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Cabinet

31 August 2021

**Name of Cabinet Member:**

Cabinet Member for Education and Skills – Councillor Dr K Sandhu

Cabinet Member for Jobs, Regeneration and Climate Change – Councillor J O’Boyle

**Director Approving Submission of the report:**

Director of Education and Skills

**Ward(s) affected:**

All

**Title:** European Social Fund 2014-2020 – European Structural & Investment Funds (ESIF) –  
Coventry - ESF Application to Youth Employment Initiative

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**Is this a key decision?**

Yes - the proposals involve financial implications in excess of £1m per annum and are likely to have a significant impact on residents or businesses working or living in two or more electoral wards in the City.

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**Executive Summary:**

The 2014-2020 European Structural Investment Fund (ESIF) Programme was launched in March 2015. The ESIF Programme will now run until 2023 in the UK.

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.

A further Cabinet report was approved on 18<sup>th</sup> February 2020 and Council on 25<sup>th</sup> February 2020 to draw down up to a further £11.38m from ESIF for three Phase 2 Programmes. These programmes are now all successfully providing additional support to local residents.

A further call for applications under the Youth Employment Initiative (Priority 1.3) was released by the Department of Work and Pensions in January 2021. A further Council led application was therefore submitted in response to this call. The application has been successful, and the Council has now been offered a Funding Agreement to secure these funds and commence delivery of the programme. The total project cost of this application (Grant plus Match Funding from the City Council and delivery partners) is £3.17m, with just over 66% of these costs being made available from the ESIF grants to support the applications. The Council has again taken a leadership role by bringing partners together from across the Coventry & Warwickshire LEP area to develop projects and programmes that will lead to improved employment prospects across the City and the sub region.

The Council has an outstanding track record of securing, managing and delivering EU-funded employability support programmes. This report provides information on the new bid and requests Members' approval for the Council to act as accountable body guarantor and delivery partner for this funding programme.

**Recommendations:**

Cabinet is asked to:

- 1) Note the success of European Funding via ESIF in delivering the City's education, skills and economic aspirations and continue to support the Council bidding for European Funds that are still available via the ESIF programme and which will support the objectives of the Economic Growth & Prosperity Strategy 2018 – 2022 and the One Coventry Council Plan 2016 – 24.
- 2) Approve the acceptance of the ESF grant funding, totalling £2.11m from ESIF to be utilised in delivering the City's priorities as set out in this report.
- 3) Delegate authority to the Director of Education and Skills, in consultation with the Director of Finance and the Director of Law and Governance, to negotiate final terms and entry into: (a) the grant funding agreement to secure the ESIF funding with the City Council acting as the Accountable Body for the funding; and (b) back to back funding agreement with such delivery partners as deemed necessary to deliver the City's priorities as set out in this report.

**List of Appendices included:**

None.

**Background papers:**

None.

**Other useful documents**

- [Economic Growth and Prosperity Strategy 2018-2022](#)
- [West Midlands Local Industrial Strategy 2019](#)
- [Coventry & Warwickshire LEP Area ESIF Strategy](#)
- [Coventry & Warwickshire's Strategic Economic Plan \(SEP\)](#)
- [European Structural Investment Fund \(ESIF\) Funding Applications for Approval 2016](#)
- [European Social Fund 2014-2020 – European Structural & Investment Funds \(ESIF\) – Coventry ESF Second Round Applications - 2020](#)

**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 Social Fund 2014-2020 – European Structural & Investment Funds (ESIF) –Coventry - ESF Application to Youth Employment Initiative**

### **1. Context (or background)**

- 1.1. In 2014, applications opened for the new programme of European Structural and Investment Funds (ESIF). In the first round, funding for projects running from January 2016 to December 2019 were made available (Phase 1). The programme has now been extended with a new round (Phase 2) and will run until December 2023.
- 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 provides support to help people find sustainable employment.

