

Title: Connect to Work – Grant Funding Agreements
Report of: Charlotte Carpenter, Director of Skills, Inclusion & Public Service Reform
Portfolio: Home of Real Opportunity

Report Summary

The purpose of this report is to set out the exercise that was held to allocate £17,740,743 of grant funding awarded to the North East Combined Authority (CA) from the Department of Work and Pensions (DWP) for the delivery of the LSE Intervention of Connect to Work for the financial years (FY's) 2025-30.

Connect to Work is a DWP funded Supported Employment Programme, that will help people with disabilities, health conditions and additional barriers to seek sustained employment. The programme is a voluntary intervention which will be targeted at the right people, at the right time and based on an individual's circumstances. The North East CA is the Accountable Body (AB) for the programme, responsible for the design, implementation and delivery of Connect to Work and will receive up to £52.58m to support 13,500 participants into work or to remain in work, between 1st September 2025 to 31st March 2030.

The report seeks approval to:

- enter into Grant Funding Agreements with our seven constituent Local Authorities to deliver the Local Supported Employment (LSE) intervention. The overall value of the Grant Funding Agreements, for the contract period from 1 September 2025 to 31 March 2030, is £17,740,743.

The delivery of this programme reflects the shared ambition of the Mayor and Cabinet for a more devolved system of employment support, providing an opportunity to design a programme to support local needs alongside addressing some of the challenges within the current labour market. This investment is an outcome of the influential role the North East CA has played facilitating change across the employment support system and will build on the innovation already taking place across the region, an essential element to create a successful and sustainable economy.

Reason for Delegated Decision

At its meeting on 26 November 2024, the North East CA approved the proposal to delegate authority to the Chief Executive, in consultation with the Chief Finance Officer and Portfolio Holder for Education, Inclusion and Skills, to approve project applications and award contracts brought forward through the approved Connect to Work Delivery Plan.

Recommendations

The Chief Executive is recommended to approve entering into Grant Funding Agreement with the seven constituent Local Authorities, with a total value of £17,740,743, as set out in paragraph four of this report.

A. Context

1. Introduction

- 1.1 Connect to Work is a DWP funded Supported Employment Programme, that will help people with disabilities, health conditions and additional barriers to seek sustained employment. The programme is a voluntary intervention which will be targeted at the right people, at the right time and based on an individual's circumstances.
- 1.2 The North East CA is the Accountable Body (AB) for the programme, working in partnership with the constituent local authorities, and will enter into a Grant Funding Agreement with DWP to deliver the programme. The North East CA will receive up to £52.58m to support 13,500 participants into work or to remain in work, from 1st September 2025 to 31st March 2030. As Accountable Body, the North East CA is responsible for the commissioning of Connect to Work delivery.

2. Design of the programme

- 2.1 The Connect to Work Programme will be delivered via two different types of interventions:
 - Local Supported Employment (LSE) support provided to those individuals with multiple and complex barriers to work. Support will be delivered to participants with autism, learning disabilities and or from one of the specified disadvantaged groups. 3,375 participants will be supported via this intervention, with a total funding allocation of £17,740,743 across the entirety of programme.
 - Individual Placement and Support (IPS) is an intervention which integrates employment support alongside primary and secondary health services, and other support services. Support will be delivered to participants with a health condition, disability and or from one of the specified disadvantaged groups. A minimum of 10,125 participants will be supported via this intervention, with a total funding allocation of up to £31,539,099 across the entirety of programme.
- 2.2 Cabinet agreed in November 2024, that the North East CA would enter into Grant Funding Agreements with the seven constituent Local Authorities to deliver the LSE intervention and that the IPS intervention would be commissioned via an open procurement exercise. The outcome of the process with the Local Authorities to deliver the LSE activity was approved by Finance and Investment Board on the 7th July 2025 for onward submission for Delegated Decision. The outcome of the IPS procurement process is captured within a separate Delegated Decision Report.

