

Acceptance of Grant Offer and Effective Date

This grant funding agreement is effective from the date this annex is signed.

As the authorised representative of Tees Valley Combined Authority, I have read the Grant Offer Letter dated 19 March 2018 and the Memorandum of Understanding, attached as Annex B to that letter, and agree to comply with the notified conditions of the grant on which the offer is made.

Signed by a person authorised to sign on behalf of Tees Valley Combined Authority	
Date	22/03/2018
Signature	Section 40
Name (please print)	Section 40
Position in organisation	Managing Director

Principal contact for Tees Valley Combined Authority		
Contact name/Postal address	Section 40 Tees Valley Combined Authority, Cavendish House, Stockton on Tees	
Position	Head of Skills, Education & Employment	
Position	Head of Skills, Education	
Telephone no.	Section 40	
Email address	Section 40@teesvalley-ca.gov.uk	

Memorandum of Understanding between the Department for Work and Pensions (DWP) (Labour Market Strategy and International Affairs Directorate) and Tees Valley Combined Authority for the Hardest to Help (H2H) Innovation Pilot

SIGNATORY ORGANISATIONS

1. The parties to this Memorandum of Understanding (“MoU”) are:
 - DWP (The Labour Market Strategy and International Affairs (LMSIA) Directorate); and
 - Tees Valley Combined Authority (the Combined Authority).

PURPOSE

2. This MoU, which is not legally binding, sets out how DWP and the Combined Authority will work together to design and deliver an employment pilot based on the business case the Combined Authority submitted to DWP on 24 February 2017. This MoU covers the design, implementation and delivery of the pilot.
3. The MoU sets out:
 - I. The roles and responsibilities of the parties;
 - II. The anticipated funding of the pilot;
 - III. The Performance Monitoring and Reporting arrangements;
 - IV. The principles of collaborative working;
 - V. Provisions for management and governance of the pilot; and
 - VI. Confidentiality, Freedom of Information; Intellectual Property Rights, and Termination Clauses.

PERIOD OF OPERATION

4. This pilot is intended to run from March 2018 to April 2021. There may however be elements of the pilot that will run beyond April 2021 subject to further agreement between the Parties. In such circumstance the Combined Authority will formally write to DWP setting out their proposed extended timeline.

BACKGROUND

5. It has been agreed by the Minister for Disabled People and Department for Housing, Communities and Local Government and Treasury Ministers that there is a strong labour market policy rationale in inviting Tees Valley Combined Authority to develop, for DWP Ministerial approval, a business case for an innovative pilot to support those who are hardest to help into employment.
6. This pilot will involve a robust evaluation to test the individual and collective impact of new interventions, including the impact on employment outcomes and spend within the local area.

7. Through this pilot DWP and the Combined Authority want to test a set of interventions identified as having the potential to deliver improved employment outcomes. The Combined Authority will contract with an external organisation for a full evaluation of the pilot to be carried out, as detailed in their evaluation plan.

Roles and Responsibilities

8. DWP's roles and responsibilities will be to provide ongoing support to the Combined Authority in a timely manner which will include:
 - I. Appointment of an account manager who will be the primary point of contact for the duration of the pilot and will provide personalised advice and day to day support, access to expertise and monitor progress on behalf of DWP;
 - II. Appointment of a programme manager who will have oversight of the pilot;
 - III. Provide a national support package which will include advice and expertise on areas such as information governance, service design and evaluation;
 - IV. Access to and advice from, other Government Departments, as well as DWP's Senior Responsible Owner (SRO) (it will be the account manager's role to oversee this access and act as conduit between both parties);
 - V. Contributing to the development of a service map setting out how service users will be identified, enter and flow through the pilot;
 - VI. Help identify key stakeholders ;
 - VII. Feedback on the cost benefit model the Combined Authority will use to baseline the expected impact of the pilot.

9. The Combined Authority's roles and responsibilities will be to:
 - I. Design a deliverable pilot that meets the employment outcomes detailed in the business case and as set out in the Performance Monitoring and Reporting section of this MoU;
 - II. Work across organisational boundaries engaging with a broad range of local stakeholders, recognising the potential of the programme to impact on a wider audience;
 - III. Ensure that appropriate resources are in place to meet these outcomes;
 - IV. Ensure effective leadership and governance to promote swift decision-making;
 - V. Work collaboratively with the account manager, reporting progress, escalating any concerns, develop solutions to share problems and share learning throughout the pilot; and
 - VI. Deploy the funding provided by DWP in a way that supports delivery of the objectives of the pilot;
 - VII. Develop and implement interventions across Tees Valley based upon demand and the pilots target population requirements for both in or out of work participants;
 - VIII. Produce a detailed implementation and delivery plan, setting out roles and responsibilities, a timetable for mobilisation and live-running and a plan for risk management;

10. Designing a robust evaluation of the pilot is, for DWP and the Combined Authority, a key element of the pilot. In relation to evaluation the Combined Authority should develop proposals on:
- I. The objectives of the pilot and the outcomes to be measured;
 - II. The methods used to evaluate the pilot (including impact, process and economic evaluation); and
 - III. Develop a plan for baseline data collection (i.e. employment and other characteristics of pilot participants, as well as intervention and ‘business as usual’ costs).

