



Derby City Council

COUNCIL CABINET
7 September 2016

ITEM 12

Report of the Cabinet Member for Jobs and Fair
Employment

Employ Local Contract Acceptance

SUMMARY

- 1.1 On 5 August the Council submitted a bid for the ESF Opt-in Programme – “Employ Local”. The Employ Local Programme aims to create opportunities and match people who are unemployed to access jobs, apprenticeships and graduate jobs. The Council has been told that decisions on the bids are to be expected on 19th September 2016 with delivery to commence on 1st October 2016. This seems an extremely challenging timescale and it would not be surprising if these dates slipped.
- 1.2 The Employ Local programme will be delivered across Derby and Derbyshire (D2). The Council is the Lead Applicant for the bid and will be working in partnership with Derbyshire County Council as the main delivery partner. Other partners in this bid include DWP and the Social Inclusion Consortium (including Community Action Derby). As Lead Organisation and Accountable Body, the Council will be responsible for the delivery and compliant management of the Employ Local programme across the D2 area. There are a number of potential risks the Council will need to consider when entering into the Employ Local Contract with the Skills Funding Agency these are detailed in the report in Appendix 2.
- 1.3 The Employ Local initial bid value is £1,781,720 of which £498,960 is incentives to employers and the learners. The activities will be delivered between 1 October 2016 (subject to contract) and March 2018. The lifetime output targets for the programme are for 993 learners to be supported across D2, with 50% progressing to paid employment and 35% of learners taking up apprenticeships and traineeships. Any slippage due to delays in the appraisal and approval of winning bids will place further risk on delivery as the output targets will not be reduced and end date of the programme is very unlikely to be extended.

RECOMMENDATION

- 2.1 To confirm the Council is willing to undertake the Accountable Body functions for Employ Local, if the bid is successful.
- 2.2 To delegate to the Strategic Director of Communities and Place, Strategic Director of People Services and the Director of Finance, the acceptance of the Employ Local Contract, following consultation with the Cabinet Member for Jobs and Fair Employment.
- 2.3 To note that the programme places high financial risks on the Council as an Accountable body. This is due to the programme to be delivered in 18 months, that initially was a 3 year programme, and also the payment will be by results. The performance has to be over 90% for break-even and under performance would be penalised with a reduction in grant payments, despite expenditure being incurred. The mitigation of these risks will be re-evaluated before any final acceptance of the contract.

REASONS FOR RECOMMENDATION

- 3.1 If successful the Council would be required to accept all the contractual obligations of being the Accountable Body for a delivery programme across the county that includes some challenging targets. This is a payment by results contract so any under-performance would be penalised with reduced grant payments no matter the expenditure that had been incurred. Delivery of this programme beyond the city boundary would fall to the County Council. Legal Services will be engaged to draft a Partnership Agreement which would deal with:
 - responsibilities of all parties;
 - arrangements for the secondment of staff; and
 - risk apportionment and governance arrangements.
- 3.2 If successful the Council will need to be in a position to accept the Employ Local Contract Terms and Conditions within a short timescale. Therefore delegated approval is sought to enable the final consideration of the contract terms and conditions and sign off.



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Report of the Strategic Director for Communities and Place

