

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

20 DECEMBER 2010

REPORT OF CORPORATE MANAGEMENT TEAM

CABINET DECISION

Regeneration and Transport – Lead Cabinet Member – Cllr Cook

STOCKTON COMMUNITIES FUND

1. Summary

This report provides an 18 month update on the performance and progress of the delivery of the employability and skills element of Stockton's Communities Fund.

2. Recommendation

It is recommended that Cabinet note the report.

3. Reasons for the Recommendations/Decision(s)

There is a requirement as part of the Council's governance of the Working Neighbourhoods Fund that Cabinet receive a report on the progress of the delivery of the Communities Fund.

4. Members' Interests

Members (including co-opted Members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (**paragraph 8**) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest (**paragraphs 10 and 11 of the code of conduct**).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting considering the business is being held -

- in a case where the Member is attending a meeting (including a meeting of a select committee) but only for the purpose of making representations, answering questions or giving evidence, provided the public are also allowed to attend the meeting for the same purpose whether under statutory right or otherwise, immediately after making representations, answering questions or giving evidence as the case may be;

- in any other case, whenever it becomes apparent that the business is being considered at the meeting;

and must not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (**paragraph 12 of the Code**).

Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc; whether or not they are a Member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting (unless the interest arises solely from the Member's membership of, or position of control or management on any other body to which the Member was appointed or nominated by the Council, or on any other body exercising functions of a public nature, when the interest only needs to be declared if and when the Member speaks on the matter), and if their interest is prejudicial, they must also leave the meeting room, subject to and in accordance with the provisions referred to above.

AGENDA ITEM

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20 DECEMBER 2010

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

STOCKTON COMMUNITIES FUND

SUMMARY

There is a requirement as part of the Council's governance of the Working Neighbourhoods Fund that Cabinet receive a report on the delivery of the Communities Fund. This report provides an 18 month update on the performance and progress of the delivery of the employability and skills element of Stockton's Communities Fund.

RECOMMENDATION

It is recommended that Cabinet note the report.

DETAIL

1. The Working Neighbourhoods Fund (WNF) was created by Government to simplify and refocus local level funding to tackle worklessness and low levels of skills and enterprise within some of the most disadvantaged communities. The fund, part of the non ringfenced Area Based Grant (ABG) concentrates the focus of neighbourhood renewal on these core areas of regeneration.
2. The fund provides the basis for a new approach, recognising the need to tackle worklessness on a local community wide basis to provide maximum flexibility to design local worklessness programmes to meet local needs.
3. CMT, Renaissance and Cabinet previously agreed to a new way of working by commissioning employability and skills provision that offers a holistic tailored individual approach for those furthest from the labour market that coordinates activity for every client from engagement through to sustainable employment. The level of provision reflecting the varying and complex needs of an individual.
4. An allocation of £7.2M was agreed over three years for the employability provision to focus activity on the 24 Lower Super Output Areas (LSOAs) with a benefit claim rate of above 25%. Funding for the programme is based on a fixed allocation for delivery and the remainder is outcome driven with payments for action plans, job outcomes and sustainable job outcomes of 26 weeks.
5. Five contracts were procured through open and competitive tendering and were awarded to three organisations. The Five Lamps Organisation covering the two contract areas of parts of Thornaby and Stockton Town Centre. Newtown, Norton and Clarences Community Resource Centres (now Know How North East) are focusing on the two areas of Newtown and parts of Billingham and New College Durham working in the Hardwick/Ragworth areas.