3. Local Supported Employment (LSE) Intervention

- 3.1 The North East CA will enter into Grant Funding Agreement with the seven constituent Local Authorities to deliver the LSE intervention. A specification for the LSE intervention was developed to provide background to the programme and key delivery requirements including the supported employment model, participant journey, and fidelity assurance process. The minimum number of participants to be supported in each area and the financial envelope available for each area was provided. Local Authorities were asked to submit Small Scale Business Case proposals and a completed cost register demonstrating financial and participant start profiles. All proposals have been received.
- 3.2 In line with the Single Assurance Framework, the North East CA Programme Assurance Team have undertaken an appraisal of the business cases and supporting documentation, the outcome of which is summarised in paragraph 3.4 below. Appendix 1 provides details of the individual appraisal outcomes.
- 3.3 Alongside the business case appraisal, the North East CA Finance and Investment Team have undertaken a review of the cost registers to ensure value for money and alignment with DWP financial allocation caps and participant start expectations.
- 3.4 Overall, the appraisal process has concluded that there is a clear rationale to bring forward activity to support people with autism, learning disabilities and or from one of the specified Connect to Work disadvantaged groups. The proposals align with the North East CA corporate plan, referencing a clear fit with the Home of Real Opportunity mission and the North East Local Growth Plan. All business cases received an overall GREEN rating and are considered to include performance measures that align with DWP pre-prescribed requirements. Reduced public spend, plus economic and social value benefits, ensure that there is value in this investment.

4. Proposal

- 4.1 It is proposed that the North East CA enter into Grant Funding Agreements with the seven constituent Local Authorities as detailed below.

Local Authority	Participant Starts	Funding Value
County Durham	975	£5,125,104
Gateshead	375	£1,971,194
Newcastle	525	£2,759,671
North Tyneside	300	£1,576,955
Northumberland	450	£2,365,432
South Tyneside	375	£1,971,194
Sunderland	375	£1,971,194
Total	3375	£17,740,743

- 4.2 Appendix 1 provides details of the individual appraisal outcomes.

B. Impact on North East Combined Authority Objectives

All activity will contribute to progressing the Mayor and Cabinet's priorities, with specific emphasis on the Home of Real Opportunity Portfolio and the Public Service Innovation Programme. Connect to Work is a key element of the Governments Get Britain Working strategy, which aims to reduce hidden unemployment and support individuals with disabilities, health conditions, and complex employment barriers in securing sustainable jobs.

The Programme aligns to regional and Mayoral economic objectives and underpins North East CA Local Growth Plan priorities to improve skills and employment, tackle child poverty, and specifically increase diversity of employment.

C. Key risks

There are significant risks associated with this programme. However, a strategic risk register has been developed and is managed by the Connect to Work Implementation Group. This group is chaired by Director of Skills, Inclusion & Public Service Reform, with representatives from finance, legal and constituent local authorities.

D. Financial and other resources implications

In April 2025, DWP introduced maximum yearly financial caps across the five financial years of programme, within which Accountable Bodies are required to manage Connect to Work spend. There is no ability to move funding from one year to another or carry forward any underspends. This has resulted in additional financial management/resource being put in place to support development of the grant cost register and manage programme finances in line with financial caps on an ongoing basis.

E. Legal implications

The Monitoring Officer's comments have been incorporated within this report.

F. Equalities implications

The programme's commissioning approach has been designed to increase opportunities for residents most at risk of poor social and economic outcomes including women and girls, disabled people, and people from minoritised ethnic groups. The programmes delivery model will be designed to support the North East CA's equality objective to work with partners and other funders to ensure our funding opportunities are accessible to organisations working with our most under-represented residents.

G. Consultation and engagement

Extensive consultation to support the design and development of this new programme has taken place with a range of key stakeholders including DWP, North East and North Cumbria ICB, members of the North East Regional Labour Market Partnership (including VONNE and employer representatives), Mayoral Combined Authorities and the seven constituent local authorities.

