

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM 8

REPORT TO CABINET

9 FEBRUARY 2012

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Regeneration and Transport – Lead Cabinet Member – Councillor Smith

COMMUNITIES FUND EXIT STRATEGY

1. Summary

The Communities Fund employability and skills contracts are now into the third and final year of delivery, as part of the exit strategy this report explores the need and potential opportunities for the Council to continue supporting employability services beyond March 2012.

2. Recommendations

1. That delegated powers be extended to the Director of Development & Neighbourhood Services in consultation with the Cabinet Member for Regeneration and Transport to agree a delivery model based on an Intermediate Labour Market (ILM)/Future Jobs Fund style initiative once detailed government guidance is received about the Youth Contract. Delivery will commence in April 2012.

3. Reasons for the Recommendations/Decision(s)

Youth unemployment (claimant count) in the Borough is currently 12.3% compared to the overall unemployment rate for the Borough of 5.4%. The level of young people not engaged in employment, education or training (NEET) in Stockton is 10.2%, which is equivalent to 704 young people aged 16-19 (academic years 12, 13 & 14).

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.

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SUMMARY

The Communities Fund employability and skills contracts are now into the third and final year of delivery, as part of the exit strategy this report explores the need and potential opportunities for the Council to continue supporting employability services beyond March 2012.

RECOMMENDATIONS

1. That delegated powers be extended to the Director of Development & Neighbourhood Services in consultation with the Cabinet Member for Regeneration and Transport to agree a delivery model based on an Intermediate Labour Market (ILM)/Future Jobs Fund style initiative once detailed government guidance is received about the Youth Contract. Delivery will commence in April 2012.

DETAIL

1. The Communities Fund was commissioned as part of the Council's allocation of Working Neighbourhoods Fund to reduce worklessness, improve skills and increase entrepreneurial activity in the Borough. Three year contracts were awarded to the Five Lamps Organisation, Know How North East and New College Durham to deliver the employability and skills elements with delivery commencing in April 2009 and ending March 2012.
2. At the end of November 2011 over 3,400 residents have been engaged, which is 70% above profile. Of particular interest to note is that 28% of those engaged, have been out of work for over two years, with over one fifth, 745 people having been unemployed for over three years. Approximately one third of those engaged are aged 16-24.
3. 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. 1,712 people have secured employment, 263 people into work have been unemployed for over two years, of which 178 had previously been out of work for over three years. In addition, 34 people had never worked. The number of young people gaining employment is 279.
4. As part of the performance management framework of the Communities Fund the Council commissioned an interim evaluation to explore what impact the Communities Fund is making to levels of worklessness in the Borough and to assess the effectiveness of the activities.
5. This comprehensive and significant piece of research identified a number of important issues which the Council and its partners have explored to further develop post March 2012. These included:

- **Continue programme delivery** – “based on the evidence of impacts achieved to date, there is a compelling case to continue all elements of programme delivery until March 2012 at least, and beyond that date if additional resources can be secured”.
 - **The programme is making a positive difference** – “overall the programme is having a positive impact on levels of worklessness in the Borough, and the Council’s investment is making a real positive difference to local people”.
 - **Economic benefits-** “of the people supported into jobs their income has increased by £4.2M. The programme has generated an estimated minimum £0.94M direct saving to the exchequer. The overall net additional impact is high and compares well to national averages. The programme has also been delivered cost effectively offering good value compared to other programmes”.
 - **Additional impacts and benefits for local residents** – “70% of employability clients reported that they had moved closer to getting a job as a result of the support. A high proportion also report improvements in confidence, skills, aspirations and general health and well-being”.
6. In addition to the positive findings from the interim evaluation the Council also utilised some of the Contingency element of the Fund successfully securing sustainable jobs for 181 residents as part of the DWP Future Jobs Fund, of which 166 were aged 18-24. Over 60% of beneficiaries were still in employment after 52 weeks.
 7. Following the results and findings from the interim evaluation a workshop was held with the lead providers to consider the recommendations to maximise the impact of delivery and develop an appropriate exit strategy. A number of options post March 2012 were discussed including:
 - Support for young people (under 25) in light of the current problem of youth unemployment;
 - Focus on well defined geographic communities, where resources could make most difference, to maximise impact of limited funds;
 - Adopt a ‘family support’ approach;
 - Focus on projects that will draw in additional / mainstream funds e.g. DWP Innovation Fund, Flexible Support Fund, Apprenticeship funding etc;
 - Establishment of a loan fund as a legacy to provide essentials for the take up of employment.
 8. In the absence of any additional funding being available to continue to deliver the contracts in the existing fashion, support was given to prioritise any funding towards young people aged 16-24. This would seek to target young people from the most deprived areas, but it would be accessible to all young people across the Borough. The Future Jobs Fund was delivered successfully in Stockton and feedback from both participants and host employers was very positive. New Futures previously funded through Single Programme targeted apprenticeships and pre apprenticeships and was also subject to an independent evaluation, the findings of which were convincing.
 9. The Council and its partners will still continue to source other streams of funding. A Tees Valley LA collaborative bid has been submitted to Jobcentre Plus’ Flexible Support Fund and a Tees Valley proposal to the DWP Innovation Fund Round 2 will also be submitted once announced.
 10. Despite the current performance and the likelihood that three contracts will exceed their targets, it is likely that the value of the Communities Fund contracts will not be fully realised due to the payment by results element of the contracts, all providers have exceeded their profiles for the numbers engaged. However, it is unlikely that all of the job outcomes and sustainable job outcomes targets will be met by March 2012 and September 2012

respectively. This will also result in non payment of some of the reward element of the contracts.