6. Delivery commenced in April 2009 with the Five Lamps Organisation able to hit the ground running as a result of their previous employability activities through Neighbourhood Renewal Funding. Know How North East, operating from three community resource centres and New College Durham took a little longer to establish themselves as they had to put their infrastructure and staffing in place.
7. Overall the expenditure on the Communities Fund to the end of September 2010 is currently in the region of 10% below profile, with only one contract above profile. This is as a result of the outcome based payment model. The numbers of people engaged and action planned is almost 25% above profile, but due to the economic climate over the past 18 months the numbers expected in to jobs is lower. Providers received an initial payment for delivery of three months in advance to assist with any set up costs and to provide a cash flow. Further delivery costs are paid monthly in advance and outcomes are paid monthly in arrears.
8. The Communities Fund providers have engaged with and completed action plans for 2,313 residents. This is 122% above profile. Both New College Durham and both of the Five Lamp's contracts have exceeded their total contract values for the numbers of people engaged and will therefore receive no further payments for engagement and action planning.
9. During the first six months of delivery there were issues with some Jobcentre Plus advisers referring inappropriate residents to the providers, particularly short term unemployed, which has resulted in a higher proportion of Jobseeker Allowance (JSA) customers being engaged than intended. This was compounded by the numbers of people claiming JSA in the Borough increasing by 42% in the same period due to the economic situation at that time. This had been addressed with regular meetings with the JCP Partnership Manager and attendance at adviser team meetings. This issue has again raised its head recently with the reduction in funding of the JCP Adviser Discretionary Fund and steps have been put in place to further address the problem.
10. Despite this initial influx of JSA customers we are still able to demonstrate how the delivery of the Communities Fund has impacted on the hardest to help. The following gives a flavour of some of the priority groups engaged:
 - 198 lone parents;
 - 136 people with a drug or alcohol issue;
 - 264 ex-offenders;
 - 227 people with a health condition
 - 127 BME residents.
11. Of particular interest to note is that over a quarter of people engaged have been out of work for over two years, with 20% having been unemployed for over three years.
12. Up until the end of September 2010 643 of those residents engaged have found work, which is in line with the providers anticipated success rate of a ratio of three or four to one or 28% success. In comparison, based on figures recently released by DWP the best local Flexible New Deal provider is converting at a ratio of 16 to 1 or 6%.
13. In the first 12 months of delivery 378 people found work and already in the first six months of Year 2 a further 265 residents have secured employment. The performance of the Five Lamps Organisation could be described as exceptional in comparison with the other providers. They have claimed for a total of 474 jobs across both contracts, which equates to 74% of the total of all jobs.
14. New College Durham has only claimed 22 jobs to date. However, they have a further 51 jobs to claim where they are awaiting evidence from employers. Once these are claimed it

should bring them in line with the performance of Know How North East who has similar value contracts.

15. In light of the economic climate the numbers in to work is very encouraging, particularly when taking into account the multiple barriers of the priority groups. The following shows some of the results of the priority groups so far:
 - 91 people with health conditions;
 - 84 lone parents;
 - 51 ex-offenders;
 - 75 people who had previously been out of work for over two years, of which there were 33 residents who had been unemployed for over three years.
16. It is encouraging to note that the type of jobs people are moving into covers a wide spectrum of occupational areas from office work, building operatives, retail, asbestos removal, welders, riggers to dog groomers. The majority of job outcomes are full time positions, but where they are of a part time nature they are generally above 16 hours, ensuring individuals are able to claim tax credits and therefore will not be worse off in work.
17. The number of people claimed who have been retained in employment at 26 weeks is 155. This figure reflects on the number of job outcomes in the first year of delivery and equates to a retention rate of 41%. This is lower than expected, but the providers are having some difficulties obtaining evidence from the employers or clients to be able to claim, an example of this is where a resident gained employment in Azerbaijan.
18. To further demonstrate the impact of the Communities Fund the latest data from DWP based on LAA NI 153 (working age population claiming out of work benefits in the worst performing neighbourhood) shows that across the Borough there was an overall increase of 13% of working age residents claiming benefits. However, in the worst 24 LSOAs there was only an increase of 8%. In comparison, the numbers claiming JSA in the Borough rose by 66% compared to 45% in the priority neighbourhoods and the numbers of lone parents reduced by virtually double that of the Borough, 5.9% compared to 11%.
19. The Communities Fund is starting to make a difference to local residents. One client has a history of taking drugs and is well known to the DAAT. He has now secured employment as a trainee counsellor for a local doctor's practice and is undertaking accredited training to be able to counsel people who have suffered similar conditions. Another resident who at 33 had never worked and spent 70% of his life in custody as a priority prolific offender and is a recovering alcoholic is working as a volunteer support worker, having achieved levels 1 and 2 in counselling and currently working towards his level 3. He has remained clean and has not re-offended since March 2009. Three lone parents gained employment through the Future Jobs Fund. This has made them financially independent and given them the ability to participate more fully in society at large. All three are working towards NVQs, one in ICT, one in youth work and one in information, advice and guidance.
20. The providers are developing their own links with local employers to help provide a recruitment solution. Know How North East has been working closely with a newly built care home in their patch. As a result 45 residents signed up to complete a NVQ in Health & Social care with the hope of gaining employment in the new home. A pre employment routeway was developed guaranteeing interviews for all those that participated and as a consequence 15 people to date have secured jobs at the home and it is hoped that this relationship will continue to guarantee future opportunities.
21. New College Durham has been working closely with a company specialising in the selling of gas, electricity and home insurance. They have secured employment for five people to date all of which have been out of work for 12 months or more. For one particular gentleman it has been a life changing opportunity. He is over 50 years of age and has been

an actor living overseas for a number of years and had faced some challenging situations. He returned to the UK a couple of years ago but because of his intermittent employment history had struggled to obtain and achieve sustained employment. As a result of the support he received he is now enjoying his success in a new role.

22. The Five Lamps and the Council supported one lady to set up her own business making and selling cup cakes. She has now been able to employ two members of staff, both of which were recruited through the Five Lamps. **Appendices 1-4 describe some case studies in greater detail.**
23. All of the providers are now working in partnership with Tristar Homes using their household intelligence to identify suitable people and families with particular successes at Norton Grange and Tilery. Similar relationships have been developed with Teesside Probation Service, the Family Intervention Project and Stockton DAAT to name but a few.
24. Two of the providers recognised the benefits of the Future Jobs Fund (FJF) and consequently contributed to the success of the Council's FJF contract with 15 and 21 jobs respectively. Due to this success and after negotiations with the Council and Groundwork North East one provider has secured a further 15 FJF jobs.
25. As part of the Performance Management Framework quarterly monitoring visits are undertaken with each provider to ensure claims and expenditure are correct. A sample of 10% or a minimum of 20 customer records is inspected to ensure action plans are appropriate and that regular contact is made with those people registered. In addition to the providers own feedback, a customer satisfaction survey is being undertaken with over 800 residents that have been engaged.
26. Currently, a specification is being drawn together to undertake an interim and final evaluation of the Communities Fund. This will involve an independent assessment of the service delivery and the impact it is having on tackling worklessness for clients and families, and the wider economic benefits. A critical area of the evaluation, particularly in these times of austerity will be the value for money of the programme and how it compares with other local and national initiatives and the added value that it is providing. It will also be expected to identify the extent to which the Communities Fund meets each of the Regional Employability Framework principles.
27. During the first year of delivery the five contracts were subject to a SBC internal audit. The report indicated that the overall audit opinion has "full assurance", which is defined as a sound system of control being applied consistently. There were some minor recommendations that have since been implemented since the review.

FINANCIAL IMPLICATIONS

28. Delivery commenced from April 2009 and contracts awarded for a period of up to three years from the date of the offer letter. This will result in some monies rolling into a fourth year of WNF. This view has been discussed and official guidance from DCLG stipulates that: "Local authorities are free to use all of their non-ringfenced funding as they see fit to support the delivery of local, regional and national priorities in their areas, including the achievement of LAA targets." and that: "As a non-ringfenced general grant, there will be no restrictions on authorities' ability to carry forward ABG. However, the Audit Commission will continue to have a role in assessing whether authorities have invested their resources effectively."
29. This will allow for longer term contracts, which will offer greater security and sustainability providing the opportunity to build capacity with providers, particularly from the voluntary and community sectors.

30. Overall, the expenditure on the Communities Fund to the end of September 2010 is currently in the region of 10% below profile, with only one contract above profile.

LEGAL IMPLICATIONS

31. There are no legal implications as part of this report.

RISK ASSESSMENT

32. This matter is categorised as low to medium risk. Existing management systems and those proposed within the delivery plan for the Communities Fund will be sufficiently robust and rigorous to control and reduce the level of risk. However, the delivery of job outcomes and sustainable outcomes will also be governed by external forces such as the growth of the economy and changes to the local labour market.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

33. The priority theme directly linked to the worklessness agenda is Economic Regeneration & Transport. The Partnership aims to bring more people into employment, strengthen our knowledge base, promote a more entrepreneurial culture and strengthen key industrial clusters.
34. The key ambition at the heart of this vision is 'a strong local economy with better jobs and improved employability'.
35. However, the Communities Fund touches a number of other areas of the Sustainable Community Strategy as it is recognised that a co-ordinated multi-agency approach is required to achieve the long term objectives of moving more people in to work, improving the skill levels of local people and increasing the level of entrepreneurial activity across the Borough.

EQUALITIES IMPACT ASSESSMENT

36. This report has been subject to an Equality Impact Assessment and has been judged to have a positive impact. No remedial actions are required.

CONSULTATION INCLUDING WARD/COUNCILLORS

37. Extensive consultation with key stakeholders took place to secure support for this delivery model and the open and competitive procurement process. The Stockton Employability Consortium in line with some of the recommendations of the Select Scrutiny Review has agreed the vulnerable groups that should be supported and the principles and criteria for the development of the Communities Fund delivery plan. This includes representatives from Jobcentre Plus, Learning Skills Council, North East Employer Coalition, PCT, CESC (STEPS & Drugs Action Team), Housing, Tristar Homes, Neighbourhood Management Pathfinder and representatives from the Voluntary and Community Sector, including Catalyst and the Cabinet Member for Regeneration & Economic Development. The approach builds upon the previous successful partnership arrangements in the Borough and strengthens both the LSP and community role in working together to deliver the employability agenda.

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Education related? No

Background Papers

WNF Lead Providers monthly and quarterly monitoring returns.

Ward(s) and Ward Councillor: All

Property N/A

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