H. Appendices

Appendix 1 – Individual Appraisal Outcomes

I. Background papers

None

J. Contact officers

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K. Glossary

AB	Accountable Body
DWP	Department for Work and Pensions
FY	Financial Year
IPS	Individual Placement and Support
LSE	Local Supported Employment
North East CA	North East Mayoral Combined Authority
VONNE	Voluntary Organisations Network North East

L. Sign-off

1) Cabinet Member: Yes	2) Director/Head of Service: Yes	3) Director of Finance and Investment: Yes	4) Monitoring Officer: Yes
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Appendix 1 – LSE Appraisal Outcomes

1 Durham County Council

- 1.1 Durham County Council's Supported Employment service, DurhamEnable, will deliver the Connect to Work Programme across County Durham. DurhamEnable is long-established and specialised in providing skills and employment support to those with disabilities, neurodiversity issues and long-term health conditions.
- 1.2 Connect to Work aligns with strategic commitments of the applicant and demand is demonstrated through supporting statistics that highlight Durhams employment and health landscape, which includes a disabled person employment rate at 12.4% below the national average.
- 1.3 Financially, the costs are justified and relevant to programme activities. The total funding request is £5,125,104 which is a 100% North East CA intervention rate.
- 1.4 DurhamEnable is well established and therefore robust Governance is in place. Suitable management and delivery frameworks are set out and yearly delivery fluctuations have been well-considered. Processes are illustrated, while the applicant's track record in successful delivery is described.
- 1.5 The subsidy control position is clearly articulated and funding falls within a 'no-subsidy' position.

Overall RAG assessment		
Risk Rating	The Strategic, Economic & Commercial Case	GREEN
	The Financial & Management Case	GREEN
	Overall Rating	GREEN

2 Gateshead Council

- 2.1 Gateshead Council's Working Gateshead service is established and specialised in supporting unemployed residents to overcome barriers to employment, to find and to sustain in work. Working Gateshead will extend support to deliver specialist Connect to Work activities across Gateshead.
- 2.2 The project underpins North East CA Cabinet and Mayoral commitments; Local Growth Plan priorities to improve skills and employment, tackle child poverty, and specifically increase diversity of employment.
- 2.3 The project funding request is £1,971,174 to support 375 participants. This is a 100% North East CA intervention rate. Costs are eligible and relevant to the intervention.
- 2.4 Gateshead Council states its commitment to establishing a Project Board to oversee delivery and provide appropriate scrutiny, monitoring and support as required. The management and delivery structure is robust and resources appear to be appropriate. Staff recruitment has been identified as a delivery risk though existing Working Gateshead staff will support where necessary to mitigate.
- 2.5 The subsidy control position has been confirmed as 'no-subsidy'.

Overall RAG assessment		
Risk Rating	The Strategic, Economic & Commercial Case	GREEN
	The Financial & Management Case	GREEN
	Overall Rating	GREEN

3 Newcastle City Council

- 3.1 There is a clear rationale that aligns Connect to Work with employment priorities in the Newcastle City Council plan. Included are ambitions to address health inequality, create an economy that benefits everyone and embed routes to good work to address poverty. Lower than national average employment statistics among disadvantaged groups are highlighted and demonstrate need.
- 3.2 The project funding request is £2,759,670, which is a 100% North East CA intervention rate. Costs are eligible and relevant to programme activity.
- 3.3 Newcastle City Council Supported Employment Service operates a Governance framework to scrutinise financial and output performance, which will remain in place for Connect to Work. The management and delivery structure is robust with appropriate resources allocated. However, staff recruitment has been identified as a delivery risk, though mitigation actions are listed. There is confidence in the structure and the systems to deliver the programme.
- 3.4 The subsidy control position has not been addressed and will be required prior to contracting. This is a pre-contracting condition to be addressed during the project mobilisation phase.

Overall RAG assessment		
Risk Rating	The Strategic, Economic & Commercial Case	GREEN
	The Financial & Management Case	GREEN
	Overall Rating	GREEN

4 North Tyneside Council

- 4.1 North Tyneside Council will deliver Connect to Work through its All Age Employment and Skills Service. In doing so, it will operate five-stage 'Place, Train & Maintain' Supported Employment SEQF Model. A clear understanding of the project, its expected impact and a plan for delivery is demonstrated.
- 4.2 The funding request is £1,576,729, which is a 100% North East CA intervention rate. Costs are justified and relevant.
- 4.3 North Tyneside Council will provide Connect to Work Governance through its Employability Strategy Group and will couple this with quarterly multi-agency meetings to update partners. A management/delivery structure chart has not been provided, however, the narrative describes the Fidelity Lead and Employment Advisors as the delivery team.
- 4.4 The application has provided an appropriately detailed analysis of the subsidy control position and establishes that no subsidy is present.

