

# Agenda Item 12



**Author/Lead Officer of Report:** Kevin Straughan,  
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**Tel:** 0114 474 2041

**Report of:** *John Macilwraith, Executive Director of People Services Portfolio*

**Report to:** *Co-operative Executive*

**Date of Decision:** *23 June 2021*

**Subject:** *European Social Fund, Advance Digital*

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
- Expenditure and/or savings over £500,000	<input checked="" type="checkbox"/>	
- Affects 2 or more Wards	<input checked="" type="checkbox"/>	
Which Executive Member Portfolio does this relate to? Inclusive economy, jobs and skills		
Which Scrutiny and Policy Development Committee does this relate to? Overview and Scrutiny Management Committee		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If YES, what EIA reference number has it been given? (People/RW/120421)		
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-		
<i>"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."</i>		

**Purpose of Report:**

The purpose of the report is to seek approval to accept £729,858.73 of grant funding, to provide match funding of £549,125.57 and for Sheffield City Council's involvement in the 'Advance Digital' project as outlined in this report.

**Barnsley Metropolitan Borough Council are the accountable body for this £3.2m project with Sheffield City Council acting as a delivery partner.**

The Council intends to enter into a delivery partner agreement with Barnsley Metropolitan Borough Council, enabling the parties to cooperate and achieve the aims and objectives of the project.

The Total project spend for Sheffield City Council is **£1,278,984.30** which is made up of:

Grant =	£729,858.73 (57%)
SCC Match =	£549,125.57 (43%)

**Recommendations:**

It is recommended that the Co-operative Executive approve:

- a) Sheffield City Council accepting the European Social Fund grant offer of up to £729,858.73
- b) Sheffield City Council providing match funding of £549,125.57.
- c) Sheffield City Council entering into the Delivery Partner Agreement as outlined in this report.
- d) Sheffield City Council acting as a delivery partner for this project to Barnsley Metropolitan Borough Council.
- e) To the extent not already delegated to them in accordance with the Leaders Scheme of Delegation, grants delegated authority to the Executive Director of People Services in consultation with the relevant Executive Members, the Executive Director of Resources and the Director of Legal and Governance, to
  - i) develop and utilise an appropriate procurement strategy as and when required; and
  - ii) administer the Advance Digital fund and procure the services required to deliver its related outcomes and award the associated

contracts.

**Background Papers:**

<b>Lead Officer to complete:-</b>		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: <i>Angela Bellamy</i>
		Legal: <i>Gemma Day</i>
		Equalities: <i>Bashir Khan</i>
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	<b>EMT member who approved submission:</b>	<i>John Macilwraith</i>
3	<b>Executive Member consulted:</b>	<i>Cllr Paul Turpin</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	<b>Lead Officer Name:</b> <i>Kevin Straughan</i>	<b>Job Title:</b> <i>Head of Lifelong Learning, Skills and Employment</i>
<b>Date:</b> <i>16 June 2021</i>		

## 1. PROPOSAL

- 1.1 We know from a plethora of national, city region and local research including the Centenary Commission Report, Department for Business, Energy & Industrial Strategy (BEIS) national productivity reports, Department for Digital, Culture, Media & Sport (DCMS,) the evidence base of the city region Strategic Economic Plan and Sheffield City Region (SCR) Digital Action Plan; that the UK has lower than average productivity levels than its international counterparts, that the city region lags behind other Local Enterprise Partnership areas in productivity, with higher levels of unskilled and lower wage sectors than its counterpart. Rapid technological change threatens 47% of jobs in the city region due to automation and low skilled roles are likely to bear the brunt of job losses as employers require increasingly higher digital skills to compete

The need for digital skills is not limited to “digital” industries but is now becoming near universal; 82% of on-line job advertisements require digital skills, future workforces will require “higher level digital skills to direct automation and interact with digital technologies” (SCR) and a lack of digital skills constrains growth.

However, there are high levels of digital exclusion in local communities which also affects local workforces. For those in employment who lack basic digital skills or need to upgrade their skill level to remain competitive in the labour market to sustain and progress in work, there are challenges to the acquisition of digital skills. These include unpredictable work patterns which prevent people from attending formal courses, lack of confidence, time constraints, funding for courses above level 2 or simply knowing what the modern labour market needs and what’s available. There is a wide range of on-line digital learning, but the lower digital skills a person has, the less able they are to be able to cope with on-line learning and need a supported learning environment.

99.6% of businesses in Sheffield and Barnsley are Small and medium-sized enterprises (SMEs), with over 85% in both areas employing less than 10 people. Companies of this size are unlikely to have the resources to put into digital training. According to a recent Lloyds Bank survey 53% of employees lack the digital skills they need for work and only 34% of employees report that their employers give them digital skills support and further borne out by the Sheffield City Region’s evidence base for its refresh Strategic Economic Plan.

The Advance Digital Programme has a focus on developing and lifting digital skills and capabilities to the next level filling the knowledge gaps which new technologies may have created for businesses and employed residents in Sheffield.

The programme will create flexible packages of learning providing progression up a digital skills pipeline with robust assessment and quality information advice and guidance.

