



Committee and Date

Cabinet

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**European Social Fund
Community Grants**

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1. Summary

- 1.1 The Education and Skills Funding Agency (ESFA) are a co-financing organisation for the European Social Funds (ESF) for England. ESF invests in people, with a focus on improving employment and education opportunities across the European Union. It also aims to improve the situation of the most vulnerable people at risk of poverty.
- 1.2 The ESFA publish calls for organisations to come forward and deliver projects against particular priorities and outputs in order to meet National targets. On the 20th August 2018, the ESFA published a call under Priority 4 – Social Inclusion, for delivery organisations to come forward to manage a Community Grant Scheme.
- 1.3 The aim of the fund is to engage with local communities to deliver a range of skills and employment support activities to enable people from the hardest to reach communities, experiencing multiple disadvantages, to make progress towards accessing the labour market. The programme is designed to assist small charities, community groups and not-for-profit organisations.
- 1.4 The outcomes of the scheme will be to support 1240 disadvantaged people in Shropshire and Telford with a Leaner Assessment Plan. Following intervention, a minimum of 211 will enter into employment and 174 into Education. This will contribute to the key issues of worklessness, low qualification attainment and low-income levels that are identified in the ESIF Strategy.
- 1.5 The value of the call is for £1.7m to cover the *transition area (In England the allocations of European Union funding are split geographically into three categories of region less developed, transition and more developed. Transition means that Gross Domestic Product per capita of between 75% and 90% of the European Union average)* of Shropshire and Telford and Wrekin and is 100% funded through funds from the ESFA and ESF and therefore no further cash match funding from the Council would be required. Grants can be between £5k and £20k and 10% of the total cost (£1.7m) can be for the costs associated with the management of the scheme.

- 1.6 Discussions with partners (Telford and Wrekin Council, Voluntary sector and skills teams) took place to identify an appropriate organisation to come forward to administer the scheme and the conclusion was that only Local Authorities would have the skills, knowledge and experience around EU funds to be able to undertake the role due to the complexities of EU Funds.
- 1.7 Shropshire Council submitted a tender response to administer the scheme for the areas of Shropshire and Telford and Wrekin by the closing date of the 19th September 2018. Due to the timescales involved, there was no opportunity to provide a Cabinet report prior to submission.
- 1.8 It was a condition that all appropriate approvals are in place prior to any contract being signed and therefore Shropshire Council is not committed in any way to administer the scheme and can withdraw at any time.
- 1.9 The Scheme includes a 0.6 FTE Community Grants Fund Manager, 2 part-time coordinator posts (0.5 Shropshire and 0.5 Telford and Wrekin) and Shropshire Council finance support. All posts will be fully funded within the scheme and therefore require no Council match (there is a risk linked to overheads – please refer to risk section).
- 1.10 This report summarises the content of the tender response, including the aims of the grants scheme, delivery model and financial and risk analysis.

2. Recommendations

- 2.1 Cabinet agrees that Shropshire Council becomes accountable body for the Community Grants Scheme, pending the ESFA decision, covering the ESF Transitional area of Shropshire and Telford and Wrekin.**
- 2.2 Cabinet approve the development and signing of a partnership agreement between Shropshire Council and Telford and Wrekin Council to ensure successful delivery of the programme.**

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 There are currently 12,500 people aged between 16-64 who are unemployed in the transition area of Shropshire and Telford and Wrekin, this is approximately 3.2% of the total population, which is lower than both the West Midlands (5.2%) and the national (4.4%) averages. However, within Shropshire and Telford and Wrekin there are areas of deprivation with major challenges around worklessness, low qualification attainment, poor health, limited infrastructure and access to employment opportunities. Those who are furthest from the job market experience barriers into education, training, volunteering and employment.

- 3.2 The Marches European Structural and Investment Fund (ESIF) Strategy 2014-2020 sets out the key issues and need for employment and skills in the Marches with a particular focus on social excluded or marginalised groups (underrepresented/targeted groups). Activity within the Marches is aimed at supporting local businesses to grow by getting people into work and out of poverty, tackling skills shortages, low labour mobility and overcoming the barriers to getting and keeping a job. The relevant key priority is:
- Supporting under-represented groups to progress from social inclusion activity to employment and skills support. Under-represented groups report a desire to work but there is lack of appropriate support, services, and training, volunteering placements or employment opportunities. Trends show barriers becoming more complex and more people are facing multiple barriers.
- 3.3 The evidence base Social Inclusion in the Marches LEP (2015), commissioned by the Social Inclusion Mini Group, provides additional evidence for the social inclusion priorities outlined in the ESIF Strategy 2014-2020. It details the common barriers to employment experienced by those who are socially excluded including:
- a lack of social employability skills
 - lack of self-confidence
 - low self-esteem
 - lack of basic or relevant skills
 - lack of recent relevant work place experience
 - labour market conditions
 - welfare system
 - access of services
 - lack of understanding of individual support needs offered by generalist support providers.
- 3.4 This scheme will meet the priorities above for Shropshire and Telford and Wrekin and provide eligible voluntary sector organisations with funds to get to these hard to reach groups. In order to issue funds an application and appraisal process will be developed that meets the needs of the scheme, along with a robust monitoring and reporting system.
- 3.5 Initial discussion with strategic voluntary sector partners indicated that there is a need for these types of grants to support these disadvantaged groups and that basic skills are a key priority for Shropshire and Telford areas.
- 3.6 Due to the complex nature of administering a grant scheme with European funds there are limited organisations with the knowledge and experience (project management, financial and monitoring experience) required to deliver a scheme of this nature. There is also a requirement for recipients to be paid on evidence of defrayal by the accountable body, which is then reclaimed, from the DWP. Again, most organisations would not have the capacity and funds to be able to undertake this role.

- 3.7 The risk to SC is limited, as payments will only be made to recipient organisations once evidence is provided for both the financial and output aspects. A robust financial and output monitoring system will be managed by the Fund Manager and support provided by the Project Co-ordinators to the recipients. The Project Manager will aim to over achieve outputs across the programme so that any issues with individual projects can be dealt with without effecting the programme as a whole. The grant funding agreement between SC and the recipient organisation will include conditions of payment, monitoring requirements and forecasting information.
- 3.8 There is a potential risk of financial clawback if the project fails to deliver the agreed terms of the contract such as delivery of outputs. These risks will be mitigated by careful monitoring of the programme and individual projects. The specific details of any clawback clauses will be reviewed and assessed when further details of the contract are provided by ESFA.
- 3.9 Shropshire Council can draw down funding from the DWP to reimburse the cost of overheads including staff costs, based on 10% of the value of grants paid to applicants. There is a risk therefore of staff costs not being recouped if the grants are not spent. Any under recovery of these costs will need to be covered by Shropshire Council. Close monitoring with finance and the ESFA will need to take place to minimise the risk to Shropshire Council.
- 3.10 It is envisaged that suitably experienced staff who are currently at risk of redundancy and on the redeployment register, would be able to apply for these roles in the first instance. This would also help to ensure that the project could start on 1 April 2019 enabling expenditure and output profiles to be met.
- 3.11 The scheme will cover two Local Authority areas and there will be a signed agreement with Telford and Wrekin Council regarding delivery of outputs in their area. Also included in the tender is Telford and Wrekin's commitment to support the programme with the involvement of their Community Participation Team, which include a team of five Community Development Workers and a Funding Officer who will promote and support delivery of the programme in the Telford area.
- 3.12 The Shropshire Council Legal team will be engaged in developing the contracts with the voluntary sector organisations and agreements with Telford and Wrekin Council to ensure that all legal aspects are covered and potential risks mitigated.
- 3.13 At the stage of applying for the funds there was no option but to apply for the full £1.7m, of which, £1.5M is for grants between £5k and £20k over the period April 2019 to July 2021 to cover both Shropshire and Telford. Before any contract is signed, further discussion will need to take place with strategic organisations to identify whether this amount of spend is achievable, or whether a reduced amount could be negotiated with DWP.
- 3.14 In terms of demand, in July 2015, the Marches Social Inclusion Mini Group undertook an extensive mapping exercises to build a picture of the organisations working with socially excluded groups. This showed a broad range of support from a vast number of VCSE organisations including community groups however; provision was quite patchy and vulnerable due to the consequence of funding cuts and the lack of available or eligible grant pots. This fund will therefore provide vital

resources for these organisations and support a large number of different socially excluded groups across Telford and Shropshire.

- 3.15 The awarding of grants to organisations will follow a robust and transparent appraisal process, which will involve standard checks, on eligibility, management and delivery of the scheme, on all prospective grant applicants. Equally, the claiming and payment of grants will follow a set procedure for all claimants, irrespective of the size of grant awarded or the nature of the claimant.
- 3.16 The appraisal panel will score the applications and come to a consensus on whether the information provided confirms the engagement of the participants in the priority groups. The finance role will look at the costs and provide the financial expertise to ensure that the project can be delivered.
- 3.17 Recommendations from the appraisal panel will go to the Community Fund Steering Group for agreement, consisting of Local Authority Officers (Shropshire and Telford), Strategic Voluntary Sector Organisations (such as the VCS/Community Council), Marches LEP and Shropshire Council finance. Final decision-making will be signed off by the chairperson of the steering group who will be a Shropshire Council Officer (accountable body).
- 3.18 All members of staff and external appraisers involved in the grant award process will follow a declaration of interest protocol, to ensure that there can be no conflicts of interest in relation to grant awards.
- 3.19 Shropshire Council will operate a management system that will monitor both spend and the progress of participants into further learning or employment from the projects supported. This system will be managed through spreadsheets and databases and will be managed by the Community Grants Fund Manager so that performance information and progress against the spend profile and participant profiles can be submitted to the ESFA as and when required.
- 3.20 Payments to recipient organisations will only be made on submission of a claim form, which will include defrayal evidence (bank statements), invoices and outputs evidence such as an individual learning record (ILR) for each participant claimed. This will be monitored and checked by Shropshire Council finance before any payments are made. Once payments have been made to the recipients, SC will submit a claim to DWP; therefore, there will be an element of bankrolling by SC until the funds are received from DWP.
- 3.21 Monitoring the projects will be the role of the Coordinator(s) who will undertake monitoring visits to check that the beneficiary organisations have the systems in place to record the information for the ILR's (e.g. participant details etc.) and supplementary data, like evidence of payment for activities and salaries, etc. A workshop will be held for recipients once an agreement has been signed to go through the evidence that will be required for audit purposes.

4. Financial Implications

- 4.1 Shropshire Council (SC) will deliver the scheme in the Marches Transitional Area (Telford and Shropshire). A Community Grants Fund Manager (FM) will manage the scheme process including calls, applications, appraisals, approvals, offer letters and

monitoring. Project co-ordinator(s) will support potential applicants with the application process, monitoring and data collection. SC Finance will be responsible for checking claim information and eligibility and the payment of grants to the beneficiaries.

- 4.2 The posts are 100% funded through the scheme and the costs are claimed against the payment of grants each quarter from the DWP. There will be an element of bankrolling as the drawdown of the administrative element of the funding will be retrospective and dependant on grants claimed.
- 4.3 If the uptake of grants is low, there is a financial risk to Shropshire Council in covering the salary costs that are unable to be claimed. However, this will be mitigated by careful project monitoring and highlighted in project reports to the Project Board as soon as it is identified as a potential risk.
- 4.4 There is a potential risk of financial clawback if the project fails to deliver the agreed terms of the contract such as delivery of outputs. If individual projects fail to deliver their contracted outputs then the first option will be to recover the funding from them. If the full allocation of funding is not distributed over the course of the programme then there could be a risk of clawback, which would be recovered from Shropshire Council. These risks will be mitigated by careful monitoring of the programme and individual projects. The specific details of any clawback clauses will be reviewed and assessed when further details of the contract are provided by ESFA.

5. Background

- 5.1 The ESFA wishes to make ESF Community Grants available in the form of small grants (up to £20,000) to third sector and other small organisations for mobilising disadvantaged or excluded unemployed and inactive people to enable their progress towards employment. Organisations that access grants need to be well placed to reach excluded individuals facing barriers, which hinder their access to mainstream provision, such as employment programmes around education and training.

Grants will:

- engage with marginalised individuals and support them to re-engage with education, training, or employment;
- will support a range of activities aimed at assisting the disadvantaged or excluded to move closer to the labour market by improving their access to mainstream ESF and domestic employment and skills provision; and
- will provide support to the hardest to reach communities and individuals, especially those from deprived communities, to access employment or further learning and training.

- 5.2 Priority groups are those identified in the ESF Operational Programme, i.e. participants aged over 50, participants with disabilities, participants from ethnic minorities and participants who are women. More specifically, the Marches LEP has identified the following priority groups: Gypsy Roma and travelling communities;

lone parents; people who are 50 and over; families with multiple and complex needs; people who are homeless; people with disabilities (physical and those with mental health issues); people with caring responsibilities; people from black and minority ethnic communities.

- 5.3 The Marches European Structural and Investment Fund (ESIF) Strategy 2014-2020 sets out the key issues and need for employment and skills in the Marches with a particular focus on social excluded or marginalised groups (under-represented/targeted groups).
- 5.4 Activity within the Marches is aimed at supporting local businesses to grow by getting people into work and out of poverty, tackling skills shortages, low labour mobility and overcoming the barriers to getting and keeping a job.

Key areas include:

- Equipping unemployed/inactive people looking for work with the basic, functional, employability or high-level skills to access the labour market.
- Supporting under-represented groups to progress from social inclusion activity to employment and skills support. Under-represented groups report a desire to work but there is lack of appropriate support, services, and training, volunteering placements or employment opportunities. Trends show barriers becoming more complex and more people are facing multiple barriers.
- Significant problems around public transport which limits access to support provision and jobs.
- Supporting the over 50s to re-join or enter the workforce.
- Building strong relationships with the voluntary, community and social enterprise sector and utilise their knowledge and expertise in bringing economically inactive people closer to the employment market through volunteering.

- 5.5 The evidence base Social Inclusion in the Marches LEP (2015), commissioned by the Social Inclusion Mini Group, provides additional evidence for the social inclusion priorities outlined in the ESIF Strategy 2014-2020.
- 5.6 The research highlighted the most successful approach to helping those furthest from the employment market were one-to-one support, holistic, flexible packages tailored to the individual.
- 5.7 At the successful conclusion of this procurement, the ESFA will enter in to a single Contract with the Applicant who submits the most economically advantageous tender in each Lot (Marches Transition area).
- 5.8 The contract will commence on or around 1 April 2019 and will expire on 31 July 2021.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Cabinet Member (Portfolio Holder)

CLLrs Peter Nutting and Steve Charmley

Local Members

All

Appendices

Nil