### **An Envable Track Record**

- 1.2.1. The Council already manages and delivers a number of highly successful programmes to help local residents where they need additional support to access local jobs. The City Council has been responsible for managing well over £85m of EU funding since 2007 alone. A range of ESF Phase 1 and 2 programmes, managed by the Employment and Skills Service and delivered by the City Council and a delivery consortium have been operating since January 2016. These Programmes have delivered high quality support to help disadvantaged and disengaged Coventry residents to move toward and into sustainable education, training activities and consequently toward and into sustainable jobs.
- 1.2.2. Residents assisted on the current Phase 2 programmes which started delivery between March 2020 and January 2021 include people who are Black and Minority Ethnic Origin (BAME) (44% of total participants assisted), women (56%), young people age 15-24 who are not engaged in education, employment or training (NEET) (or are at risk of becoming NEET) (34%), people with disabilities (42%), people who are lone parents (19%). Support services have been based at the high-profile Council managed Job Shop in Bull Yard in Coventry City Centre. This facility has become nationally renowned and offers an innovative physical hub from which the 'spoke' support activities right across Coventry have been coordinated and delivered. Activities have been delivered by a wide range of local delivery partners chosen for their track records of successful delivery and their specialist skills in supporting the most disadvantaged local residents to overcome often complex and multiple barriers to labour market participation.
- 1.2.3. Across these existing Phase 2 programmes and including the Phase 1 Programmes (ended March 2020) the Council Employment & Skills Service is managing £34m of ESF funds, with a total of £19m to be received in ESF grant. Up to 30th June 2021, the Phase 2 Programmes have delivered:
  - 1,519 participating Coventry residents, with multiple and enduring barriers to labour market participation, who were either unemployed or inactive when initially registered on programmes.
  - 251 participants directly assisted to get a job.
  - 53 participants have been assisted into education or vocational training courses.
  - 560 participants have so far achieved one or more positive outcomes as a direct result of programme intervention.

1.2.4. Ongoing work is continuing with this caseload. It is anticipated a significant increase in positive outcomes will be achieved once the relevant support has been completed and the detailed evidence required by Department of Work and Pensions (DWP), who manage the ESF funds, has been collated and submitted. Activities on Programmes are scheduled to continue until December 31, 2023.

### 1.3. Phase 2 Programme

Further calls for Phase 2 applications under the Youth Employment Initiative were announced in January 2021 under the priority axis of Skills for Growth and Inclusive Labour Markets. Projects can run from April 2021, or on a date to be agreed as soon as Funding Agreements have been issued.

1.3.1. All Phase 2 programmes, including the Youth Employment Initiative must be completed by the 31<sup>st</sup> December 2023, with final claims expected no later than February 2024.

1.3.2. Coventry City Council and Delivery Partners have already commenced delivery of programmes for ESF Phase 2 under the Access to Employment for Job Seekers and Inactive People, Inclusive Labour Markets, Sustainable Integration of Young People into the Labour Market and Active Inclusion Investment Priorities.

1.3.3. There is EU and Government commitment to continue to fund these programmes of activity to their closure in December 2023, as detailed below:

The Head of the European Social Fund Division at the Department for Work and Pensions (DWP) has written to all ESF Grant recipients to confirm that the Programme will continue under the existing rules and guidance until its closure.

Under the terms of the Withdrawal Agreement, the UK will continue to participate in EU annual budgets funded under the current Multiannual Financial Framework (2014-2020 MFF). The UK will continue to make its contribution and get receipts from current EU programmes under the normal rules. This includes all European Structural and Investment Funds (ESIF), including the ESF Programme. As a result, even after the end of the implementation period, the ESIF programmes under the current MFF will continue to receive funding via the usual processes for their lifetime.

This means that:

- ESF grant recipients should continue to deliver activities and submit claims to the ESF Managing Authority in line with their ESF Funding Agreement.
- Applications for ESF will be progressed as usual. This applies to either existing applications or bids for funds made via the ESF Reserve Fund.

