

Name of meeting: Cabinet
Date: 21st December 2022
Title of report: Employment West Yorkshire

Purpose of report:

The report presents an update on Employment West Yorkshire, the West Yorkshire Combined Authority led programme proposed to replace and build on the current Employment Hub model to support people into work, apprenticeships and other learning and training opportunities. It details proposals to utilise the Employment West Yorkshire gainshare funding that has been allocated in principle to the Council, to extend the council led Works Better employability programme when the current ESF funding streams ends in December 2023.

The report seeks Cabinet approval to enter into a funding agreement with West Yorkshire Combined Authority to receive funding to the value of £ 2.3 million to deliver Employment West Yorkshire in Kirklees between April 2023 and March 2025 and put in place the necessary officer delegations.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)?</u>	Key Decision - Yes Private Report/Private Appendix - No
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Strategic Director</u> & name	David Shepherd – Yes 8th December 2022
Is it also signed off by the Service Director for Finance?	Eamonn Croston – Yes 8th December 2022
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft – Yes - 9th December 2022
Cabinet member <u>portfolio</u>	Councillor Graham Turner – Portfolio Holder for Growth and Regeneration

Electoral wards affected: All wards

Ward councillors consulted: Ward councillors have not been consulted because of the need to establish the scheme as soon as possible.

Public or private: Public.

Has GDPR been considered? Yes.

1. Summary

- 1.1 The report presents an update on Employment West Yorkshire which is the title for the West Yorkshire Combined Authority led programme proposed to replace and build on the current WYCA Employment Hub model . In Kirklees Employment Hub funding has been used to part fund the Works Better Programme which is the council led employment programme funded by ESIF , Gainshare and Council funds.
- 1.2 The aims of Works Better is to support people into work, apprenticeships and other learning and training opportunities . It offers an all age all employment information , advice and guidance service for resident aged 15 plus who live in Kirklees. Priority is given to those furthest from the labour market who are either not in work or in insecure low paid work.
- 1.3 The report details proposals to utilise the Employment West Yorkshire Gainshare funding that has been allocated in principle to the Council , to extend the Works Better programme when the current ESIF funding streams come to an end in December 2023.
- 1.4 The report also offers a high-level overview of current ESF funded provision as we prepare for the final year of delivery and to provide context to the proposals for Employment West Yorkshire.

2. Information required to take a decision

Background

Context

- 2.1 Locally, the number of Kirklees residents in receipt of Universal Credit or other unemployment benefits has stabilised following unprecedented increases in April and May 2020 and the claimant rate currently stands at 4.1 % (Nomis , UK)
- 2.2 The Employment rate is also remains steady however the percentage of jobs in Kirklees paying below the Real Living Wage remains at 22% versus a national average of 17 % . (WYCA , State of Region report , October 2022)
- 2.3 However there remains challenges around employment in Kirklees . Many Universal Credit claimants yet to be fully engaged by Jobcentre Plus and significant increase in demand for employment support is anticipated as the effects of the Cost of Living crisis are predicted to increase redundancies and in work poverty .
- 2.4 Across West Yorkshire with the number of younger people claiming unemployment benefits increased by 8% between June and October 2022 , this is in direct result of the government kickstart scheme ending but also could be a signal of a weakening employment market. (West Yorkshire Economic Insights report , November 2022)
- 2.5 Nationally the economic inactivity rate increased by 0.2 percentage points on the quarter to 21.6% in July to September 2022, in Kirklees this figure is 24.6 % . Economic inactivity refers to people who are not in work and have not been seeking or not been available for work. During the latest three-month period, the increase in economic inactivity was driven by those who are long-term sick and whilst the figure for Kirklees (19 %) is not as high as the national average (25.4 %) it has increased to a record high (Nomis UK). This figure is widely viewed to be behind the labour shortages we are seeing .
- 2.6 There continues to be a large number of vacancies across West Yorkshire. Job postings in October 2022 were 23% higher than October 2021, and double October 2020 and 2019. Vacancies across all districts in West Yorkshire including Kirklees, increased between September and October. (West Yorkshire Economic Insights report , November 2022)

- 2.7 Skills shortages also present challenges to some of our business sectors, with many reporting skills shorts and difficulty recruiting for high level skilled jobs
- 2.8 This suggests a widening of the gap between those who have skills and are employed and those who have no or low skills. These people are more likely not to be in work, and also to have not engaged in local employment provision

Works Better : The Councils current employability programme

Works Better is the Council's support programme to help Kirklees residents into sustainable employment. The programme acts as a single gateway for all residents seeking support and has four main strands which are funded through a mix of different funding streams and have different end dates as a result of this .

- 2.9 Works Better 15-25, which supports young people who are not in employment, education or training (NEET) and brings together three separately funded but integrated projects with a total value of £5.1m - Youth Engagement and Progression (YEP), funded through the Council/ESF; the WYCA-led Employment Hub, which supports 15-24 year olds to re-enter work or learning and Positive Minds, which will provide tailored mental health support for young people and is funded by the Council/ESF; YEP and the Employment Hub are currently scheduled to end in December 2023.
- 2.10 Works Better Enhanced (WBE) forms the adult strand of the programme, which commenced in October 2019 and will cease delivery in December 2023 ; with a total scheme value of £8.1 m and funded through the Council, local VCS delivery partners and ESF, WBE works with ESF-eligible unemployed clients including both those in receipt of out of work benefits and non-claimants.
- 2.11 Better Works launched in November 2020 and extended the focus of Works Better to support people who live in Kirklees that were previously ineligible for support as a result of strict ESF criteria; this included those who were on furlough; those at risk of redundancy or working in vulnerable sectors; and under-employed residents working a low number of hours, including graduates and/or residents on zero hours contracts; the focus for this group was to be to access retraining through Adult Education programmes . This programme was funded by the council and the WYCA led Employment hub to the value of £1.1 m , funding for this is due to end in March 2023 .
- 2.12 Kirklees Apprenticeship for All . Receiving of funding of £ 1.75M from ESF and using Apprenticeship Levy as match this pilot programmes seeks to increase the numbers of businesses using apprenticeships to upskill their current employees . It does this through providing a programme of enrichment support for Apprentices and access to unspent levy funding for SMEs. This programme was originally due to start in Jan 2020 commenced in April 2021 and is due to finish delivery in November 2023.
- 2.13 C&K Careers, Fusion Housing , Paddock Community Trust, and Proper job are a key delivery partner for Works Better programme with specialist mental health providers Northorpe Hall and S2R for Positive Minds.
- 2.14 For Works Better Enhanced, a number of Council services, including Homes and Neighbourhoods , REAL employment, In2Care and Local Welfare provision are supported to provide referrals into the scheme.
- 2.15 The programme also funds a business engagement team who works with local businesses to understand their recruitment needs and fill vacancies through the talent pool of Works Better clients, and Apprenticeships and promote workforce development and career progression in work, connecting businesses to local and national training schemes.
- 2.16 From a Council perspective the Works Better programme is delivered through a mix of permanent and fixed-term staff. Contracts for the latter are due to end in December 2023. To maintain Council delivery and programme management capacity, there is a pressing requirement to extend provision

during the transition period between the end of ESIF funding (by December 2023) and commencement of the Government's replacement UK Shared Prosperity Fund.

Current Programme Performance

- 2.17 Whilst the performance of the Works better programmes remain on track there is some risk in relation to achievement of existing/future ESF outputs as performance of the programmes has been affected by the introduction of national provision , most notably Restart delivered in our region by Maximus UK .
- 2.18 Restart is a national programme and was developed in response to the pandemic and in anticipation of the significant increase in unemployment predicted at the time. Since its introduction in June 2020 Jobcentre Plus have been required to refer unemployed clients who meet the eligibility criteria onto the Restart programme. As the anticipated numbers of unemployed have never been reached the eligibility criteria for Restart support has been widened therefore narrowing the pool of unemployed people referred to Works Better programmes. Whilst this risk is being managed it remains significant .
- 2.19 Works Better programmes are still performing on economically inactive targets which is the client group UKSPF is focused on supporting . This is a group smaller in numbers but who in general due to their distance in the labour market require more intensive support .
- 2.20 The programme is which we are seeing the least demand is Works Better 15 to 25 Positive Minds with the mental health support available not being fully utilised and other mental health support being seen as a better fit for potential participants .
- 2.21 Whilst having success engaging businesses and with objectives associated with Levy transfer and increased interest in Apprenticeships the Kirklees Apprenticeships for All programme is not currently hitting its ESF profiles targets and a change request to reduce the amount of funding and the associated outputs and results is required and will be submitted in November of this year . This is not unexpected due to the programmes late start and its nature of being a pilot project .

Employment West Yorkshire

- 2.22 In response the funding gap created by the UKSPF People and Skills strand not being available until March 2024 and ESF funding finishing in 2023, The West Yorkshire Combined Authority supported by the Local authorities have developed a business case to access £ 12 million of gainshare funding to support expansion of the Employment Hub initiative under the new title of Employment West Yorkshire .
- 2.23 The funding is being sourced as part of The West Yorkshire Investment Strategy (WYIS), Investment Priority 2 (IP2); Skills and Training which at its source is the WYCA's gainshare settlement . It covers the period of April 2023 to March 2025.
- 2.24 A key challenge that Employment West Yorkshire will need to help address is getting more people ready for work in our region. There is a particularly strong need for this, given the current situation in the labour market. Alongside the rest of the country, reduced international migration and early retirement, alongside rising labour demand in sectors has led to vacancy rates rising. This is a significant issue for local businesses and is particularly true of hospitality, warehousing/transport services, social care, and food manufacturing sectors.
- 2.25 Employment West Yorkshire has being co-designed by Combined and Local Authority officers and will contribute to the following outputs in the WYIS' IP2 Skills and Training :
- Number of unemployed (including long-term unemployed) participants supported.
 - Number of inactive participants supported.
 - Number gaining employment, engaging in positive activities that address barriers to work or widen participation in training.
 - Number of Not in Education, Employment or Training in disadvantaged groups supported.
 - Number of 16-24 / 50+ unemployed in disadvantaged groups supported.

- 2.26 The proposed approach is a combination of Local and Regional. Local Authorities are closer to their communities. As the labour market fluctuates and behaves differently in each Local Authority this requires a flexible response to support individuals to retrain, upskill and progress towards employment or self-employment. Regional coordination provides the opportunity to build upon best practice from local 'hubs' and provides economies for scale.
- 2.27 Linked to Mayoral and local priorities the six authorities will also pilot new and innovative outcome based approaches to supporting digital skills so that individuals have digital skills for life and work, as well as testing approaches to support young people aged 18-30 into well, paid skilled green jobs through a Green Job Gateway (the Gateway is currently being developed through a separate business case).

Employment West Yorkshire in Kirklees

- 2.28 The Business case for Employment West Yorkshire has progressed through West Yorkshire Combined authority's internal business assurance process and Kirklees Council has been allocated a provisional sum of £2.3 million to be defrayed over this period of April 2023 to March 2025.
- 2.29 The allocation to each local authority (for Kirklees, 19.7% of the total funding available) was determined on the basis of previous allocations and gap requirements . Whilst there will be outputs and outcomes associated with the funding there is an understanding that the funding must be flexible in nature in order to be able to respond to local needs as they develop and should look not to duplicate and national programmes .
- 2.30 The Council is proposing using the Employment West Yorkshire funding in the following way in Kirklees :
- 2.31 April 2023 to March 2025
- Ensuring continuous offer to support to those clients that are currently ineligible as a result of strict ESF criteria; those at risk of redundancy or working in vulnerable sectors; and under-employed residents working a low number of hours, including graduates and/or residents on zero hours contracts; the focus for this group will be to access retraining through Adult skills programmes and secure an improved labour marker status. The current funding for this is due to end in March 2023
- 2.32 January 2024 to March 2025
- Extend the Works Better Enhanced and 15 to 25 programmes until March 2025 with a reduced focus on the unemployed supported by JCP programmes and an increased focus on economically inactive residents . There is a need to provide more intensive support for these groups to progress towards employment and to tackle the reason for the inactive status .
- 2.33 Pilot programmes to support mayoral pledges in digital skills and green jobs will be delivered as part of the overarching Work Better programme with dedicated programmes developed to best suit the needs of residents and businesses being supported.
- 2.34 Building on the current model it is proposed that the use of delivery partners is still central to our approach and the Council will commission partners in a competitive process . Initial costings indicate that from the £ 2.3 million secured , up to £ 1.3m will be used to fund delivery partners.
- 2.35 The Council will maintain a central lead role with core functions managed and delivered by the LA. This will involve oversight if of the design, implementation, and management of the programme .
- 2.36 The Council will also employ a small delivery team ensuring a coordination of the activity across the district and support to maintain a single point of access/gateway for support under the brand to increase awareness for both residents and businesses.

- 2.37 The design of this commissioning process will be overseen by a task and finish group made up of partners from the Employment and Skills partnership who will remain on as project steering group to ensure the funding remains flexible and responsive in nature to local needs.
- 2.38 The funding will require the programme to work with a minimum 1500 residents . Supporting them into employment or self-employment, upskilling/progression within their existing role or into learning.
- 2.39 It is also proposed to rebrand the Works Better programme to align with Employment West Yorkshire brand to assist with increasing awareness . The working title is Employment Kirklees however further work will be required on the marketing.

UK Shared Prosperity Fund

- 2.40 The UK Shared Prosperity Fund will serve as the Government's replacement for the European Structural and Investment Funds. One of the UKSPF priority themes is people and skills with a focus on locally tailored solutions. However funding is not available to deliver in this area until year 3 of UKSPF (April 2024) .
- 2.41 As the UKSPF programme develops and where the Single Investment Fund principles apply and the funding rules of Shared Prosperity Fund allow, year 2 allocation may be funded through Shared Prosperity Fund Pillar 3 activities. However, as not enough is known about the design and amount of funding available from this funding source to confirm whether this is a viable or even desirable option for the West Yorkshire and the Local authorities.
- 2.42 This option will be explored in partnership between the West Yorkshire Combined Authority and the Local Authority before year 2 delivery commences.

Options

- 2.43 Option 1:
End funding for the current programmes without a successor programme. Locally delivered support for employment would end in December 2023 and national provision would be expected to fill the gap until people and skills strand of UKSPF becomes available in 2024/2025

Option 2:

Commission delivery at a West Yorkshire level. Reduces the potential for tailoring to local needs and opportunities. Creates additional costs as a result of competition. Removes the role of local authorities to function as place-based convenors and coordinators of a range of services.

Option 3: preferred option

Accept Employment West Yorkshire with regional co-ordination with local delivery. This creates a co-ordinated and tailored offer for both employment support. It will build on experience and learning to date. Ensures a co-ordination of service offers that are focused on the best outcomes for individuals and businesses and creates an offer that targets people and businesses.

Risks

- 2.44 There are a number of risks associated with the scheme, including:
- the wider economic climate could impact on the ability to achieve some of the output/results targets, with the potential risk of clawback of funding
 - in acting as Accountable Body for the Employment West Yorkshire Funding , the Council is required to ensure that compliance with the relevant client, eligibility, Subsidy Control, procurement and branding/publicity requirements, including by delivery partners, again with the potential risk of clawback in the event of non-compliance

- 2.45 These risks will be managed and mitigated by the Council on an ongoing basis throughout the delivery period. The Council has experience of managing external funding streams over a number of years, including complex European funding programmes, and has the resources in place to manage any related compliance risks.
- 2.46 Participation in the projects could also be impacted by the current economic situation –these risks will be mitigated by working closely with and supporting engagement by community-based delivery partners that are best placed to access hard to reach clients.
- 2.47 A full project risk register will be developed and monitored on a regular basis by the programme steering group. Risks and issues by exception will be reported both to the Growth and Regeneration Portfolio Senior Leadership Team, chaired by the Strategic Director, and reported to Elected Members via regular Portfolio Holder briefings.

3. Implications for the Council

Working with people

- 3.1 The proposals are in accord with the Council plan , Kirklees Economic Strategy and the Employment and Skills plan approved by Cabinet. They will improve access to employment opportunities for Kirklees residents.

Working with Partners

- 3.2 Employment West Yorkshire has been developed building on learning from recent external evaluation and reviews from the original Employment Hub . The West Yorkshire Employment and Skills Committee have been engaged in development at a West Yorkshire level. At a local level information gathered via the Works Better Steering groups has shaped the approach. Going forward partners will be instrumental in the development and implementation of the programme. The Council will establish a Steering group to plan and oversee the delivery of Employment West Yorkshire funding in Kirklees . This will include both Council and external/stakeholder representation and will draw from the membership of the Employment and Skills partnership. This approach will ensure the Council is accountable, open, and transparent with West Yorkshire Combined Authority and other local partners.

Place Based Working

- 3.3 The Works Better programme plays a direct role in supporting and accelerating the Council's proposals for place-based working – through provision of capacity building and other resources to be targeted at those VCS organisations that are best placed to support local communities/residents; and increasing access to employability support for people who live in Kirklees .

Climate Change and Air Quality

- 3.4 The Works Better programme has a commitment to promoting sustainable development and to comply with relevant the environmental legislation and we would seek to build on this with any extension which Employment West Yorkshire Funding allows. We will influence the practices of both Employers and Participants on the programme, as well as embedding sustainability into all aspects of Programme Management. The commitment to a Green skills pilot will also contribute directly to the net zero ambitions of the Council.

Other (legal/financial/human resources)

Finance

- 3.5 The Employment West Yorkshire programme is fully funded via the West Yorkshire Combined Authority using gainshare funding .Funding is for the period April 2023 to March 2025 with a flexible profile.

- 3.6 No match funding from the Council is required to be committed to access the funding for Kirklees. Consideration will need to be given as to whether delivery partners will be expected to provide match funding as part of the Commissioning exercise .
- 3.7 The funding will only be able to be used for eligible spend as defined by the funding agreement and is expected to be based on previous financial models of 75 % upfront payments and 25 % based on performance . Any payment terms will be passed on to delivery partners as part of the commissioning process.
- 3.8 All operational costs associated with the Council acting as Lead accountable body will be covered by the fund . Design, implementation, and management of the programme will be realised through existing staff resources from the Employment and Skill team.

Legal

- 3.9 Receipt of external funding will be a key decision we would be required to enter into a funding agreement with West Yorkshire Combined Authority . Under FPR 22.5 – 22.8 the entering into an agreement and the acceptance of funding can be dealt with as an officer delegated decision . The Council's legal teams will be engaged throughout to advise on contractual issues relating to the funding agreement to help identify and mitigate any risks. The procurement team will advise on any related procurement matters. The Council will award to delivery partners in compliance with the Council's Contract Procedure Rules and with the Public Contracts Regulations 2015
- 3.10 The scheme will be operated pursuant to the Subsidy Control Act 2022 which comes into force on 4 January 2023. It is unlikely that the Council will receive support in order to finance staff running costs for the sole purpose of providing the service on an 'at-cost' basis to support individuals to benefit from the programme. The support "flows through" to Delivery Partners, no selective advantage is likely to be conferred and funding for delivery partners will be provided on the same basis where contracts are subject to competition . In the absence of competition for a contract or the award of grant , any financial assistance to an economic actor ,where there is an economic advantage which is selective in the provision of goods/services and which has potential to distort competition or investment within the UK must comply with the Subsidy Control Act 2022 .
- 3.11 The council has the power to accept grant under the Localism Act 2011 which provides a power to do anything an individual may do subject to prohibitions and restrictions in other legislation .
- 3.12 Risks and issues by exception will be reported both to the Growth and Regeneration Portfolio Senior Leadership Team, chaired by the Strategic Director, and reported to Elected Members via regular Portfolio Holder briefings.

