

DECISION-MAKER:	Council
SUBJECT:	Acceptance of Grant Funding – Connect to Work
DATE OF DECISION:	26th February 2025
REPORT OF:	CABINET MEMBER FOR ECONOMIC DEVELOPMENT

<u>CONTACT DETAILS</u>			
Executive Director	Title	Growth and Prosperity	
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Author:	Title	Service Manager Employment, Skills and Adult Learning	
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STATEMENT OF CONFIDENTIALITY

Not Applicable

BRIEF SUMMARY

The Connect to Work programme is one of the first elements of the governments *Get Britain Working* programme. Connect to Work will support workless people with disabilities, health conditions and additional barriers into paid employment (or to retain their paid employment), and is a grant funded collaboration between the Department for Work and Pensions (DWP) and clusters of Upper-Tier Local Authorities. The Solent cluster comprises Southampton, Portsmouth and The Isle of Wight councils', and the Lead Accountable Body will be Portsmouth City Council.

Approval is sought to accept conditional financial allocations of up to £4.8M of revenue grant funding in Southampton between Financial Years 2025/26 – 2028/29 to deliver Connect to Work

RECOMMENDATIONS:

	(i)	To delegate authority to the Executive Director, Growth and Prosperity to take all actions necessary to accept the grant and deliver the programme until March 2029
	(ii)	To accept, in accordance with Financial Procedure Rules, revenue grant funding of up to £4.8M between 2025/26 – 2028/29 to deliver the Connect to Work programme
	(iii)	To approve, in accordance with Financial Procedure Rules, revenue expenditure up to £4.8M during the Financial Years 2025/26 – 2028/29

REASONS FOR REPORT RECOMMENDATIONS	
1.	Connect to Work (CtW) is one of the first elements of the governments <i>Get Britain Working</i> programme. CtW is primarily targeted at workless people with disabilities, health conditions and additional barriers to work, and is a grant funded collaboration between DWP and clusters of Upper-Tier Local Authorities (UTLA's). The Solent cluster comprises Southampton, Portsmouth and The Isle of Wight councils. The Lead Accountable Body (LAB) is Portsmouth City Council, as LAB for the Solent Functional Economic Area (FEA).
2.	DWP have provisionally offered the cluster £11.4M of grant funding to deliver CtW over 3 years (2025/25 – 2028/29), and Southampton's disaggregated share of the grant is up to £4.8M, subject to approval by DWP of a Delivery Plan.
3.	CtW is to be personalised, strengths-based and an entirely voluntary programme. There are currently almost 36,000 people in Southampton who are Economically Inactive (From a Working Age Population of approx.169,000), and data (June 2024) indicates approx. 8,500 people from this cohort would like to have paid work. In addition, there are over 7,500 residents currently claiming 'out of work' benefits from DWP, and it is likely some or all of this cohort will become eligible for support through CtW as the programme progresses
4.	Under Financial Procedure Rules, the matter requires a decision to accept the grant awards from the Department for Work and Pensions, and through the Lead Accountable Body (Portsmouth City Council)
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
5.	To not accept the grant would result in the loss of external funding that will assist in the City's ambitions to grow the economy and become more financially inclusive.
DETAIL (Including consultation carried out)	
6.	CtW is targeted at workless people (or people at risk of losing their paid employment) with disabilities, health conditions and additional barriers to work, and is a grant funded collaboration between DWP and clusters of Upper-Tier Local Authorities (UTLA's).
7.	The Department for Work and Pensions has allocated Southampton City Council (Through the LAB) up to £4.8M of revenue funding to deliver the Connect to Work programme during 2025/26 – 2028/29, subject to approval by DWP of the Solent Cluster Delivery Plan.
8.	CtW will be personalised, strengths-based and an entirely voluntary programme. There are currently over 36,000 people in Southampton who are Economically Inactive (From a Working Age Population of approx.169,000),