Grant Awards

11. The first grant award of £1.5m inclusive of non-recoverable VAT will be paid to the Combined Authority in 2017/18 financial year following submission of their project plan, resource plan and expected performance levels, for years 1, 2 and 3 of the pilot.
12. For the following financial years the payments are forecast as follows:
- £2m in 2018/19
 - £2.5m in 2019/20.
13. This investment is for the sole purpose of delivering the pilot. Anticipated outcomes are listed in the Performance Monitoring and Reporting section below and in Annex D containing the customer journey. DWP acknowledges that a percentage of the grant award will be used to pay for overheads such as management and administration of the pilot.
14. It will be the Combined Authority’s responsibility to provide assurance to their account manager that funding is accounted for and is only applied to pilot based activity.

Performance Monitoring and Reporting

Performance Indicators				
Financial Year	Year 1	Year 2	Year 3	Year 4
Participating in the programme	50	1050	1100	300
Making positive outcomes	25	950	1000	275
Making significant improvements / moving closer to securing work.	10	200	500	228
Moved into employment	0	50	250	75

15. A steering group will be established to monitor the progress of the pilot. Terms of Reference for the group will be agreed, and DWP will be a member of this group. It is envisaged the group would meet and review MI on a quarterly basis and review the use of the grant funding.
16. The amount of grant funding for 2018/19 and any subsequent years will be determined in accordance with the principles set out below [paras 17 to 22].

DWP will take the final decision on the release of future grant payments and will give the combined authority reasons for its decision.

17. For any identified underspend related to 2017/18, the Combined Authority will carry-forward this amount in their balance sheet to the subsequent financial year. This carry-forward will then be aggregated to the in-year grant allocation for 2018/19 and used to manage the contractual expenditure for that year. The opportunity to carry-forward aggregated underspends will continue from financial year to financial year subject to discussions between DWP and the Combined Authority.
18. DWP reserves the right to adjust future grant profiles or request the repayment of underspend carried forward from the previous financial year by the Combined Authority if it deems this aggregated carry-forward amount to be significant in relation to foreseeable future liabilities arising. Adjustments to lowering future grant agreements will be by exception and only considered at a point where performance achievement is considerably below profile and an improvement plan has not been agreed by both parties.
19. The Combined Authority shall also provide performance and expenditure forecasts going forward for the duration of the pilot to inform future grant allocation planning. These forecasts are to be updated and provided by the Combined Authority at the end of each Financial Year.
20. DWP grants made in respect of the pilot during 2019/20 financial year will be subject to robust performance forecasts for the remainder of the pilot and ongoing performance achievements.
21. The final reconciliation process shall also include a complete reconciliation for the entire period of the grant, with supporting management information. The Combined Authority must at that stage indicate if there are any aggregate underspends against the total grant allocations, which must be returned to DWP.
22. The Combined Authority shall include appropriate clauses in contracts when recruiting additional personnel or contracting out services, to allow for the potential of the pilot terminating ahead of the end date.

THE PRINCIPLES OF COLLABORATIVE WORKING

23. DWP and the Combined Authority have a shared commitment to:
 - I. Work collaboratively in the spirit of partnership – working jointly and openly to ensure successful outcomes;
 - II. Be open - communicate openly about major concerns, issues or opportunities relating to the pilot;
 - III. Jointly solve problems – work together to solve problems and unblock barriers on common issues;
 - IV. Work at pace – recognise the time-critical nature of the pilot and work to deliver in the expected timeframe;

- V. Deploy appropriate resources – ensure sufficient and appropriately qualified resources are available and authorised to fulfil the responsibilities set out in this MoU;
- VI. Adhere to statutory requirements and best practice – comply with applicable laws and standards including EU procurement rules, competition law, data protection and freedom of information legislation;
- VII. Spread learning – enable lessons on how to design a successful pilot and best practice identified through the pilot to be shared with other areas.

MANAGEMENT & GOVERNANCE

- 24. The Accountable Manager employed by the Combined Authority will be accountable for the delivery of the outcomes of the pilot and for the appropriate use of the initial and any subsequent grants.
- 25. DWP and the Combined Authority commit to put in place strong governance and decision-making capability to enable problems to be escalated and solved quickly. If necessary, problems should be escalated to the DWP Programme Manager and the Innovation Pilot SRO.