## 2. Options considered and recommended proposal

### Do Nothing

2.1 The first option could have been to decline the opportunity to apply for further ESIF funding. This was quickly discounted because the Council has an excellent track record of using European funding to run successful projects to help local residents gain access to local jobs. ESIF is the primary source of employability support funding currently available to support people into jobs, and job focused learning and training.

### Act as a Delivery Partner rather than as a Lead Bidder

- 2.2 An alternative option was to seek to join ESIF bids as a delivery partner rather than as lead bidder. This approach could provide some benefits in terms of reduced financial risk and programme management costs whilst still making EU funding available for some of the Council's activities. However, as a City there is not another appropriate partner with the track record, financial capacity, local knowledge and network presence to effectively manage a large diverse portfolio of specialist programmes like the one we are proposing. Other organisations also had the opportunity to form partnerships and directly bid for the funds, however, they were unable to take up that opportunity. Therefore, this option has been discounted.

### Accept the Grant Funding and act as Accountable Body

- 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 programme with grant agreements in place with partners as described in sections 4 below. This maximises the EU grant available. This 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 help people into jobs and promote economic growth for Coventry. These bids will allow this work to continue in the new projects/programmes.
- 2.4 If Cabinet do not approve this report then Coventry City Council would miss out on funding earmarked for the applications listed in the section below. Grant funding of £2.11m for employment and skills support for young people would be lost.

## **3. Summary of Bid**

### **Your Vision Your Future**

- 3.1 The programme will support 1,200 young people aged 16-29 who are either unemployed or inactive in the labour market with supported interventions to help them to access sustainable jobs, education and learning opportunities. The programme will be customised to combat the negative shock caused by COVID-19 and ensure that young people in Coventry who are not in employment, education or training (NEET) are assisted to not miss out on the very real opportunities being created by major new local and regional investment plans, the City of Culture, Commonwealth Games and the predicted economic 'bounce back' in the post pandemic period. Support will be focused on developing creative and entrepreneurial interventions to work with those young people who have faced the toughest challenge in recent months. This will include young people:
- In the most deprived areas of Coventry;
  - With mental health and wellbeing challenges;
  - Who have been in the care system;
  - Who are recent migrants into Coventry;
  - Those with other multiple and complex barriers.
- 3.2 The Employment & Skills Service have established a new extended consortium of 8 specialist third sector, private and statutory providers who all have substantial delivery expertise and in-depth knowledge of the needs of young people in Coventry. The partners offer is based on extensive local knowledge, established networks and in-depth understanding of the needs of these specific cohorts in Coventry. In response to this call the Employment and Skills service (ESS) will significantly enhance the current offer.

3.3 The Council will act as accountable body for the project value of £3.17m - ESIF grant value of £2.11m (66.6%). The project will be delivered over a period of 2 years and 4 months.

3.4 Result indicators for the project are listed below.

Unemployed and Inactive Coventry Residents Supported	1200
People below the age of 25	888
People aged 25 - 29	312
People who are Black and Minority Ethnic Origin (BAME)	457
People with a disability or health condition	286
People who live in a single adult household with dependent children	84
Male	600
Female	600
People completing a supported intervention	564
People supported into Employment, Education & Training on leaving	649
People in employment six months after leaving the programme	408

#### 4. Results of consultation undertaken

4.1 The ESIF bid has been developed by a consortium created and led by the Council Employment & Skills Service. This partnership brings together a broad representation of organisations working on employability support activities in Coventry. This includes public, private and third sector organisations. Partners involved in the development of Your Vision Your Future are:

- Coventry City Council – Employment & Skills Service
- Coventry City Council – Adult Education Service
- Coventry City Council – Migration Team
- PET-Xi Ltd
- Working Actively to Change Hillfields Ltd (WATCH)
- Coventry University – (Disruptive Media Lab)
- NewStart4u CIC
- Godiva Awakes Trust (Imagineers)

4.2 Each of these partners have had the opportunity to influence the ESIF bid in the relevant themes, allowing the views of a wide range of people and businesses from Coventry to be considered in the project design.

4.3 The ESIF bids deliver against Coventry & Warwickshire’s Strategic Economic Plan (SEP), which underwent a significant consultation process. They will also deliver against the Coventry & Warwickshire’s ESIF Strategy, which again was developed after extensive consultation.

#### 5. Timetable for implementing this decision

5.1 If approved the Council will enter into the Funding Agreement with the DWP (ESF Managing Authority) and commence delivery of the Programmes from September 1st, 2021.

Each delivery partner will be given a Grant Aid Agreement that sets out their contribution to the project in terms of match funding, outputs to be achieved and sets out how much ESIF funding will be available to them.

- 5.2 The Programme will run until December 2023. While in previous EU funding programmes, the Council has successfully negotiated extensions of both time and funding on numerous occasions, this will be the end of ESF funding. All ESF project delivery must end by 31/12/2023.
- 5.3 Your Vision Your Future delivery will end on 31/03/2023 with final claims being submitted by the 05/02/2024.

**6. Comments from the Director of Finance and the Director of Law and Governance**

**6.1 Financial implications**

The Council is proposing to be the accountable body for the Your Vision Your Future Programme as specified in the report, totalling £3.17m costs, if approved. These schemes provide access to substantial external funding and are expected to bring significant economic benefit to the city.

Whilst there is some financial risk relating to performance, compliance and grant claw-back there is no immediate implication as a result of being the accountable body. The Employment & Skills Service have robust processes in place to track delivery against output targets and have regular discussions with the Managing Authority. Grant Aid Agreements will also be issued to partners which will pass on the risk of any funding claw back to them in the event of non-compliance on their part. Grant risk is discussed further in Section 7.2.

Covid-19 continues to have an impact on delivery, and this is being evaluated by the Managing Authority on an individual contract basis. There are no indications currently to suggest that funding will be reduced due to under performance. Should the Council find itself in a position where it is unable to deliver the required outputs, the contract can be terminated.

Table 2 (below) illustrates that the total match funding provided by the Council for salaries and associated overheads is £0.51m for this application. This reflects current revenue budgetary provision for the 2 years and 4 months grant programme period. In addition, Delivery Partners will be providing £0.53m in match funding over the same period. All programme funding is revenue. The Employment and Skills Service Programme Management Team will monitor this to ensure grant is fully maximised where possible.

**Table 2 – Summary of Financial Profile for Your Vision Your Future**

	ESIF Grant	YEI Grant	CCC Match	Delivery Partner Match	Total
<b>Total</b>	<b>£1,057,971</b>	<b>£1,057,971</b>	<b>£518,326</b>	<b>£ 539,963</b>	<b>£3,174,231</b>

If grant is accepted this commits Coventry City Council as accountable body to identify match funding for the duration of the project. Council match, which is already secured as part of the Council’s commitment to the Economic Growth and Prosperity Strategy, is required 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 CCC 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.

## 6.2 Legal implications

6.2.1 The City Council has the power to enter into this activity by the general power of competence secured by Section 1 of the Localism Act 2011. The activity set out in this report is within the boundaries and limits on the general power set out in Section 2 and 4 of the Localism Act 2011 respectively. Legal and compliance issues associated with the Grant Funding and the delivery of the Project will be delivered within the Conditions of Grant Funding Agreement, in accordance with the Council's financial rules where appropriate.

6.2.2 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 containing terms and conditions. The terms and conditions will be devolved to any partners within the various programmes. 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.

## 7. Other implications

### 7.1 How will this contribute to the Council Plan ([www.coventry.gov.uk/councilplan/](http://www.coventry.gov.uk/councilplan/))?

Your Vision Your Future will contribute to the Council's Plan aim to make 'sure that residents share in the benefits' helping local people into jobs through improving employability through access to skills and qualifications and by creating routes into work, including apprenticeship, placement and new job opportunities.

Your Vision Your Future will also make a significant contribution towards delivering the outcomes of the Council's Economic Growth and Prosperity Strategy and the West Midlands Industrial Strategy, by tackling skills deficiencies, creating opportunities and pathways for unemployed and inactive people to be supported into work. Proposed activity will also support 'connecting our poorest communities' economic growth' by 'removing or managing barriers to work' for the most vulnerable Coventry residents.

Your Vision Your Future will engage and address the needs of Coventry's most vulnerable young people by developing supported pathways into education, training and employment.

Your Vision Your Future will positively impact on the pre-NEETS and NEETS figures in the city by working with the delivery partners to develop supported pathways into education, training and employment for young people who are NEET or at risk of becoming NEET.

Your Vision Your Future will 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.

The ESIF strategy also delivers part of the Coventry & Warwickshire Local Enterprise Partnership's Strategic Economic Plan.

### 7.2 How is risk being managed?

The Council will act as the accountable body for the total project costs of £3.17m. The Council will be responsible for ensuring that the funding is spent in compliance with the programme's regulations. This will include ensuring that partners use their grant correctly.

Managing these complex programmes with several partners does present some risk in relation to performance, compliance and grant claw-back. The Council has a good track record for maintaining and achieving significant financial controls and well-established

procedures for handling public funds. These will be applied to this ESIF project 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:

**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.

**The project will establish an Operational Group of management-level representatives** from each of the delivery partners. This group 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.

In addition, **the project will be overseen by a single Strategic Board** chaired by the appropriate senior manager from the Council to ensure that risk is managed across all Programmes.

The accountable body function will be completed by the Council's **Employment & Skills Service** within the People Directorate. This is **a specialist function which is responsible for managing large employability support funding contracts**. The team has significant knowledge in this area and has experience of delivering and managing complex, multi-partner European Social Fund projects.

The team has a great deal of experience in this area and is highly regarded by the Government's DWP Team.

The Council's **Economic Development Team** will provide technical assistance to this ESIF project. 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.

### 7.3 What is the impact on the organisation?

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

### 7.4 Equality Impact Assessment (EIA)

The project will 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, each programme will run customised services designed to help Black, Asian and Minority Ethnic people, young people, women, lone parents, newly arrived refugees and migrants, people who are disabled and people with long term health conditions to access jobs and employability focused learning and training opportunities. Your Vision Your Future has included a full Gender Equality and Equal Opportunities Policy & Implementation Plan. This includes specific actions. It will be required that the Programme Management Teams, delivery partners and all programme staff deliver on these.

The Programme Management Teams and Management staff within the Employment and Skills Service will also maximise efforts to ensure that each programme maximises any positive equalities impacts. Actions will include, carrying out equality and diversity training as part of inductions for all delivery staff, running accessibility audits of delivery locations to make sure they are accessible and safe, considering barriers that may prevent participants

from accessing the programme e.g. childcare costs, travel and implementing measures to overcome this, monitoring and checking equality data on claim documentation and discussing any under representation for action at the Strategic and Operational Group.

#### **7.5 Implications for (or impact on) climate change and the environment**

Your Vision Your Future will have a positive environmental impact. Your Vision Your Future has included a full Environmental Sustainability Development Policy and Plan. This includes specific actions. It will be required that the Programme Management Teams, delivery partners and all programme staff deliver on these. The Programme Management Teams and Management staff within the Employment and Skills Service will also maximise efforts to ensure that each programme minimises any negative environmental impacts. Actions will include, raising awareness of sustainability among staff and participants, minimising waste and increasing recycling, reducing energy use, reducing travel and promoting sustainable travel options, for example by encouraging project staff to use public transport and keep electronic records where possible.

#### **7.6 Implications for partner organisations?**

Securing this ESIF funding will allow the Council to part-fund the activities of a number of important partner organisations working in employability support. Funding will be passed on to partner organisations through these programmes, giving them focused funding 2 years and 4 months to deliver significant and aligned outcomes for residents in Coventry.

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