	<p>and data (June 2024) indicates approx. 8,500 people from this cohort in Southampton would like to have paid work. In addition, there are over 7,500 residents currently claiming 'out of work' benefits from DWP, and it is likely some or all this cohort will become eligible for support through CtW as the programme progresses</p>
9.	<p>The target cohorts for CtW include;</p> <ul style="list-style-type: none"> • People with a disability (Including self-diagnosed) • People with a long-term health condition • People who are ex-offenders or offenders • Carers and ex-carers • People who are homeless • Armed Forces veterans and their partners • People who are drug or alcohol dependent (or have a history of this) • People who are care experienced • People who are refugees or are resettled Afghan or Ukrainian's • People who are/have been victims of domestic abuse • Young people at risk of being involved in gangs or serious violence • People who are victims of modern slavery <p>Participants must be;</p> <ul style="list-style-type: none"> • Economically Inactive and available to start a job • Aged 18 or over • Have the right to work in the United Kingdom and are entitled to public funds • Have the right to live in the United Kingdom/are resident • Not on any other DWP employment programme
10.	<p>In Southampton CtW will offer employment support to 1,515 residents and operate for 48 months (with participants joining in years 1 – 3). Approximately 50% of participants are expected to secure (or retain) paid employment through one of two models of Supported Employment: Individual Placement Support (IPS) or Supported Employment Quality Framework (SEQF).</p>
11.	<p>The Council's Employment Support Team is accredited 'Exemplary' in IPS and 'Good' for SEQF, and are currently delivering both models supporting residents into paid employment with,</p> <ul style="list-style-type: none"> • A history of Substance/Alcohol Misuse • Learning Difficulties/Neuro-diverse conditions • Secondary Mental Health conditions

12.	Several of the Employment Support Team’s current (2024/25) projects are forecast to conclude by Autumn 2025, and it is planned to allocate these experienced colleagues to the delivery of CtW. If required, officers will also incrementally increase the size of the delivery team through normal Council recruitment practices to a maximum of 15 Employment Officer posts dedicated to the delivery of CtW. IPS and SEQF models of employment support stipulate the ratio of employment officers to participants. Throughput modelling indicates that no more than 15 employment officers will be required at any one time
13.	Partnership working with statutory and non-statutory agencies will be essential to deliver CtW effectively. High quality referrals from local GP practices will be key and are being planned for by colleagues in Hampshire and Isle of Wight Integrated Care Board. Other referral agencies are likely to include: Council teams (i.e. Household Support Fund, Day Services, and Education Service), DWP, local families with eligible dependants/members, 3 rd sector organisations, and through self-referral
14.	<p>Engagement with local employers, the 3rd sector, community groups, and families/residents will be facilitated through a dedicated employer engagement post, and a community engagement post. Management, delivery and performance monitoring will be provided through specialist roles in the Councils Employment Support Team.</p> <p>Delivery of CtW will be based on ‘full cost recovery’ of officer time and participant expenditure from the DWP grant</p>
15.	CtW will be a helpful addition to the Council’s portfolio of interventions to support residents into employment, training and learning, and to improve Public Health outcomes in the City. The target cohorts have historically been overlooked in employment support programmes and are some of our city’s most economically marginalised residents. An implementation date of 1 st April 2025 is achievable, subject to approval of the Delivery Plan by DWP

