
Cabinet

6 December 2016

Name of Cabinet Member:

Cabinet Member for Jobs and Regeneration - Councillor J O'Boyle

Director Approving Submission of the report:

Executive Director of Place

Ward(s) affected:

All

Title:

European Structural Investment Fund (ESIF) Funding Applications for Approval

Is this a key decision?

Yes - It has the potential to affect all Wards within the City and expenditure is in excess of £1m

Executive Summary:

The 2014-2020 European Structural Investment Fund (ESIF) Programme was launched in March 2015. A cabinet report was approved on 26 November 2015 for successful projects from the first round of funding under the programme. In that report it was noted that further rounds of funding would be available and that the Council would seek to apply in those rounds. This report seeks approval for those applications that have been submitted under the next round.

The Council has an excellent track record in securing European funds in recent years and at the last count had secured in excess of £15.8 million from the current European programme.

The Council has submitted applications in the new programme under the enhancing equal access to lifelong learning, Active Inclusion, Access to Employment and Sustainable Integration of Young People themes. The total value of all of these applications is £11,323,128 with a value of £5,661,568 being sought from ESIF grants to support those applications.

This report provides information on each of the applications and requests Members' approval for the Council to act as accountable body and guarantor for these programmes.

Recommendations:

Cabinet is asked to:

1. Note the success of European Funding in delivering the City's economic aspirations and to continue to support the Council bidding for European Funds into the future.

2. Retrospectively endorse the submission of bids for 2014-2020 European Funding set out in section 3 of this report.
3. Delegate authority to the Executive Director Place to negotiate and enter into the appropriate grant aid agreements for the applications listed in section 3.
4. Agree that the Council should act as guarantor and to delegate authority to the Executive Director Place to make submissions, negotiate and enter into the appropriate grant aid agreements for any future ESIF applications under the 2014-2020 programme in consultation with the relevant Cabinet Member. The financial threshold delegated under this authority for any such submission for future grant funding under the ESIF 2014-2020 programme, shall be limited to no more than £2,500,000 for each grant funding application.
5. Agree that officers provide periodical updates on progress of ESIF funded projects to Cabinet Member Jobs & Regeneration.

List of Appendices included:

None

Background papers:

[Cabinet Report - European Funding Programme 2014-20 – Coventry City Council First Round Applications approved by Cabinet 26/11/16 and Council 1/12/15 item 70](#)

Other Useful Documents:

[Coventry Jobs & Growth Strategy](#)
[Coventry & Warwickshire Strategic Economic Plan](#)
[Coventry & Warwickshire LEP Area ESIF Strategy](#)

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report title: European Structural Investment Fund (ESIF) 2014 – 2020 Funding Bids for Approval

1 Context (or background)

- 1.1 In March 2015, applications opened for the new programme of European Structural and Investment Funds (ESIF). The programme will run until 2020, and in the first round, funding for projects runs from January 2016 to December 2018.
- 1.2 ESIF includes both the European Regional Development Fund (ERDF) and the European Social Fund (ESF). ERDF is designed to fund economic development projects, while ESF focuses on improving employment opportunities, promoting social inclusion and investing in skills.

1.3 An Envable Track Record

- 1.3.1 The Council already delivers a number of successful programmes and in the current programme has secured **over £15.8m of ESIF funding** which is on track by December 2018 to deliver:

- Support to more than 1000 businesses.
- Of which over 500 new businesses will be assisted to start
- 769 jobs created
- £11m in Private Investment generated
- Support to over 2300 young people of which 900 will progress into employment.

1.4 Further call for bids

- 1.4.1 A further call for applications was announced in March 2016 under the priority axis of Skills for Growth and Inclusive Labour Markets. Projects can run between January 2017 and December 2019.
- 1.4.2 Under this call, Coventry City Council has submitted applications for Enhancing Lifelong Learning, Active Inclusion, Access to Employment for Jobseekers and Inactive People and Sustainable Integration of Young People into the Labour Market. This report provides information on each of these applications and requests Members' approval for the Council to act as accountable body for these programmes.
- 1.4.3 It should also be noted that there will be further bidding rounds for European Funding and this report requests that Cabinet delegate authority to take forward any successful projects in those rounds to the Executive Director of Place, in consultation with the relevant Cabinet Member.

2 Options considered and recommended proposal

- 2.1 An option could have been to decline the opportunity to apply for ESIF funding but this was quickly discounted because the Council has an excellent track record of using European funding to run successful projects. There was a total £9,548,000 ESIF money available for Coventry and Warwickshire in this round and this is the primary source of economic development funding currently available.
- 2.2 If Cabinet do not approve this report then we would miss out on funding earmarked for the applications listed in the section below. ESIF funding of £5,661,556 would be lost.
- 2.3 The recommended option is for the Council to act as lead applicant for ESIF projects, and to act as accountable body for this funding, with grant agreements in place with partners

as described in section 5.2 & 6.2 below. This maximises the European grant available, and also allows the Council to take a leadership role, working with key partners, in how ESIF projects are delivered. As previously mentioned, the Council has an excellent track record of managing grants of this type using them to create new jobs and economic growth for Coventry and Warwickshire. These bids will allow this work to continue in the new programme.