Overall RAG assessment		
Risk Rating	The Strategic, Economic & Commercial Case	GREEN
	The Financial & Management Case	GREEN
	Overall Rating	GREEN

5 Northumberland County Council

- 5.1 Northumberland County Council will coordinate delivery working alongside delivery partner Solid Foundations, who are a multi-agency group led by Citizens Advice Northumberland. The initiative supports a need for supported employment in Northumberland which is justified through supporting statistics and deepened by local challenges such as rural isolation, limited specialist services and a widely dispersed population.

- 5.2 The project funding request is £2,364,033, though a minor clarification is pending to confirm this as there is a small variance between the business case and finance table total. This clarification is not expected to significantly affect the appraisal.
- 5.3 Governance arrangements are not detailed although there is confidence in Northumberland County Council's ability to monitor the programme – arrangements are to be clarified. The management and delivery structure appears to be robust and relationships with delivery partners are in place.
- 5.4 The subsidy approach is addressed in relation to each beneficiary though the wording in relation to the delivery partners is not clear in describing if MFA is awarded within the threshold or if no subsidy is awarded. There is no external legal advice to support this and is to be clarified prior to contracting. This is a pre-contracting condition to be addressed during the project mobilisation phase.

Overall RAG assessment		
Risk Rating	The Strategic, Economic & Commercial Case	GREEN
	The Financial & Management Case	GREEN
	Overall Rating	GREEN

6 South Tyneside Council

- 6.1 South Tyneside Council aims to support residents that are economically inactive to overcome their individual barriers to employment. Demand for the intervention is demonstrated.
- 6.2 The South Tyneside Council funding request is £1,917,814, which is 100% North East CA intervention rate. Financial costs are well justified and relevant.
- 6.3 A Jobs Governance Board has been established to monitor and scrutinise delivery and performance. While it is not clear who makes up the Board but there is confidence that South Tyneside Council have the appropriate officers and experience in place. The Economic Growth and Skills Team will lead and manage the delivery.
- 6.4 Project beneficiaries have been set out and a 'no-subsidy' position for each has been well articulated.

Overall RAG assessment		
Risk Rating	The Strategic, Economic & Commercial Case	GREEN
	The Financial & Management Case	GREEN
	Overall Rating	GREEN

7 Sunderland Council

- 7.1 Sunderland City Council will conduct a procurement exercise to appoint a lead delivery organisation to deliver Connect to Work Supported Employment activities for eligible and suitable Sunderland residents.
- 7.2 Local economic priorities in Sunderland are clear and a strong Strategic Case that includes statistics to demonstrate the need for the intervention has been provided.
- 7.3 The project funding request is £1,971,194 to support 375 participants, which is a 100% intervention rate. Financial costs are appropriate and relevant. A query regarding correct use of cost headings is pending, however, this does not affect the appraisal outcome.
- 7.4 Governance will be provided by Sunderland Council's Strategy and Corporate Affairs Directorate. Project management will be delivered in-house by the Learning & Skills Service Manager with support from a Quality Monitoring Officer and Business Support Assistant. The procured Lead Delivery Organisation will provide the front-line support to participants and therefore delivery success is reliant on their successful

appointment. It is not known if the appointed organisation will have appropriate staff in place or need to recruit – see above; recruitment has been highlighted as a risk to LA's competing for skilled/experienced officers.

- 7.5 A Subsidy Control assessment has been laid out and it has determined that there is a 'no subsidy' position.

Overall RAG assessment		
Risk Rating	The Strategic, Economic & Commercial Case	GREEN
	The Financial & Management Case	GREEN
	Overall Rating	GREEN