RESOURCE IMPLICATIONS

Capital/Revenue

16.	Southampton City Council (Through the LAB) is expected to receive up to £4.8M of revenue funding to deliver the Connect to Work programme during 2025/26 – 2028/29, subject to approval by DWP of the Solent Cluster Delivery Plan. Delivery of CtW will be based on ‘full cost recovery’ of officer time and participant expenditure from the DWP grant. Expenditure will be monitored, recorded and submitted quarterly to the LAB for validation and payment in arrears. Officers can only claim for eligible expenditure during the relevant year. The Employment Support team is experienced in administering financial claims to external organisations as approx. 95% of the team’s funding is from external sources
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17.	<p>Acceptance of the grant funding will increase the Council's General Fund gross revenue expenditure by up to £4.8M during the Financial Years 2025/26 – 2028/29</p> <p>No additional revenue or capital financial pressures are expected to be placed on Council budgets through the delivery of CtW</p> <p>CtW is to be funded by DWP and paid under Section 2 of the Employment and Training Act (1973). The grant is a ring-fenced grant, and expenditure can only be incurred against agreed Allowable Cost Categories. Payment against eligible expenditure will be made Quarterly in arrears by the LAB, following submission of a claim evidencing expenditure and outputs. Repayments to the LAB are not envisaged as payment to the Council will be in arrears and checked for eligibility before payment</p> <p>The forecast expenditure/Income profile for the programme is;</p> <table border="1" data-bbox="331 887 1430 1451"> <thead> <tr> <th></th> <th>CtW Grant</th> <th>Expenditure</th> <th>Surplus to be held by the LAB and released to fund Year 4 (2028/29)</th> </tr> </thead> <tbody> <tr> <td>2025/26</td> <td>£1,440,843</td> <td>1,106,200</td> <td>334,633</td> </tr> <tr> <td>2026/27</td> <td>1,599,167</td> <td>1,444,279</td> <td>154,887</td> </tr> <tr> <td>2027/28</td> <td>1,599,167</td> <td>1,462,415</td> <td>136,751</td> </tr> <tr> <td>2028/29</td> <td>158,300</td> <td>709,028</td> <td>-550,728</td> </tr> <tr> <td>Total</td> <td>4,797,467</td> <td>4,721,923</td> <td>75,544 (Contingency year 4)</td> </tr> </tbody> </table> <p>Note:</p> <ol style="list-style-type: none"> 1) Subject to final approval by DWP 2) DWP will release grant funding for CtW over 36 months, while requiring delivery over 48 months. The LAB is proposing to retain the grant 'surplus to actual expenditure' earned during months 1 – 35 and to release it to resource delivery in months 36 – 48 3) Cost of living increases/inflation is built into salary forecasts at 4% a year 		CtW Grant	Expenditure	Surplus to be held by the LAB and released to fund Year 4 (2028/29)	2025/26	£1,440,843	1,106,200	334,633	2026/27	1,599,167	1,444,279	154,887	2027/28	1,599,167	1,462,415	136,751	2028/29	158,300	709,028	-550,728	Total	4,797,467	4,721,923	75,544 (Contingency year 4)
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<u>Property/Other</u>																									
18.	There are no property implications. The project is not expected to place any additional demands on Council accommodation during delivery or post completion.																								

LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
19.	<i>S.1 Localism Act empowers an Authority to do anything in furtherance of its functions and objectives within its areas, subject to there being no legal impediment prohibiting the action it proposes to take. There are no legal restrictions against the actions set out in this report.</i>
<u>Other Legal Implications:</u>	
20.	<i>S.149 Equality Act 2010 (the ‘Public Sector Equality Duty’) requires the Council to exercise its functions having regard to the need to promote equality of opportunity and prevent discrimination against those with protected characteristics. A details Impact Assessment supporting the actions set out in this report is included with this report setting out how the Council has considered its Equality Duty in this regard.</i>
RISK MANAGEMENT IMPLICATIONS	
21.	<p>A comprehensive Risk Register will identify high, medium, low risks and dependencies in achieving project outputs and results, together with a management plan setting out mitigating actions to address under-performance.</p> <p>The LAB will establish and administer a Programme Steering Group compliant with DWP guidance, to monitor delivery and report on performance monthly</p> <p>Officers in Southampton will put in place stringent financial controls, compliant with Council Financial Procedure Rules, to ensure all expenditure is eligible and can be claimed back from DWP (Through the LAB).</p> <p>The risk of under-performance will be avoided through sound project management and financial planning by officers with significant experience of ensuring compliant delivery of externally funded employment support projects</p>
POLICY FRAMEWORK IMPLICATIONS	
22.	<p>The proposed approach to deliver CtW will contribute to growth and prosperity policy objectives within:</p> <ul style="list-style-type: none"> • Southampton City Council Corporate Plan (2022 – 2030) • Southampton City Strategy (2015-2025) • Economic and Green Growth Strategy (2020 – 2030) • Local Skills Improvement Plan (2024) • Health and Wellbeing Strategy (2017-2025)

KEY DECISION?	Yes	
WARDS/COMMUNITIES AFFECTED:	All	
<u>SUPPORTING DOCUMENTATION</u>		
Appendices		
1.	None	
2.		
Documents In Members' Rooms		
1.	None	
2.		
Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		Yes
Data Protection Impact Assessment		
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.		Yes
Other Background Documents		
Other Background documents available for inspection at: The Hyperlinks identified below		
	Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	Government guidance for Connect to Work	Connect to Work - GOV.UK
2.	Get Britain Working White Paper	Get Britain Working White Paper - GOV.UK