SUPPORTING INFORMATION

- 4.1 Employ Local is one of the European Social Fund Opt-in programmes within the D2N2 EU Structural Investment Funding Strategy 2014-2020 (ESIF). ESIF promotes sustainable economic growth and will be delivered through the D2N2 Local Economic Partnership (LEP).
- 4.2 Opt-in specifications require the applicant to respond to a detailed specification which sets out the activity to be delivered, outputs and results to be achieved and funding available. There is no match funding requirement as the ESF is matched at source by the Skills Funding Agency (SFA). Tenders are submitted through a competitive process.
- 4.3 On 13 April, Council Cabinet agreed for bids to be developed for ESF Opt-ins and final approval of submissions was delegated to the Strategic Director of Communities and Place and the Director of Finance in consultation with the Cabinet Member for Communities and City Centre Regeneration. Delegated approval to submit the Employ Local bid was obtained on 5 August 2016.
- 4.4 On 5 August, following the issue of a call for proposals in July 2016, the Council submitted a bid for Lot 1 of the Employ Local Opt-in Programme delivered across Derby and Derbyshire (D2).
- 4.5 Over the last eighteen months the Council has been working with Derbyshire County Council to develop a proposal for the Employ Local Opt-in Programme. The proposal is to deliver the “21st Century Guildhall” model in which local employers, providers and jobseekers have one point of contact through which employers can recruit to meet their skills gaps and receive financial incentives and other support to recruit employees, apprentices and trainees. Unemployed people will be able to develop their employability and basic skills, receive careers information, advice and guidance and support to gain employment and progress. The Council as the lead organisation will be working in partnership with Derbyshire County Council as our delivery partner. Derby City Council will be employing staff directly who will be working out of Derbyshire County Council premises and we don’t anticipate further costs from Derbyshire County Council A number of key stakeholders have been engaged notably DWP and voluntary sector organisations.

- 4.6 The programme will be delivered through a “hub and spokes” arrangement of centres across the Derby and Derbyshire area to address the needs in identified priority areas and unemployment “hot spots”. The majority of the buildings (hubs) used will be Derby City or Derbyshire County Councils’ buildings with some spokes located in Job Centres and community centres.
- 4.7 The Council's Welfare Strategy for Derby focuses on helping people get closer and into work and better work. The Employ Local programme will help to deliver on this ambition by working closely with the DWP to create a pathway to move people into jobs. A key component of the partnership working that underpins this programme is the cloud based case management system – ECINS – that partners will share to co-ordinate activities in support of the Employ Local programme
- 4.8 The initial bid value is £1,781,720 and the activity must be delivered between 1st October 2016 – March 2018 (start date dependent upon the SFA appraisal systems). A further 25% may be awarded by D2N2 Governance based on delivery of targets and actual financial spend making the total bid of £2,376,980.
- 4.9 The project costs will be kept within the budget available. The value of the bid is determined via non-negotiable output-driven formula derived from an SFA spreadsheet that has been submitted alongside the description of our programme. If successful in achieving 90% of the deliverables, all the costs of delivery will be met, including teaching costs, marketing, overheads and programme management costs, based on current cost projections. All project staff would be employed on fixed term contracts or secondments who will be working across Derbyshire.
- 4.10 The deliverables are for 993 learners to be supported across D2, with 50% progressing to paid employment and 35% of learners taking up apprenticeships and traineeships.
- 4.11 Appendix 2 details the key responsibilities and risks to the Council of being Lead Organisation and Accountable Body and mitigating measures. The risks and mitigation measures requires further detail, a verbal update will be provided at COG and the Cabinet ,and detailed mitigation measures will be in place before the ESF contract is agreed.

OTHER OPTIONS CONSIDERED

- 5.1 Consideration was given to the most appropriate Lead Organisation for the Employ Local programme – Derbyshire County Council or the Council. As well as Employ Local, D2N1 Youth Engagement Opt-in has also been released and the Council has been working closely with the County Council to submit a bid to deliver the D2 element of this programme – this was submitted on 8 August. It was agreed that each Local Authority would take the lead on one ESF Opt-in Programme and given the Council's existing well established relationships with employers, Employ Local is the appropriate programme for the Council to lead on. The County are delivering a successful talent match programme targeting NEETs and their expertise is more relevant to leading on the D2 Youth Engagement programme.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Emily Feenan, Principal Lawyer Amanda Fletcher, Head of Service David Cox - HR Jayne Sowerby-Warrington - Head of Strategic Asset Management and Estates Alan Smith 01332 641624 alan.smith@derby.gov.uk Cath Harcula 01332 642304 cath.harcula@derbyals.org
For more information contact: Background papers: List of appendices:	Emma Dann 01332 643047 emma.dann@derby.gov.uk or Pratibha Hindocha 01332 641675 pratibha.hindacha@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Risks and mitigation measures