HR

- 3.13 Design, implementation, and management of the programme will be realised through existing staff resources from the Employment and Skill team. Any delivery commitments up until December 2023 can be absorbed by the current team as we look to close the original funding streams and reallocate resource accordingly. However there will be a need to extend the contracts of some fixed term staff members to support delivery from December 2023. Advice will be sought from HR partners on the best way to approach this.
- 3.14 This approach may create some operational pressure on the Employment and Skills Team as they manage the transition of funding from ESF to Employment West Yorkshire however the team are experienced in this and will utilise additional resource available to us from Apprenticeships and placements to support .

Communications

- 3.15 Employment West Yorkshire presents an opportunity to review the current programme branding and streamline to make access easier for residents . This will need to align with both Council

Corporate communications and also any centralised West Yorkshire Combined Authority campaign which will be run under Employment West Yorkshire Brand and also have the Mayoral brand attached . Further work with Communication team will be required in this area to determine whether the retaining of the Works Better brand is appropriate or whether the phased introduction of a new single point of access brand is preferable.

4. Consultees and their opinions

- 4.1 Employment West Yorkshire has been developed building on learning from recent external evaluation and reviews from the original Employment Hub . The West Yorkshire Employment and Skills Committee have been engaged in development at a West Yorkshire level. At a local level information gathered via the Works Better Steering groups has shaped the approach.
- 4.2 Engagement with key stakeholders will continue as the scheme is developed and implemented. Most notably through the Steering group detailed in section 3.2

5. Next steps and timelines

- 5.1 Next steps will include:
 - Reviewing and entering into the Funding Agreement to receive Employment West Yorkshire funding from West Yorkshire Combined Authority
 - To set up the Programme Steering group as a subgroup of the Employment and Skills partnership.
 - Begin the implementation of the programme .
 - Commissioning of year 1 Programme , including finalisation of project specification and commencement of related procurement activities.

6. Officer recommendations and reasons

1. Cabinet notes the content of this report and agrees for work to begin on the implementation and the delivery of the Employment West Yorkshire programme in Kirklees .
2. Cabinet agrees to accept external funding of £2.3 million from the West Yorkshire Combined Authority to support delivery of the Employment West Yorkshire Programme in Kirklees , and for the Council to act as Accountable Body for the grant.
3. Cabinet delegates authority to the Strategic Director Growth and Regeneration and the Service Director Legal, Governance and Commissioning to finalise and execute all necessary legal agreements with the West Yorkshire Combined Authority and the Council's project delivery partners
4. Cabinet delegates authority for implementation of the Employment West Yorkshire programme in Kirklees to the Strategic Director Growth and Regeneration including the commencement and award of any related procurement exercises.
5. Cabinet delegates authority to the Strategic Director Growth and Regeneration and the Service Director Finance, to submit grant claims and to undertake related project monitoring and reporting.

Reasons

1. To ensure Kirklees residents, can access the support available through the project as soon as practicable.

2. To enable the Council to receive external funding for the programme via the West Yorkshire Combined Authority.
3. To enable the Council to receive external funding for the programme via the West Yorkshire Combined Authority.
4. To ensure rapid and efficient implementation of the project in accordance with the scheme of delegations.
5. To ensure rapid and efficient implementation of the project in accordance with the scheme of delegations.

7. Cabinet Portfolio Holder's recommendations

The Cabinet Portfolio Holder supports the recommendations, which have been developed to ensure residents and businesses can access employability support through the Employment West Yorkshire programme. This will ensure continuation of service despite the end of the ESF funding ending and funding via Pillar 3 of UKSPF not becoming available until April 2024.

8. Contact officer(s)

Gillian Wallace, Head of Employment and Skills , gillian.wallace@kirklees.gov.uk

9. Background Papers and History of Decisions

WYCA Employment and Skills Committee paper: investment pipeline including Employment

<https://westyorkshire.moderngov.co.uk/documents/g1198/Public%20reports%20pack%2006th-Jul-2022%2010.30%20Employment%20and%20Skills%20Committee.pdf?T=10>

10. Service Director responsible

Edward Highfield, Service Director Skills, and Regeneration