#### 4.2 Financial and Commercial Implications

The Sector Routeways project has a start date of 01/10/2020 and an activity end date of 31/12/2023.

Subject to satisfactory terms and conditions being agreed, SCC will become the Accountable Body and lead agent for the for the Project

Estimated Funding levels are summarised in the table below and are subject to confirmation in a finalised Funding Agreement.

<b>Priority 1.4 Adults Aged 18+ with Multiple / Complex Barriers particularly those with long-term physical or mental health problems, disabilities or behavioural issues</b>			
<b>Sector Routeways</b>	<b>ESF Funding (£) (60%)</b>	<b>Match Funding (£) (40%)</b>	<b>Total (£)</b>
<b>Barnsley</b>	447,798	298,532	<b>746,330</b>
<b>Sheffield</b>	1,510,062	1,007,000	<b>2,517,062</b>
<b>Total</b>	<b>1,957,860</b>	<b>1,305,532</b>	<b>3,263.392</b>

Key features of the draft ESF Funding Agreement (not exclusive) are summarised below. The Project Manager will need to read, understand and comply with all of the grant terms and conditions.

- Eligible Expenditure that has been defrayed on or after the Start Date may be claimed pursuant to the Funding Agreement.
- Carry out the Project Activities specified within and achieve the Targets within the time limits and the Key Milestone Dates.
- The Grant Recipient may task a Delivery Partner to carry out certain Project Activities and are liable for the acts of its Delivery Partners.
- The total amount of Grant paid to the Grant Recipient shall not exceed the Maximum sum
- Grant is conditional upon Match Funding being Committed and compliant with the Eligibility Rules.
- Notify the funder of any failure to achieve the required Match Funding.
- Expenditure must be defrayed in Grant Claims
- Comply with the monitoring, reporting, audit and grant claims procedures.
- If there is a shortfall or overspend in annual expenditure compared to the profile, the funder has no obligation to pay unused grant in the following year.
- Financial consequences may follow from a departure from the Expenditure Profile and may include grant reduction.
- Any Project changes must be approved by the funder.
- Comply with the Structural and Investment Funds Regulations and all relevant EU and national law. Where applicable Procurement Law in force at the date of commencement of the procurement process in relation to the Project shall be complied with by SCC and Delivery partners.
- State Aid non-compliance may lead to repaying the Grant with interest.

- Default occurs in a number of scenarios including (not exclusive):-
  - Failure to comply with Conditions;
  - Project Activities are not commenced by 3 months after the Start Date.
  - Expenditure is not claimed in line with the Expenditure Profile.
  - Completion of the Project Activities has not been achieved by the Agreed Activity End Date.
  - Change is made to the Project without the prior approval.
  - An audit reporting is unsatisfactory.
  - the European Commission or a European Court requires any Grant paid to be recovered by reason of a breach of State Aid Law
- The Grant Recipient must comply with the grant terms and conditions or the grant is subject to clawback.
- SCC acknowledges that the funder may have overcommitted funds and that if there are insufficient funds to meet the full commitment under this Agreement, the funder may terminate this Agreement.
- Underperformance against the Targets may result in grant reductions.
- Notify the funder if other funding for the project arises.
- The Grant Recipient must send to the Secretary of State, at such intervals as the Secretary of State shall notify in writing to the Grant Recipient, a report on progress made towards the achievement of the Targets.
- The funder must be notified in the event of any Change in the information on costs (whether actual or estimated) of carrying out the Project Activities contained in the Application and secondly of any event which materially affects the continued accuracy of such information or on any other area of default.
- Provision of evidence to confirm the indicative Match Funding is fully committed.
- Enter into a legally binding agreement with Delivery Partners upon materially similar terms to this Funding Agreement.

#### 4.3 Legal Implications

- 4.3.1 The Localism Act 2011 provides local authorities with a “general power of competence” which enables them to do anything that an individual can do as long as the proposed action is not specifically prohibited. A purpose of the Act is to enable local authorities to work in innovative ways to develop services that meet local need. The proposed Sector Routeways Project can be delivered through the council using its general power of competence. In addition, there is no specific statutory prohibition, preventing the Council from implementing the proposed Programme. The Council therefore is empowered to produce, implement and administer the Programme detailed in this report.

4.3.2 Any grants accepted by the City Council can only be received following the approval of the Director of Resources & Head of Strategic Finance (Art 6.2.1 & Art. C.2.1.5 'Grant Funding') and then managed by an Executive Director (or their delegate) under Article 6.2.2 of the Financial Procedure Rules.

4.3.3 The ESF grant terms and conditions (as reflected in 4.2 above) are not negotiable. The city council has received ESF grant funding in the past and is familiar with both their requirements and compliance conditions. The terms and conditions do not give rise to any concern and are standard and acceptable ESF requirements.

#### 4.4 Other Implications

4.4.1 None

### **5. ALTERNATIVE OPTIONS CONSIDERED**

5.1 The Council could decide not to accept the funding. Alternative funding could be potentially sourced to support our businesses workforce needs as part of the Government Covid-19 response offer to regions. There is demand from other sectors to replicate the "building block" model, so rejection of funding could carry reputational risk within our regions employer base.

### **6. REASONS FOR RECOMMENDATIONS**

6.1 By accepting this funding the Council will be able to:

- 1) increase the skill levels for Sheffield and Barnsley out of work residents by streamlining access to entry level roles within sectors that require labour.
- 2) improve the unemployed indicators within the City, moving long term unemployed residents to the "in demand" labour market and/or enhancing skill levels.
- 3) create increased revenue for the Council.
- 4) attract inward investment through co-ordinated pipeline offer of workforce skills within key sectors.