2.4 Summary of Bids

2.4.1 The total amount of funding available in this round of ESIF for Coventry & Warwickshire for the projects described was £9,548,000 and the Council has bid for £5,661,568 in this round which represents 59% of the available funding.

2.4.2 The applications in this report have all received outline approval from the Department of Work & Pensions (DWP). The Coventry and Warwickshire Skills 4 Growth application has received final approval and the other three are still in final appraisal at the point of writing this report.

2.4.3 The applications for funding are outlined below:

2.5 **Coventry and Warwickshire Skills 4 Growth Project**

2.5.1 This project aims to build on the very successful Regional Development Fund project by the same name which ended in June 2015 and the subsequent follow up project funded by the Coventry and Warwickshire Growth Hub.

2.5.2 The project will support 1742 employed people in SMEs in the priority sectors identified in the Coventry & Warwickshire Local Enterprise Partnership ESIF Strategy to develop skills needed by businesses in the Coventry & Warwickshire area. Provision will develop an adaptable workforce to improve productivity, innovation, enterprise and competitiveness.

2.5.3 Strategic Partners on the project include Warwickshire County Council, the Chamber of Commerce, the Coventry and Warwickshire Local Enterprise Partnership, Coventry University Enterprises, Federation of small businesses, Coventry and Warwickshire Aerospace Forum and Jaguar Land Rover.

2.5.4 The Council will act as accountable body for the project value of £2.289m - ESIF grant value of £1,144,500 (50%). The project will be delivered over a three year period and it is anticipated that the project will support 888 females and 854 males with accredited skills training. Specific emphasis will be placed on those aged over 50, people with disabilities, ethnic minorities, those with basic skills needs and females gaining improved labour market status and there are targets set for each.

2.5.5 Result indicators for the project are listed below.

People Supported	Females improving labour market status	Basic skills quals	Level 2 quals or units of level 2 or below	Level 3 quals or units of level 3 or above	ESIF Grant
1742	625	259	522	336	£1,144,500

2.6 **ConnectMe project**

The project will support 1214 unemployed or inactive participants that experience multiple and complex barriers in relation to accessing and sustaining employment. The project comprises of 9 partners many of which have expertise in reaching and effectively supporting marginalised groups. ConnectMe will focus on supporting participants to move closer towards the labour market through intensive engagement and support. Participants will be provided with tailored barrier breaking support, money advice, and specialist employment support. ConnectMe Champions will engage and support recruitment of participants, establish networking groups and participate in an experts by experience forum.

2.6.1 The Council will act as accountable body for the project value of £3.829m - ESIF grant value of £1,914,679 (50%). The project will be delivered over a three year period and it is anticipated that the project will support 549 females and 665 males with particular emphasis on Black and Minority Ethnic groups, those aged over 50 and people with ill health or disability.

2.6.2 Result indicators for the project are listed below..

People Supported	Participants in education or training on leaving	Unemployed participants into employment on leaving	Inactive participants into employment or job search on leaving	Participants in employment or self-employment 6 months after leaving	Participants receiving childcare support	ESIF Grant
1214	194	90	155	124	249	£1,914,679

2.7 **Exceed in Coventry project**

The project will offer a cohesive package of support to 1344 unemployed individuals, long term unemployed and inactive participants including those not on benefits. The project is made up of 5 partners all of which have a proven track record of supporting participants with multiple barriers into employment. Exceed will support participants on their journey to sustained employment. It will provide effective engagement with disengaged groups, bespoke provision tailored to meet individuals' needs, strong employer relationships and proven interventions to support those furthest from the labour market.

2.7.1 The Council will act as accountable body for the project value of £2.661m - ESIF grant value of £1,330,738 (50%). The project will be delivered over a three year period and it is anticipated that the project will support 602 females and 742 males with particular emphasis on those with ill health, Black and Minority Ethnic groups, those living in single households and those without basic skills.

2.7.2 Result indicators for the project are listed below.

People supported	Unemployed/ inactive participants moved into work	Participants into employment or self-employment 6 months after leaving	Participants will gain basic skills	Participants with childcare need receiving support	ESIF Grant
1344	443	155	54	483	£1,330,738

2.8 *Routes into Ambition*

2.8.1 This project will support 1045 young people aged 15 – 24 (primarily 15-18) who are either disengaged, or at risk of exclusion to break down barriers to employment. This application is an integral part of the Youth Employment Initiative project called Ambition Coventry that was approved by Cabinet on 25th November 2015. Ambition Coventry supports young people to help them achieve their ambitions and realise their potential.