IMPLICATIONS

Financial and Value for Money

- 1.1 Approval to bid was given on 5th August 2016. The initial bid value is for £1,781,720 where 1,283,030 will be spent on management, training and associated costs, with the balance of 498,960 to be given in grants to employers and learners. A further 25% may be awarded by D2N2 Governance based on delivery of targets and actual expenditure incurred.
- 1.2 Payments will be made monthly in arrears to Derby City Council via BACS based on the data submitted to the SFA. Funding will be made available using a payment by results model; therefore if targets are not met funding will not be awarded and the Council may have to stand the delivery cost. No funding has yet been identified to meet this potential pressure. These risks are outlined in Appendix 2.

Employ Local Programme - Summary Costs

Cost Headings	Total Cost
Programme management	237,649
Delivery	929,656
Total spend	1,167,305
Contingency for under delivery	115,725
Total Claim	1,283,030
Incentives to Employers including Travel & Childcare to Beneficiaries	498,960
Total bid i.e. 75%	1,781,990
Payment of 25% on performance currently retained by SFA	593,990
Total bid if successful and achieve all targets	2,375,980

- 1.3 The table above shows a breakdown of the planned costs for the project at this point in time. Further work to complete a detailed Cash flow Forecast will be completed before the contract is accepted.

- 1.4 Derbyshire County Council will be acting as our delivery partner. Staff will be working out of Derbyshire County Council premises but will be employed by Derby City council on fixed term contracts and so the Council will not be reimbursing claims submitted by Derbyshire County Council.
- 1.5 There would be no match funding requirement from Derby City Council.

Legal

- 2.1 Initial consultation with Legal Services has confirmed the need for a Partnership Agreement between the City and County Council to deal with:
 - the responsibilities of parties;
 - arrangements for secondment of staff (it is envisaged that Council staff will be seconded to the County Council to assist with delivery);
 - risk apportionment and governance.
- 2.2 Legal Services will be engaged to draft the Partnership Agreement.

Personnel

- 3.1 Additional members of staff will be required to manage the Employ Local programme. Secondment arrangements are expected to be required as the project has a short timeframe and delivery will need to start in October 2016. The project staff will include;
 - Programme Manager
 - Programme Monitoring Officer
 - Programme Support Officer
 - Team Administrator
 - Job Coaches
 - Placement Officers
 - Tutors – likely to identify existing tutors from within the current database of tutors.

IT

- 4.1 There will be an IT requirement for new members of staff, the ICT Team will be consulted on the IT requirements. The cost of IT has been included within the bid.
- 4.2 The Employ Local programme will involve using the ECINS system as well as the performance management system – Compass ProSolution. The cost of the ECINS system has been costed into the bid and the licences for the performance management system has already been paid through the Adult Learning Services.

Equalities Impact

- 5.1 Employ Local is targeted at individuals within the City and County who are furthest from the labour market. The programme will support currently unemployed people to access the support they need to take up apprenticeship, traineeships or employment opportunities.
- 5.2 The project will be equality impact assessed to establish success rates from equality groups for monitoring and reporting purposes'

Health and Safety

- 6.1 None

Environmental Sustainability

- 7.1 None

Property and Asset Management

- 8.1 None

Risk Management and Safeguarding

- 9.1 Please see Appendix 2 which sets out the risks associated with the Council being the Lead Organisation and Accountable Body for the D2 Employ Local programme.

Corporate objectives and priorities for change

- 10.1 The Employ Local Programme will contribute to the Derby Plan objectives;
- a place where people are safe and the vulnerable are put first and supported.
 - a place where people work together, can enjoy good health and wellbeing throughout their life and feel that they belong to a thriving community.
 - a place where we support our children and young people to achieve their full potential, skills are valued, jobs and businesses are growing and we have the infrastructure to create a city for the future.towards creating for the people of Derby: