



## **CABINET – 14TH MARCH 2018**

**SUBJECT: EUROPEAN SOCIAL FUND (ESF) OPERATIONS: INSPIRE 2 WORK (I2W) BRIDGES INTO WORK 2 (BIW2) AND WORKING SKILLS FOR ADULTS 2 (WSA2)**

**REPORT BY: CHIEF EDUCATION OFFICER**

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### **1. PURPOSE OF REPORT**

- 1.1 To ask Cabinet to endorse an extension of Inspire 2 Work (I2W), and an in principle agreement for a future extension to Bridges into Work 2 (BIW2) and Working Skills for Adults (WSA2).
- 1.2 To ask Cabinet to endorse the use of up to £283k of the Education Directorates balances as additional match funding to support the extension of I2W, BIW2 and WSA2 in order to draw down additional European funding.

### **2. SUMMARY**

- 2.1 Despite the recent upturn in the economy, unemployment and economic inactivity is still an issue for concern in the County Borough. Since 2013, Caerphilly officers have participated in the development of regional proposals seeking to build on the success of employment support operations delivered under the 2007-13 ESF Programme, including Bridges into Work, Pre-Vent and Working Skills for Adults.
- 2.2 A number of operations have now been approved by the Welsh European Funding Office (WEFO). Those approved include the Welsh Government (WG) led Communities4Work operation, that matches some of their investment in the Communities First (CF) programme, with CF teams now supported to deliver employment support in the most deprived areas of Wales.
- 2.3 The successors to Bridges into Work and Working Skills for Adults were approved by WEFO in August 2015, the CCBC match funding for these operations was endorsed by Cabinet on July 29<sup>th</sup> 2015. Bridges into Work 2 will provide essential employment support for adults aged 25+ in non-CF areas, whilst Working Skills for Adults 2 will provide upskilling opportunities for those who are low skilled and low paid in work, to address the in work poverty agenda. Both operations currently provide direct delivery until January 2020, with operation closure by the end of April 2020. Torfaen County Borough Council is the Lead Sponsor on these 2 operations.
- 2.4 Inspire 2 Work (I2W) was approved on the 22<sup>nd</sup> November 2016 with an official operation start date of 1<sup>st</sup> July 2016 and an end date of the 30<sup>th</sup> June 2019. This operation focuses on the clearly identified need to address the issue of young people 16-24 who are NEET (not in employment, education or training) and living in non-Community First areas. The Lead Sponsor on this operation is Blaenau Gwent County Borough Council.

- 2.5 I2W has been invited to re-profile and extend to December 2022 and BIW2 and WSA2 will be invited to re-profile to December 2022 by April 2018.

Caerphilly's involvement in these 3 operations is part of a regional approach and other partners in the region are currently keen to extend all 3 operations to December 2022.

### **3. LINKS TO STRATEGY**

- 3.1 The report contributes to the Well-being Goals within the Well-being of Future Generations Act (Wales) 2016. In particular, as follows:
- A prosperous Wales as it details improved outcomes for operation participants, and reduces impact of poverty if people are able to gain skills to gain employment.
  - A healthier Wales, supporting vulnerable participants can improve their well-being and aid educational achievement.
  - A more equal Wales, a society that enables participants to fulfil their potential no matter what their background is; and.
  - A Wales of cohesive communities (in the context of improving quality of life with attractive, viable, safe and well connected communities).
- 3.2 The operation supports Adult learning in Wales (Published July 2017). This provides a vision that sets the direction of travel for Adult Community Learning to 2021. It outlines a Wales where learning is at the core of all we do; where participation in learning is encouraged and rewarded; and where people have equal opportunities to gain the skills for life and work that they need to prosper.
- 3.3 Supports the delivery of the vision statement of the 5 County Gwent Adult Community Learning Partnership.(2016-2019).
- 3.4 Welsh language training provision under the Council's Welsh Language Scheme 2012, the Youth Service Strategy and the Welsh Government Health, Social Care and Social Services strategy "More Than Just Words" (Published 2012).
- 3.5 The operation integrates with the Welsh Government Engagement and Progression Framework.

### **4. THE REPORT**

#### Inspire 2 Work

- 4.1 Inspire 2 Work is designed to identify and address the needs of NEET 16-24 year olds in bringing about their sustainable integration in to the labour market and thereby contribute to a reduction in youth unemployment. The operation targets unemployed and economically inactive young people from non-Communities First areas and offers a person centred approach to determine barriers to sustained engagement in the labour market. Support is offered in overcoming these barriers and encompasses a range of interventions, all with a clear focus on the highest priority of sustainable education and employment outcomes.
- 4.2 Target groups engaged:
- 16-18 year olds who are NEET as identified by Careers Wales 5 tier model. This is a coherent system to report on the status and whereabouts of all 16-18 year olds.
  - 19-24 year olds who are NEET- Job Seekers Allowance claimants (non-work programme / work programme returners).
  - 16-24 Vulnerable groups (e.g. Black Minority Ethnic (BME), English for Speakers of Other Languages (ESOL), young carers, young parents, homeless, pregnant, care leavers, young offenders) and those young people experiencing the most disadvantage and furthest from the labour market.

#### 4.3 Current Caerphilly targets over 3 years to June 2019:

- Engaging with 303 participants
- 152 gaining a qualification or work relevant certification upon leaving
- 61 in education or training upon leaving
- 61 entering employment or self-employment upon leaving

#### 4.4 Current operational actuals to 31<sup>st</sup> December 2017:

- 70 participants engaged
- 33 have gained a qualification or work relevant certification
- 2 have gone into education or training
- 9 have entered employment or self-employment

First participant supported in May 2017, operational team fully in place August 2017. This was due to a delay with official notification of operation approval from Welsh European Funding Office (WEFO) and subsequent recruitment of staff.

#### Bridges into Work 2

#### 4.5 Bridges into Work 2 is designed to help address unemployment issues, specifically by:

- Reducing unemployment amongst those most at risk of poverty and discrimination
- Reducing economic inactivity, worklessness and number of workless households
- Increasing social inclusion through sustainable employment
- Reducing barriers to sustaining employment and full time working.

#### 4.6 Target groups engaged; (All residents of non C F areas) include:

- Economically inactive or long term unemployed (aged 25 and over) not in education or training
- Economically inactive or long term unemployed (aged 25 and over) with low or no skills
- Economically inactive or long term unemployed aged 54+
- Economically inactive or long term unemployed (aged 25 and over) from a jobless household
- Economically inactive or long term unemployed (aged 25 and over) with a work limiting health condition or disability
- Economically inactive (aged 25 and over) with care or childcare responsibilities as a secondary barrier
- Long term unemployed (aged 25 and over) from a BME group

#### 4.7 Current Caerphilly targets to April 2020 are:

- Engaging with 663 economically inactive and long term unemployed participants
- 138 into employment or self-employment upon leaving
- 332 gaining a qualification or work relevant certification
- 245 completing work experience or volunteering

#### 4.8 Current operational actuals to 31<sup>st</sup> December 2017:

- 267 engaged
- 52 entering employment or self-employment
- 153 have gained a qualification or work relevant certification
- 67 have completed work experience or volunteering.

## Working Skills for Adults 2

4.9 Working Skills for Adults 2 is designed to:

- Increase the ownership of generic transferable skills at all levels from entry to level 2 across the workforce.
- Use community based provision to raise skills levels, encouraging reluctant learners to engage with flexible opportunities
- Offer a range of provision including literacy, numeracy, ICT and other generic transferable skills
- Deliver eligible qualifications entry to Level 2
- Improve the opportunities for currently low skilled workers to sustain employment and increase earnings potential

4.10 The target groups engaged are:

- Employed, including self-employed participants with no formal qualifications
- Employed, including self-employed participants with up to and including a lower secondary education. International Standard Classification of Education (ISCED 2). This is an instrument suitable for assembling, compiling and presenting statistics of education both within individual countries and internationally'

4.11 Caerphilly targets to April 2020 are:

- Engaging with 382 participants
- 276 gaining an essential skill, technical, or job specific qualification.

4.12 Current operational actuals to 31<sup>st</sup> December 2017:

- 253 engaged
- 172 have gained an essential skill, technical, or job specific qualification.

4.13 These operations respond to the draft Well-being plan in relation to elements likely to be included within the 2 themes of Positive People and Positive Places:

- Facilitate a shift towards collaborative working with an emphasis on prevention to address current and future health and well-being challenges.
- Develop a co-ordinated programme of volunteering, maximising it as a route to personal well-being and employment, including promoting corporate volunteering
- Equip our residents to manage their health and well-being needs in partnership with services
- Support our most disadvantaged communities to be resilient, cohesive and enable them to help themselves

4.14 These 3 operations currently have the opportunity to extend to December 2022.

4.15 An additional operation, Nurture, Engage, Thrive (NET) is currently being scoped. This operation is to support participants who are under employed. Staff match funding would need to support this operation if it progresses.

## 5. WELL-BEING OF FUTURE GENERATIONS

5.1 These operations contribute to the Well-being Goals as set out in Links to Strategy above.

They are consistent with the five ways of working as defined within the sustainable development principle in the Act in that decreasing the number of unemployed people and upskilling those in low skilled low paid employment will in turn prevent the problems of poverty and social exclusion.

This operation will focus on 4 of the 7 well-being goals:

A prosperous Wales: It will provide employment opportunities allowing people to take advantage of the wealth generated through securing decent work.

A healthier Wales: It will provide an opportunity to maximise mental wellbeing.

A more equal Wales: it will provide opportunities for people to fulfil their potential no matter what their background or circumstances.

A Wales of cohesive communities: It will provide mentoring and advice to people in order that they can develop and grow in order to contribute to the community that they live in.

This operation will be run in collaboration with a range of local agencies and in partnership with other authorities and partners across the region.

This operation will involve people in the development of their own well-being goals by developing more confidence and self-reliance so that they can make positive contributions to the society in which they live.

5.2 This report contributes to the Well-being Goals and in particular in the context of:

- Corporate planning
- Risk management
- Workforce planning
- Financial planning

## 6. EQUALITIES IMPLICATIONS

6.1 Equalities is a cross cutting theme for EU funding and each project must address this according to each theme. The planned investments inherent in the EU Funding programmes will however benefit many different groups in the community.

## 7. FINANCIAL IMPLICATIONS

7.1 To date the Authority has identified and earmarked up to £865k of cash match funding for these 3 European operations. This match funding commitment is approved to the current operation end dates. A breakdown of the match funding is identified below, along with details of current European grant funding available to draw down.

	Match Funding £000	Grant £000
Bridges into Work 2	374	1,620
Working Skills for Adults 2	169	542
Inspire 2 Work	<u>322</u>	<u>755</u>
	<u>865</u>	<u>2,917</u>

7.2 All 3 operations are funded using the WEFO simplified costs model. Where simplified costs are used, eligible costs are calculated according to a predefined methodology. For these operations, 40% of total staff costs incurred is drawn down to fund all non-staff related expenditure. The key intention of simplified costs is to reduce the administrative burden by the tracing of every pound of expenditure to individual supporting documentation. Experience to date, across all the operations has demonstrated that the 40% is more than sufficient to cover non-staff costs and that the differential can be utilised towards the match funding commitment. Consequently, the “real” cash cost (£1,148k) to Caerphilly is less than the “headline” match funding identified in the funding model (£1,560k).

7.3 The details of the most recent financial forecasts, for all 3 projects to 31<sup>st</sup> December 2022, are as follows:

	“Real” Cash Cost £000	Grant £000
Bridges into Work 2	537	2,527
Working Skills for Adults 2	267	940
Inspire 2 Work	<u>344</u>	<u>1,550</u>
	<u>1,148</u>	<u>5,017</u>

7.4 Thus extending the three operations to December 2022 would draw down up to £5,017k of grant funding (£2,100k more than currently approved) for a “real” cash cost to Caerphilly of £1,148k. However, this requires an additional cash commitment from the Authority of £283k (£1,148k - £865k).

7.5 Further details of the financial information are set out in Appendix 1.

## 8. PERSONNEL IMPLICATIONS

8.1 Personnel implications are inherent in the development of new operations. This will be addressed via reports and project plans for the project, by the appropriate Officer.

## 9. CONSULTATIONS

9.1 Relevant officers of the authority have been consulted throughout the process of applying for these ESF operations.

## 10. RECOMMENDATIONS

10.1 Cabinet is asked to endorse the offer to extend 12W and an in principle offer to extend BIW2 and WSA2 to December 2022.

10.2 Endorse the use of up to £283k of the Education Directorates balances as additional match funding to support the extension of I2W, BIW2 and WSA2 in order to draw down additional European funding.

## 11. REASONS FOR THE RECOMMENDATIONS

11.1 This allows the operations more time to work with more people in order to change the life chances of more Caerphilly residents.

## 12. STATUTORY POWER

12.1 Local Government Act 2000. This is a Cabinet function.

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Background Papers:  
Provisional Outturn Report 2014/15 – Cabinet 29<sup>th</sup> July 2015

Appendices:  
Appendix 1 Financial Summary

**APPENDIX 1**

Inspire 2 Work	Approved by WEFO - end June '19	Extension to end Dec. '22	Bridges into Work 2	Approved by WEFO - end April '20	Projection to end Dec. '22	Working Skills for Adults 2	Approved by WEFO - end April '20	Projection to end Dec. '22
Total Eligible Staff Costs - Direct	728,820	1,495,700	Total Eligible Staff Costs - Direct	1,500,493	2,340,381	Total Eligible Staff Costs - Direct	560,423	972,559
FR40 Costs	291,528	598,280	FR40 Costs	600,202	936,144	FR40 Costs	224,172	389,014
<b>Total Claim Value</b>	<b>1,020,348</b>	<b>2,093,980</b>	<b>Total Claim Value</b>	<b>2,100,695</b>	<b>3,276,525</b>	<b>Total Claim Value</b>	<b>784,595</b>	<b>1,361,573</b>
Match funding - staff	0	22,316	Match funding - staff	76,644	73,769	Match funding - staff	58,275	59,405
Match funding - cash	265,290	522,119	Match funding - cash	403,963	675,855	Match funding - cash	184,505	361,901
<b>Match Funding Total</b>	<b>265,290</b>	<b>544,435</b>	<b>Match Funding Total</b>	<b>480,607</b>	<b>749,624</b>	<b>Match Funding Total</b>	<b>242,780</b>	<b>421,306</b>
<b>Grant</b>	<b>755,058</b>	<b>1,549,545</b>	<b>Grant</b>	<b>1,620,088</b>	<b>2,526,901</b>	<b>Grant</b>	<b>541,815</b>	<b>940,267</b>
<b>Total Claim Value</b>	<b>1,020,348</b>	<b>2,093,980</b>	<b>Total Claim Value</b>	<b>2,100,695</b>	<b>3,276,525</b>	<b>Total Claim Value</b>	<b>784,595</b>	<b>1,361,573</b>
Total Eligible Staff Costs - Direct	728,820	1,495,700	Total Eligible Staff Costs - Direct	1,500,493	2,340,381	Total Eligible Staff Costs - Direct	560,423	972,559
** Other Direct Costs	313,798	419,763	Other Direct Costs	473,831	797,723	Other Direct Costs	145,931	293,920
<b>Forecast Total Project Costs</b>	<b>1,042,618</b>	<b>1,915,463</b>	<b>Forecast Total Project Costs</b>	<b>1,974,324</b>	<b>3,138,104</b>	<b>Forecast Total Project Costs</b>	<b>706,354</b>	<b>1,266,479</b>
Grant	755,058	1,549,545	Grant	1,620,088	2,526,901	Grant	541,815	940,267
<b>Forecast Real Cost to Caerphilly without staff match funding</b>	<b>287,560</b>	<b>365,918</b>	<b>Forecast Real Cost to Caerphilly without staff match funding</b>	<b>354,236</b>	<b>611,203</b>	<b>Forecast Real Cost to Caerphilly without staff match funding</b>	<b>164,539</b>	<b>326,212</b>
<b>Forecast Real Cost to Caerphilly assuming staff match funding</b>	<b>287,560</b>	<b>343,602</b>	<b>Forecast Real Cost to Caerphilly assuming staff match funding</b>	<b>277,592</b>	<b>537,434</b>	<b>Forecast Real Cost to Caerphilly assuming staff match funding</b>	<b>106,264</b>	<b>266,807</b>
<b>Approved Match by CCBC</b>	<b>321,815</b>	<b>321,815</b>	<b>Approved Match by CCBC</b>	<b>374,000</b>	<b>374,000</b>	<b>Approved Match by CCBC</b>	<b>169,000</b>	<b>169,000</b>
<b>Differential (-over approval/+under approval)</b>	<b>34,255</b>	<b>(21,787)</b>	<b>Differential (-over approval/+under approval)</b>	<b>96,408</b>	<b>(163,434)</b>	<b>Differential (-over approval/+under approval)</b>	<b>62,736</b>	<b>(97,807)</b>
Staff FTEs	7.4	7.4	Staff FTEs	8.7	8.2	Staff FTEs	3.0	3.5