2.8.2 The Council will act as accountable body for the project value of £2.543m 661m - ESIF grant value of £1,271,651 (50%). The project will be delivered over a three year period and it is anticipated that the project will support 465 females and 580 males with particular emphasis on those from Black and Minority Ethnic groups, those with disabilities, those living in single households and those without basic skills.

2.8.3 Result indicators for the project are listed below.

People Trained	participants into employment on leaving	Participants gaining basic skills	Participants in employment or self-employment 6 months after leaving	ESIF Grant
1045	413	42	279	£1,271,651

2.9 Table 1 – Summary of Projects

2.9.1 The table below summarises the primary outputs for each of the applications included in this report.

Project	Participants	Male	Female	BME	Aged 50+	Ill health/ Disability	ESIF Grant
Skills 4 Growth	1742	854	888	314	348	122	£1,144,500
ConnectMe	1214	665	549	216	223	294	£1,914,679
Exceed in Coventry	1344	742	602	247	300	356	£1,330,738
Routes into Ambition	1045	580	465	175	n/a	97	£1,271,651
Total	5345	2841	2504	952	871	869	£5,661,568

3 Results of consultation undertaken

3.1 These ESIF applications have been developed by partnerships led by the Council. These partnerships bring together a broad representation of organisations working on economic development and employment activities in Coventry and Warwickshire. 26 organisations including public and private sector partners have been involved in the development of the various ESIF applications included in this report and examples include:

- *Coventry & Warwickshire Local Enterprise Partnership*
- *Coventry University*

- *Foleshil Womens Training (FWT)*
- *Jaguar Land Rover*
- *Midland Group Training Services*
- *Positive Youth Foundation*
- *Warwickshire County Council*
- *WATCH*
- *Whitefriars – WM Housing*

3.2 Each of these partners has had the opportunity to influence the ESIF applications in the relevant themes, allowing the views of a wide range of people and businesses from Coventry and Warwickshire to be considered in the projects designs.

3.3 The ESIF applications deliver against Coventry & Warwickshire's Strategic Economic Plan (SEP) which has undertaken significant consultation. In addition an extensive consultation process around the development of the Coventry & Warwickshire's ESIF Strategy has also taken place.

4 Timetable for implementing this decision

4.1 The Managing Authority will issue funding agreements for each successful ESIF application which will allow the projects to start from January 2017. Once this is signed, each delivery partner named within the application will be given a Grant Aid Agreement that sets out their contribution to the project in terms of match funding and outputs, and sets out how much ESIF funding will be available to them. This process is expected to be completed early in 2017 but will be dependent on the individual project. Projects will run until December 2019.

5 Comments from Executive Director of Resources

5.1 Financial implications

5.1.1 The Council is proposing to be the accountable body for each of the ESIF 2014-20 programmes as specified in this report, totalling £11,323,128 if approved. Whilst there is some financial risk, there is no immediate implication of being accountable body. These schemes will bring significant economic benefit to the City.

5.1.2 Table 2 (below) illustrates that the total of match funding provided by the Council for existing salaries and associated overheads is £3,107,199. This reflects current revenue budgetary provision over the 3 year grant programme period. In addition, partners will be providing £1,650,296 in match funding over the same period, with SMEs providing £904,065 in contributions towards skills training support.

5.1.3 Table 2 – Summary of Financial Profiles for Each Application

	ESIF Grant	CCC Match Funding	Partner Match	Private Match Funding From SMEs
Skills 4 Growth	£1,144,500	£159,871	£80,564	£904,065
ConnectMe	£1,914,679	£1,195,119	£719,560	Not applicable
Exceed in Coventry	£1,330,738	£900,286	£430,452	Not applicable
Routes to Ambition Coventry	£1,271,651	£851,923	£419,727	Not applicable
TOTAL	£5,661,556	£3,107,199	£1,650,296	£904,065

If grant is successfully awarded, this commits Coventry City Council as accountable body to identify match funding for the duration of the project. Match funding is required at varying levels for the individual projects depending on the type of activity being funded, the source of funding, and the contributions from delivery partners. Should the level of available Coventry City Council match funding change for any reason, it will be necessary to find alternative match within the programmes in order to maintain the level of ESIF grant that has been requested.

5.2 Legal implications

- 5.2.1 If approved, the Council will act as the accountable body for the ESIF projects on the terms of the EU and DWP requirements. The Council will be issued with a grant offer for each successful bid containing terms and conditions. The terms and conditions will be devolved to any partners within the various programmes via grant agreements with the Council. These will ensure appropriate conditions and obligations which are imposed upon the Council are passed to the grant recipients who receive the funding for delivering projects. The Council has power to act as guarantor under Section 1 of the Localism Act 2011.