Individuals need to be upskilled to support their ability to adapt to new technologies, sustain employment and progress in the labour market building digital capability for all.

We have developed a new approach to identifying and delivering critical skills for growth based on shared knowledge, experience, market feedback and a strong evidence.

The project supports the whole continuum of digital skills to support the pipeline of technical and job specific skills at level 3 and above and promote the take up of advanced apprenticeships. At basic, level 1 and level 2 learning, the model will work closely with providers funded through the Adult Education Budget.

A progression pathway into higher level skills is included in this programme in response to identified shortfalls in the take up of the available offer across Sheffield matched with evidence demand for digital skills at higher levels in business.

A deliberate, modular approach adopted in this programme focuses on progression with the aim of encouraging lifelong learning.

The Advance Digital Programme is focused on utilising Digital technologies to help individuals become more resilient and employable, whilst helping our businesses become more productive and sustainable.

We would look to undertake a small-scale procurement of a non-accredited learning platform which collates open source learning materials in a fully accessible manner.

Furthermore, Covid has exacerbated long standing inequalities in our society and this is particularly the case in the area of Digital Skills for Employability.

The lead applicant and accountable body for the grant is Barnsley Metropolitan Borough Council with the following organisations as delivery partners:

- Sheffield City Council
- Independent Training Services (ITS)
- Sheffield Hallam University
- RNN Group.

This initiative has come about following the combination of Employment and Skills officers representing each of South Yorkshire's Local Authority Areas. It was agreed that each area apply for different strands in order to realise joint working and reduce risk.

Each delivery partner is responsible for delivery of a portion of this project. The Council's responsibilities extend to continuing partnership working, a small element of procurement and ensuring that Business (pre-dominantly SME's and Micro) are aware of the opportunities and how they can improve productivity and sustainability.

## **2. HOW DOES THIS DECISION CONTRIBUTE ?**

- 2.1 By accepting this funding the Council will be able to increase the skill levels and earning potential of unqualified people locally. This will particularly be the case where there are people who are in employment but lack the necessary Essential Digital Skills.

## **3. HAS THERE BEEN ANY CONSULTATION?**

- 3.1 The Council is not required to carry out a consultation process in respect of these proposals.

## **4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

### **4.1 Equality of Opportunity Implications**

- 4.1.1 Decisions need to take into account the requirements of the Public Sector Equality Duty contained in Section 149 of the Equality Act 2010 which identifies the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The Equality Act 2010 identifies the following groups as a protected characteristic: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion and belief; sex and sexual orientation.

An EIA has been carried and highlights that the proposal seeks to support people who are traditionally excluded from the labour market by increasing their increasing skills levels and therefore earning potential.

There is some risk that not all the reported income of will be received as it is linked to performance indicators. However, Sheffield City Council Managers, as part of their budget responsibilities, will ensure that expenditure is managed in order that it does not exceed the actual income received.

### **4.2 Financial and Commercial Implications**

4.2.1 The Advance Digital project has a start date of 05/01/2021 and an activity end date of 31/12/2023.

Subject to satisfactory terms and conditions being agreed, SCC will become a Project Delivery Partner

Estimated Funding levels are summarised in the table below and are subject to confirmation in a finalised Funding Agreement.

Direct Staff Costs		Annual Total	Total
	1. Project Manager and compliance (Grade 10) 0.5 FTE	33145	94,774.00
	2. Digital engagement co-ordinator (Grade 9) 1.0 FTE	58757	168,036.00
	3. Employer Engagement Officer (7) 1.0 FTE	45843	131,179.00
	4. Tutor - advanced (Grade 6) 1.0 FTE	38580	110,345.00
	5. Tutor - Basic (Grade 6) 1.0 FTE	38583	110,348.00
	<b>Total Direct Staff Cost (ESF)</b>	<b>214,908.00</b>	<b>614,682.00</b>
	<b>Flat Rate Indirect Cost (15%) ESF</b>	<b>32,236.20</b>	<b>92,202.30</b>

Other Direct Costs			
	Digital Champion (Guru) To be procured	29000	99,000.00
	<i>Digital Champion (Guru) To be procured</i>	7600	<b>25,100.00</b>
	<i>Digital Champion (Guru) To be procured</i>	37500	<b>125,000.00</b>
	<i>Framework Digital Training Providers To be procured</i>	93000	<b>323,000.00</b>
		0	-
		0	-
	<b>Total Other Direct Costs (ESF)</b>	<b>167,100.00</b>	<b>572,100.00</b>
	<b>Total spend</b>	<b>414,244.20</b>	<b>1,278,984.30</b>

Key features of the draft ESF Funding Agreement (not exclusive) are summarised below. The Project Manager will need to read, understand and comply with all of the grant terms and conditions.