DISPUTE RESOLUTION

- 26. Concerns raised within/by the Combined Authority should be escalated to DWP through the following routes:
 - **Account Manager** – Section 40
 - **Programme Manager** – Section 40
 - **Senior Responsible Officer** – Section 40
- 27. Concerns raised within DWP will be escalated to the Combined Authority through the following routes:
 - **Accountable Manager** – Section 40
 - **Programme Manager** – Section 40
 - **Senior Responsible Officer** – Section 40

CONFIDENTIAL INFORMATION

- 28. Except to the extent set out in this clause or where disclosure is expressly permitted elsewhere in this MoU, each party (DWP and the Combined Authority) shall:
 - Treat the other parties' Confidential Information¹ (as defined below) as confidential and safeguard it accordingly and as directed by the other party;
 - Not disclose the other parties' confidential information to any other person without the owner's prior written consent;
 - The Combined Authority may only disclose DWP's Confidential Information, to Tees Valley Combined Authority employees and partners who are directly

¹ "Confidential information" means all confidential or proprietary information relating to a party or its business, operations or functions that is indirectly or directly disclosed or made available and shall include internal correspondence between the two organisations, unpublished research reports, of either organisation in relation to this programme, Ministerial correspondence and internal advice. This list is not exhaustive.

involved in the provision of the pilot and who need to know the information, and shall ensure that such employees are aware of and shall comply with relevant obligations in relation to confidentiality and the requirements of data protection legislation; and

- DWP may only disclose the Combined Authority's Confidential Information, to DWP employees and partners who are directly involved in the provision of the pilot and who need to know the information, and shall ensure that such employees are aware of and shall comply with relevant obligations in relation to confidentiality and the requirements of data protection legislation.

29. All parties shall use all reasonable endeavours to ensure that any government department, contracting authority, employee, third party or sub-contractor to whom the other parties' Confidential Information is disclosed pursuant to this MoU, is made aware of the obligations of confidentiality that each such party owes to the other.
30. The parties warrant that they shall comply with their obligations under the Data Protection Act 1998, Directive 95/46/EC of the European Parliament and any legislation and/or regulations implementing them, amending or replacing them or made in pursuance of them and any associated legislation that arises in connection with the MoU.

FREEDOM OF INFORMATION AND INFORMATION LAW

31. The parties acknowledge that they are respectively subject to the requirements of the Freedom of Information Act 2000 (FOIA) and shall assist and cooperate with each other to enable both organisations to comply with their information disclosure obligations.
32. Both parties acknowledge that they will, in the normal course of events, advise and consult the other party when they receive a request under the FOIA in connection with the pilot in the Combined Authority.
33. The parties acknowledge they are required to answer subject access requests (SAR's) made under data protection legislation and undertake to answer such requests in accordance with their obligations under such legislation and their respective procedures.

PUBLICITY

34. The parties shall consult with each other before deciding whether to give any publicity to the matters covered by this MoU.

INTELLECTUAL PROPERTY RIGHTS (IPR)

35. The parties may use each other's and Departmental logos for the purposes of delivering and promoting the services specified in the MoU provided such use is in line with the owner's guidelines.

36. Any other use of the logo or other intellectual property rights will require express permission in writing from the owner.
37. The parties will have joint IPR ownership around the outputs and products of the pilot. There will be no additional charge or restriction on DWP employing these outputs and products on other programmes of work across government or the public sector.

TERMINATION

38. This MoU may only be terminated before the expiration set out in paragraph 4 by the written agreement of either party, or the failure to comply with the conditions within the MoU.

DECLARATION

Signed for and on behalf of DWP:

Name: Section 40

Position: Director of Labour Market Strategy and International Affairs

Signature: Section 40

Date: 20/03/2018

Signed for and on behalf of Tees Valley Combined Authority:

Name: Section 40

Position: Managing Director

Signature: Section 40

Date: 22/03/18

Bank Account Details

Information required by the Department to make payment of grant for the activities stated in the offer letter.

