

**NORTH LANARKSHIRE COUNCIL  
REPORT**

<b>To:</b> POLICY AND RESOURCES (REGENERATION & INFRASTRUCTURE) SUB COMMITTEE		<b>Subject:</b> Service Level Agreement for Routes to Work Ltd 2016-17
<b>From:</b> HEAD OF EDUCATION (SKILLS, LIFELONG LEARNING & YOUTH EMPLOYMENT)		
<b>Date:</b> 19 May 2016	<b>Rep:</b> 1854/PK	

**1. Purpose of report**

- 1.1. The purpose of this report is to approve a capped maximum level of funding for Routes to Work Ltd in respect of their service level agreement for the period April 2016 to March 2017.

**2. Background**

**2.1 Routes to Work – Role and Remit**

Routes to Work (RTW) is responsible for the delivery of a range of free employability services to residents of North Lanarkshire. The core services the company is delivering on behalf of the Council are EU funded employability services, the Work Programme, and the City Deal Working Matters project. Their services can be accessed across North Lanarkshire with delivery located in their main office in Bellshill, and satellite offices in Airdrie, Coatbridge, Cragneuk and Motherwell as well as from a wide variety of community settings through their teams of Key Workers.

The company was established in October 2002 by North Lanarkshire Council and Scottish Enterprise Lanarkshire though its ownership structure has altered since that time. In 2008 Voluntary Action North Lanarkshire (VANL) replaced Scottish Enterprise Lanarkshire as a member of the company and joint owner with North Lanarkshire Council.

Periodically the Council has sought legal advice to ensure that the ownership structure of Route to Work is compliant with the transfer of EU funds to support the delivery of the Council's EU funded services. In 2014, and following legal advice, the ownership structure of the company required a further change and in February 2015 VANL resigned its membership, though it retains a member on the Board of Directors, leaving North Lanarkshire Council as sole owner.

**3. Considerations**

**3.1 Service Level Agreement**

Routes to Work Limited undertake functions on behalf of North Lanarkshire Council and therefore, a service level agreement is required to agree and monitor these activities. Agreements are already in place for the delivery of the Work Programme until March 2017 and the City Deal Working Matters project until August 2018.

The funding for the Routes to Work service is historically a mixture of council and EU funding and it is proposed that Routes to Work are funded via this Service Level Agreement to deliver, on the Council's behalf, significant aspects of the Council's North Lanarkshire's Youth Employment Initiative (NLYEI) and North Lanarkshire's Working Employability Pipeline (NLWEP).

Routes to Work's Caseworker service, as in previous years, will deliver the personalised support to unemployed residents of North Lanarkshire who are supported by these projects, within their communities. The majority of this funding in both these projects, alongside funding for pre employment training, childcare, and operating costs of the organisation is eligible for EU funding support but an element of core operating costs is ineligible.

In recent weeks the Scottish Government has indicated its approval of both of these projects and offers of grant are imminent. As a result, a draft SLA has been prepared which sets out maximum budgets that would be made available and the associated targets. The service level agreement for Routes to Work covers the period April 2016 to March 2017 for NLYEI and NLWEP activity during that period.

In 2016/17 NLYEI has a target of engaging with 1,680 16-29 year olds and assisting 521 people into work with 70% sustaining employment for 26 weeks. This work has an indicative value of £1,078,545 with costs eligible for European Social Fund grant of £722,625. In addition there are core company NLYEI operating costs which are ineligible for grant of £168,837.

In 2016/17 NLWEP has a target of engaging with 1,417 unemployed residents who are aged 30 or over and assisting 592 people into work with 70% sustaining employment for 26 weeks. This work also has an indicative value of £1,078,545 with costs eligible for European Social Fund grant of £431,418. In addition there are core company NLWEP operating costs which are ineligible for grant of £168,837.

#### **4. Corporate Considerations**

##### **4.1 Financial Implications**

Costs for both projects are outlined in Appendix 1. The total funding for Routes to Work for 2016/17 to deliver the services outlined in section 3 of this report would be £2,494,764, comprising an European Social Fund grant of £1,154,043 and match funding from the Council of £1,340,721. In line with the Council's savings plan the funding allocation to Routes to Work will reduce by £100,000 and this is reflected in the total award.

Council resources to match fund this activity are from NLC Match Funding which is allocated for European Social Fund funded employability projects. Routes to Work operate on a full cost recovery basis which requires that all the costs that are claimed are a reflection of actual costs incurred by the organisation delivering on behalf of the Council. The costs are 100% verified and subject to regular audit.

#### **5. Recommendations**

It is recommended that Committee approves the signing of the service level agreement to the value of £2,394,764 with Routes to Work.

  
**Lizanne McMurrich**  
**Head of Education (Skills, Lifelong Learning & Youth Employment)**

Members seeking further information on the contents of this report are asked to contact Paul Kane, Employability Services on 01236 632867.

## APPENDIX 1

### North Lanarkshire's Youth Employment Initiative (NLYEI) – Routes to Work

<b>Eligible</b>		<b>Ineligible</b>	
Salaries	£770,390	Salaries	£91,027
Discretionary Fund	£46,343	Discretionary Fund	£ 4,583
Childcare Development Fund	£72,384	Childcare Development Fund	£2,239
Travel	£4,732	Accommodation	£18,000
Overheads	£184,697	Overheads	£27,987
		Management Fee	£25,000
<b>Total</b>	<b>£1,078,545</b>	<b>Total</b>	<b>£168,837</b>

### North Lanarkshire's Working Employability Pipeline (NLWEP) – Routes to Work

<b>Eligible</b>		<b>Ineligible</b>	
Salaries	£770,390	Salaries	£91,027
Discretionary Fund	£46,343	Discretionary Fund	£ 4,583
Childcare Development Fund	£72,384	Childcare Development Fund	£2,239
Travel	£4,732	Accommodation	£18,000
Overheads	£184,697	Overheads	£27,987
		Management Fee	£25,000
<b>Total</b>	<b>£1,078,545</b>	<b>Total</b>	<b>£168,837</b>

### ESF Grant due:

NLYEI	£722,625
NLWEP	£431,418
<b>Total</b>	<b>£1,154,043</b>

### Total Finance for NLWEP & NLYEI – Routes to Work

	<b>Eligible</b>	<b>Ineligible</b>
<b>NLWEP</b>	£1,078,545	£168,837
<b>NLYEI</b>	£1,078,545	£168,837
<b>Total</b>	£2,157,090	£337,674
<b>Overall Total</b>	<b>£2,494,764</b>	