- Eligible Expenditure that has been defrayed on or after the Start Date may be claimed pursuant to the Funding Agreement.
- Carry out the Project Activities specified within and achieve the Targets within the time limits and the Key Milestone Dates.
- The Grant Recipient may task a Delivery Partner to carry out certain Project Activities and are liable for the acts of its Delivery Partners.
- The total amount of Grant paid to the Grant Recipient shall not exceed the Maximum sum
- Grant is conditional upon Match Funding being Committed and compliant with the Eligibility Rules.
- Notify the funder of any failure to achieve the required Match Funding.
- Expenditure must be defrayed in Grant Claims
- Comply with the monitoring, reporting, audit and grant claims procedures.
- If there is a shortfall or overspend in annual expenditure compared to the profile, the funder has no obligation to pay unused grant in the following year.
- Financial consequences may follow from a departure from the Expenditure Profile and may include grant reduction.
- Any Project changes must be approved by the funder.
- Comply with the Structural and Investment Funds Regulations and all relevant EU and national law. Where applicable Procurement Law in force at the date of commencement of the procurement process in relation to the Project shall be complied with by SCC and Delivery partners.
- State Aid non-compliance may lead to repaying the Grant with interest.
- Default occurs in a number of scenarios including (not exclusive):-
  - Failure to comply with Conditions;
  - Project Activities are not commenced by 3 months after the Start Date.
  - Expenditure is not claimed in line with the Expenditure Profile.
  - Completion of the Project Activities has not been achieved by the Agreed Activity End Date.
  - Change is made to the Project without the prior approval.
  - An audit reporting is unsatisfactory.
  - the European Commission or a European Court requires any Grant paid to

be recovered by reason of a breach of State Aid Law

- The Grant Recipient must comply with the grant terms and conditions or the grant is subject to clawback.
- SCC acknowledges that the funder may have overcommitted funds and that if there are insufficient funds to meet the full commitment under this Agreement, the funder may terminate this Agreement.
- Underperformance against the Targets may result in grant reductions.
- Notify the funder if other funding for the project arises.
- The Grant Recipient must send to the Secretary of State, at such intervals as the Secretary of State shall notify in writing to the Grant Recipient, a report on progress made towards the achievement of the Targets.
- The funder must be notified in the event of any Change in the information on costs (whether actual or estimated) of carrying out the Project Activities contained in the Application and secondly of any event which materially affects the continued accuracy of such information or on any other area of default.
- Provision of evidence to confirm the indicative Match Funding is fully committed.
- Enter into a legally binding agreement with Delivery Partners upon materially similar terms to this Funding Agreement.

#### 4.3 Legal Implications

- 4.3.1 The Localism Act 2011 provides local authorities with a “general power of competence” which enables them to do anything that an individual can do as long as the proposed action is not specifically prohibited. A purpose of the Act is to enable local authorities to work in innovative ways to develop services that meet local need. The proposed project can be delivered through the Council using its general power of competence. The Council therefore is able to produce, implement and administer the project detailed in this report.
- 4.3.2 As the Accountable Body, Barnsley Metropolitan Borough Council will be required to enter into the funding agreement with the Department for Work and Pensions for the grant. The key terms of this agreement are highlighted above at 4.2.
- 4.3.3 If a decision is made to accept this funding, the Council will be required to enter into a delivery partner agreement / collaboration agreement with Barnsley Metropolitan Borough Council. The Council must comply with both the Agreement and the main funding agreement.
- 4.3.4 This delivery partner agreement (the Agreement) details each parties responsibility and the project activities that are allocated to each party to deliver.
- 4.3.5 There is a requirement within the Agreement for the Council to commit match

funding to meet the balance of any eligible expenditure not supported by the grant. The payment of the grant to the Council is conditional on the match funding obligations being fulfilled or committed.

- 4.3.6 No grant amount will be paid to the Council until Barnsley Metropolitan Borough Council have received the funding and the grant claims procedure must be followed.
- 4.3.7 Any changes that the Council wishes to make to the project must be submitted to Barnsley Metropolitan Borough Council for approval.
- 4.3.8 The grant may be recovered from the Council in specific circumstances and the Council must indemnify Barnsley Metropolitan Borough Council for a breach of the Agreement or the funding agreement by the Council.
- 4.3.9 The Council will be bound by these terms and conditions until the expiry or early termination of the Agreement.
- 4.3.10 The Council must comply with all applicable legislation and regulations including but not limited to UK GDPR, Data Protection Regulations 2018, the Public Contracts Regulations 2015, the Councils Contracts Standing Orders and State Aid.

#### 4.4 Other Implications

- 4.4.1 *None*

### **5. ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 *The Council could decide not to accept the funding. Alternative funding could be potentially sourced to support our businesses workforce needs as part of the Government Covid-19 response offer to regions. There is demand from other sectors to replicate the “building block” model, so rejection of funding could carry reputational risk within our regions employer base.*

### **6. REASONS FOR RECOMMENDATIONS**

- 6.1 *By accepting this funding the Council will be able to:*

- 1) increase the skill levels for Sheffield and Barnsley out of work residents by streamlining access to entry level roles within sectors that require labour.*
- 2) improve the unemployed indicators within the City, moving long term unemployed residents to the “in demand” labour market and/or enhancing skill levels.*
- 3) create increased revenue for the Council.*

4) *attract inward investment through co-ordinated pipeline offer of workforce skills within key sectors.*

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