6 Other implications

6.1 How will this contribute to achievement of the Council's Plan?

- 6.1.1 At its highest level the ESIF strategy delivers part of the Coventry & Warwickshire Local Enterprise Partnership's SEP.
- 6.1.2 The ESIF projects proposed here will all contribute to the Council's aim to be a top ten City that is "*globally connected and locally committed*".
- 6.1.3 The ESIF programme will make a significant contribution towards delivering the outcomes of the Council's Jobs & Growth Strategy 2014-2017.
- 6.1.4 The Skills 4 Growth Project will support business growth through improved skills as well as raise the city's profile by providing an additional incentive for businesses currently based elsewhere looking to invest in the city.

- 6.1.5 The Connect Me project will engage and address the needs of Coventry's most vulnerable communities.
- 6.1.6 The Exceed project will engage and address the needs of Coventry's most vulnerable communities.
- 6.1.7 The Route into Ambition project will potentially impact on the pre-NEETs and NEETs figures in the City.
- 6.1.8 Overall the ESIF projects aim to make a strong contribution to the Council's aims to promote the growth of a sustainable Coventry economy in which all residents and businesses can benefit.

6.2 How is risk being managed?

- 6.2.1 If successful, the Council will act as accountable body for a total ESIF programme of £11,323,128 of which ESIF funding from this round of applications is £5,661,556 and it will be responsible for ensuring that the funding is spent in compliance with the programme's regulations, and this will include ensuring that partners use their grant correctly.
- 6.2.2 The 2014 – 2020 ESIF funding will support delivery of projects until December 2019. At the request of DCLG and DWP, work is being done by the Coventry and Warwickshire ESIF Technical Group to scope out future large scale strategic projects for the Coventry and Warwickshire LEP area that may be developed in the future with support from the European Regional Development Fund and European Social Fund.
- 6.2.3 Managing these complex programmes with several partners does present some risk, but the Council has a good track record for maintaining and achieving significant financial controls and well established procedures for handling public funds and these will be applied to the ESIF projects in order to ensure that the best possible value is achieved for the EU's investment in the schemes. Risk will be managed using the following approach:
 - i. **Grant Aid Agreements** will be issued to partners which will pass on the risk of any funding claw back to partners in the event of non-compliance on their part.
 - ii. **Each project will establish an Operational Group of management-level representatives** from each of the delivery partners. These groups will be chaired by Council officers and will manage risk by ensuring that partners are on course to achieve their output targets and are keeping records correctly etc.
 - iii. In addition **each project will be overseen by a Strategic Board** with senior representatives of each organisation, again chaired by the appropriate senior manager from the Council.
 - iv. The **Economy & Jobs Team will be the specialist service delivering the employment, skills and business support services** from within the Council. With an enviable track record in delivery and into its second Jobs & Growth Strategy the service is highly competent in dealing with European Funds. The team has significant knowledge in this area and has experience of delivering and managing complex, multi-partner European Social Fund projects.
 - v. The accountable body function for the applications included in this report will be undertaken by the **Economy & Jobs Team**.

- vi. The Council's **External Funding and Business Growth Team** will provide technical assistance to the various ESIF projects. This is a specialist function which is responsible for managing large economic development funding contracts. The team has a great deal of experience in this area and is currently managing funds worth £100m+ and is highly regarded by the Government's Local Growth Team.

6.3 What is the impact on the organisation?

6.3.1 Human Resources Implications

To ensure successful delivery of these large projects and the Council's ability to provide an adequate accountable body function, additional staff resources may be required. Some staff are already in place for the existing externally-funded projects. Any new staff will be recruited on temporary fixed term basis.

6.4 Equalities / EIA

- 6.4.1 The ESIF projects are likely to have a positive equalities impact. Many of the interventions are designed to assist people from groups which may otherwise struggle to access support. For example, in the Skills 4 Growth project there is specific emphasis placed on supporting people aged over 50, people with disabilities, ethnic minorities and females and there are targets set for each.

6.5 Implications for (or impact on) the environment

- 6.5.1 All of the projects will have produced a sustainable development policy and Implementation Plan as part of the application process demonstrating how the project will demonstrate its sustainability impact. Examples include encouraging project staff to use public transport and keep electronic records where possible. Some of the projects will have particular positive environmental impact, for example the Skills 4 Growth project is targeted to deliver accredited environmental training to eligible Small and Medium sized companies.

6.6 Implications for partner organisations?

- 6.6.1 Securing this ESIF funding will allow the Council to part-fund the activities of a number of important partner organisations working in business support and with disadvantaged young people. Funding will be passed on to partner organisations through these projects, giving them focused funding for a three year period to deliver significant and aligned outcomes for residents and businesses in Coventry & Warwickshire.

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