Contact details for Tees Valley Combined Authority to whom payment should be sent

Section 41

Typical Customer	Tees Valley Routes to Work Pilot- Typical Customer Journey - Pre-Work Stages (Up to 2 years)					Further In-Work support offered for up to 12 months
Customer Eligibility (Voluntary)	Stage 1 Pre-Engagement activities for all referrals from a variety of sources including DWP	Stage 2 Customer returns after initial meeting and is now considered to be 'Engaged'	Stage 3 Ongoing support and activities	Stage 4 Undertake work related experiences Output indicator= 'making significant improvements / moving closer to securing work'	Stage 5 "Moved Into Work" – defined as when someone moves into paid work of at least 16 hrs per week (or an average of this over a 4-week period)	Stage 6 Sustainability met In-Work Support for Employee /Employer on offer throughout period
<p>In all cases the customer must be aged 30 or over, not be in work and either:</p> <ul style="list-style-type: none"> disengaged from the benefits system or: receiving benefit plus fall within any of 1-4 below: <ol style="list-style-type: none"> Long term (2yrs +) unemployed /inactive benefits. Claim to Employment and Support Allowance (ESA) rejected. In the ESA support group (health/disability). Have been out of work for min 13 weeks and be unlikely to find work in the next 12 months, due to having significant or multiple barriers to work. This could include: <ul style="list-style-type: none"> Ex-offenders; Health/MH or disability BME/ESOL needed Special Educational Needs / Disabilities Drug/alcohol dependencies 50+ Lone parents Returners to the labour market Roma/travellers Refugees Carers Care Leavers Homeless Ex Forces 	<ul style="list-style-type: none"> Initial meeting/ contact from individual e.g. via community base Completion of referral Informal assessment of need /barriers First steps activity /appointment kept Action plan started (first steps only) Agrees and shows willing to participate Ask about Benefits position and if receiving any benefits inform Jobcentre Plus <p>Our initial working assumption is a 'three to one' referral to start ratio (for stage 1 contacts to be converted into Stage 2 full engagement) is to be expected. This will be continuously monitored throughout live running.</p> <p>Full MI to be kept for all referrals to understand who was referred and why they have not engaged.</p>	<ul style="list-style-type: none"> Re-visit /complete full Action Plan to address Skills needs Multi agency involvement/ referral (supported signposting) Inform DWP/partners through agreed data sharing procedures Refer to existing mainstream provision where appropriate including literacy/ numeracy/ IT/ ESOL 	<ul style="list-style-type: none"> Provide wrap around support from holistic Key Workers Confidence building Link with other existing services /providers Take up support offer e.g. additions Supported transition to other agencies Provide Skills support Access Nat Careers Service support offer Continue ongoing dialogue with DWP Work Coach 	<ul style="list-style-type: none"> Work related experience /activities including volunteering (ensuring JCP Work Coach / informed.) Complete training courses /activities needed to become ready for the labour market <p>These people are ready for work</p>	<ul style="list-style-type: none"> Evidence of employment required Respond to individual needs with Flexible Fund – e.g. tools clothes travel childcare funding gap Social fund type emergencies etc. specific training which is essential to employment but which can't be met from any other funding <p>Brokerage/ employer support:</p> <ul style="list-style-type: none"> 'Access to work' Special needs or equipment Adviser Discretionary Funding – discuss with JCP local (SM) to agree share of certain costs on a TV wide basis (rather than ad-hoc) RTW -Some part funded short term positions for those who are difficult to place and lack recent experience RTW-possible partial wage incentive to help with additional costs to employer (e.g. mentoring) 	<p>Continued links with the customer (and employer).</p> <p>For individual:</p> <ul style="list-style-type: none"> Sort out any new problems that arise or old ones that re-occur Helping people to secure more sustainable jobs /longer hours, if appropriate <p>For Employers:</p> <p>Ongoing support - talk to the employer if needed. Help with any issues that might arise - brokerage?</p> <p>Record sustainability up to 52 weeks</p> <p><i>Sustainability is achieved when the individual has been in paid work for 'any 13 weeks out of a 26 week period'.</i></p> <p>NB: to include those who are required to be registered self-employed as normal practice within their industry (e.g. individual contractors, healthcare workers etc.)</p> <p><i>However for 'business start-up' cases, this should be for a continuous 13wk period, as with the New Enterprise Allowance schemes,</i></p> <p><i>Team will monitor for up to 52 weeks -aiming for 'any 26 out of 52 weeks in work'</i></p>
<p>Target /Estimate</p>	<p>Estimate up to 7500 referrals needed</p>	<p>Target -2500</p>	<p>Target -2250</p>	<p>Target- 938</p>	<p>Target- 375</p>	
<p>Define point when target reached</p>		<p>"Engaged" –defined as where customer has shown to have continued to attend after first meeting and agreed to take part in some sort of progression activity</p>	<p>"Making positive outcomes" – defined as where customers have now completed one agreed activity or started another. (e.g. as per list supplied by SM DWP)</p>	<p>"Making significant improvements / moving closer into work" – defined as someone who has completed activities/ training and is now ready to apply for work / work experience</p>	<p>"Moved Into Work" – defined as when someone moves into paid work of at least 16 hrs per week (or an average of this over a 4-week period)</p>	<p>Sustainability met - when the individual has been in work for any 13 out of 26 weeks</p>