

**STOCKTON-ON-TEES BOROUGH COUNCIL**

**CABINET RECOMMENDATIONS**

**PROFORMA**

Cabinet Meeting .....5th February 2009

1. Title of Item/Report

Education and Employment Services

2. Record of the Decision

Consideration was given to a report that provided details of the introduction of Flexible New Deal and sought approval to the non submission of a tender to provide training for flexible new deal participants in the future due to the significant financial risk this would place on the Council.

It was explained that Stockton Borough Council's Training & Employment Services had been contracted to deliver the Government's New Deal Programmes since 1998. Until 2006 the Service was in a direct contractual relationship with Job Centre Plus but since that date Job Centre Plus introduced Prime Contractors to reduce the number of contracts they directly managed. The Service now acted as a sub-contractor to 2 Prime Contractors; Working Links and Avanta TNG.

The Government had reviewed its New Deal programmes and were proposing to introduce 'Flexible New Deal' as part of the proposal to strengthen the requirements for those claiming Job Seekers allowance. This replaced the current separate New Deals for young people and unemployed adults. It was explained that clients would be expected to participate either in obtaining employment, participating in work placements or work in the community on a full time basis. Failure to do so could impact on their benefit claim.

It was explained that in 2007 the Government began a procurement process for Flexible New Deal. In July 2008 12 organisations were notified that they had progressed through the Pre Qualification stage for the Tees Valley and North and East Yorkshire area. Training & Employment Services had worked with each organisation to provide details for their tenders to Job Centre Plus. The tenders had been submitted by the organisations at the end of November 2008.

Members of Cabinet were informed that Flexible New Deal differed in a number of ways from the existing New Deal programmes but one of the

most important changes was to the funding model. At present the funding for each programme was made up of funding linked to the number of clients on the programme paid on a weekly basis for a period of 13 or 26 weeks and output funding linked to a client obtaining employment and or a qualification. The on programme payment amounts to 65% of the total funding package and was guaranteed.

The funding Model for Flexible New Deal was significantly different in that it consisted of a start fee, a job payment after a client had been retained in employment for 13 weeks and a further retention payment if the client was still in work after 26 weeks. The start payment of 10% of the total funding available was the only guaranteed payment. The actual payments differ slightly from one tendering organisation to another as each had retained different amounts for their "management fee". The most significant proportion of the funding, therefore, was directly related to the client finding and staying in work for a specified minimum period.

The funding model had based its projections on job entry rates of between 60% and 70%. The current job entry rate of Training & Employment New Deal Programmes was between 25% and 40% depending on the type of programme followed. The highest overall entry rate achieved was 55% in 2001/02. It was noted that although the clients would be closer to the job market than currently and may be more focussed on obtaining work if the alternative was to lose their benefits, the current recession was already having a significant impact on unemployment rates. It was explained that this made it extremely difficult to meet the job entry rates required for the financial stability of the delivery organisations.

RESOLVED that consultation in respect of the Council ceasing to provide an in house training service for flexible new deal participants commence. Subject to the outcome of the consultation, the Director of Children, Education & Social Care informs Job Centre Plus that the Council will no longer provide training services under the Flexible New Deal programme.

3. Reasons for the Decision

To ensure the Council are not put at significant financial risk following the introduction of new funding arrangements in respect of the flexible New Deal Programme

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

None

6. Details of any Dispensations

Not Applicable

7. Date and Time by which Call In must be executed

Friday, 13th February 2009

Proper Officer  
09 October 2009