Bridges into Work 2 and Working Skills for Adults 2 currently end on 30th April '20. Torfaen have received indication from WEFO that extension to December '22 will be available. The projections above are indicative forecasts based on the existing staff profiles and intervention rates; participant targets have not yet been discussed.

\*\* Other Direct Costs - Non Salary project costs (e.g. Premises / Travel / Course costs etc.) - funded from FR40.

Note - Other direct costs - does not include estimates for post project work (e.g. Audits etc.).

Summary			
	Cash Match	Real Cash Cost	Difference
<b>Current Approved</b>			
I2W	£322k	£288k	£34k
Bridges into Work 2	£374k	£278k	£96k
Working Skills 2	£169k	£106k	£63k
<b>Total</b>	<b>£865k</b>	<b>£672k</b>	<b>£193k</b>
<b>Extension to Dec. '22</b>			
I2W	£522k	£344k	£178k
Bridges into Work 2	£676k	£537k	£139k
Working Skills 2	£362k	£267k	£95k
<b>Total</b>	<b>£1,560k</b>	<b>£1,148k</b>	<b>£412k</b>
<b>Additional requirement for 3 projects</b>	<b>£695k</b>	<b>£476k</b>	<b>£219k</b>
<b>Position at Dec '17</b>			
	Cash Match	Real Cash Cost	
Bridges into Work 2	£191k	£-3k	
Working Skills 2	£96k	£-3k	
<b>Total</b>	<b>£287k</b>	<b>£-6k</b>	
This demonstrates that the real cash cost to the authority is below the cash match requirement.			
I2W has insufficient operational time for a realistic assessment.			
<b>SUMMARY</b>			
CURRENT APPROVED CASH MATCH			£865k
PROJECTED REAL CASH REQUIREMENT			£1,148k
ADDITIONAL CASH REQUIRED			£283k
CURRENT ESF GRANT FUNDING APPROVED			£2,917k
GRANTS PROJECTED TO 2022			£5,017k
ADDITIONAL GRANT			£2,100k