11. At this stage it is difficult to quantify what the providers will achieve with three months still remaining for job outcomes and nine months for sustainable job outcomes. The Five Lamps have exceeded their Thornaby contract and are on track to meet the job profiles for the Town Centre contract. It is also likely that Know How North East will achieve one of their contracts, which will allow both organisations to drawdown the reward monies.
12. On this basis there will be £101,090 of unclaimed reward money for the Billingham and Hardwick contracts. In addition, if the two outstanding contracts achieve job outcomes of 80% (Billingham) and 75% (Hardwick) this will yield an additional £30,740 and £37,100 respectively.
13. Evidence after two years delivery showed that the numbers in sustainable employment had increased to 62%, for which there is obviously a 26 week delay in recording these figures. Assuming only 70% is achieved then a further £213,500 across all five contracts will be realised.
14. Based on current performance and these conservative estimates there is likely to be in the region of £382,430 that could potentially be reinvested post March 2012.
15. Original guidance from DCLG stated that “there will be no restrictions on authorities' ability to carry forward ABG” and that “it was used to support the delivery of local, regional and national priorities in their areas”.
16. In addition, there is likely to be an under spend within the Contingency element of the Fund in the region of £108,000.
17. Within the procurement documentation for the Communities Fund there is scope to extend the contracts for 2 x 12 month periods depending on current and additional resources being available and if there is evidence of need. Despite the pleasing performance to date in the difficult economic climate and the lack of further government funding for area based initiatives there will be insufficient funding to continue delivering the existing model.
18. Since the commissioning of the Communities Fund there have also been a number of changes to national policy with the introduction and cessation of Flexible New Deal and the implementation in June 2011 of the government's key welfare to work initiative, the Work Programme. In addition, the Wise Group has been successful in the North East securing the DWP ESF Support for Families with Multiple Barriers provision, which was announced in January. In Stockton this provision has been sub-contracted to the Five Lamps Organisation. It could, therefore, be argued in some quarters that the Work Programme will be targeting those long term unemployed and those furthest from the labour market and the introduction of the families provision will address most needs of the community.
19. In November 2011, the Deputy Prime Minister announced a £1 billion Youth Contract to help young unemployed people get a job. Over three years from April 2012 the Youth Contract will provide at least 410,000 new work places for 18 to 24 year olds. This includes:
 - 160,000 wage subsidies worth up to £2,275 each, for employers who recruit an 18-24 year-old through the Work Programme;
 - 250,000 work experience placements, offering an income replacement benefit equivalent to their Jobseekers Allowance;
 - at least 20,000 more incentive payments to encourage employers (SMEs) to take on young apprentices. Each incentive payment is worth £1500 to an employer.

However, it appears that this support is targeted at those people aged above 18 years of age and currently no initiatives are geared towards those 16 or 17 year olds.

20. Undoubtedly, these initiatives will go some way to helping the current levels of youth unemployment, but employers are critical to any success. A skilled workforce is vital to meet the challenges of both the local and global economy especially in these uncertain times. This also applies to the public sector as much as the private sector. From local government to the civil service, public sector organisations face skills shortages and demographic challenges. Public sector organisations are usually the larger businesses in a locality and should be able to demonstrate their commitment to workforce development by helping and supporting young people in to sustainable employment and setting an example by practicing what we preach.
21. The Council's Human Resources have developed a Young Person's Employment strategy within the Council to help increase the number of apprenticeship opportunities available for young people. Successful programmes have had the commitment and the drive at a senior/executive level, such as the Chief Executive, the leader of the Council or the local strategic partnership, for example, 100 apprenticeships in 100 days in Knowsley in the north west, 50:50 a similar but smaller scale initiative in Stockport. Closer to home the Trinity Mirror Group through the Evening Gazette and Journal promoted their 100 apprenticeships in 100 days across the north east and exceeded their expectations securing 1355 apprenticeships. This promotion will take place again between January and April 2012 with the addition of a second campaign in the Northern Echo between April and August 2012.
22. There are a plethora of different local authority funded initiatives across the country that demonstrate good practice and it is our intention to build on what has been developed in Stockton and use some of the good practice from other areas to design a model that meets the needs of residents and the business community alike. Until detailed guidance becomes available from the government it will be difficult to provide the detail required to agree a definitive model at this stage, thereby avoiding any duplication in mainstream provision, but rather adding value or filling any gaps in provision.
23. We know what works locally and the preferred model is to adopt a Future Jobs Fund/Intermediate Labour Market (ILM) style initiative that will include those aged 16-24, which will also complement the Young Person's Employment Strategy. Some indicative costings show that 100 apprentices employed at the National Minimum Apprentice wage (£2.60 per hour) for 37 hours for 39 weeks would cost in the region of £375,200. This number of apprentices will include a contribution towards the 18 apprentice posts to be created within the Council, identified in the Young Worker Employment Strategy, Agenda Item 12. It is also the intention to focus on the 'looked after children', young people with learning disabilities and some of those young people with prolific offending history. Delivery will commence in April 2012.

FINANCIAL AND LEGAL IMPLICATIONS

24. Funded within the Council medium term financial plan as part of the Communities Fund allocation.

LEGAL IMPLICATIONS

25. There are no specific legal issues or implications.

RISK ASSESSMENT

26. This Communities Fund Exit Strategy is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

27. 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.
28. The key ambition at the heart of this vision is 'a strong local economy with better jobs and improved employability'.
29. However, the nature of this work 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

30. The Communities Fund has been subject to an Equality Impact Assessment and has been judged to have a positive impact.

CORPORATE PARENTING

31. Look after children have been identified as one of the key priority groups for this funding.

CONSULTATION INCLUDING WARD/COUNCILLORS (link to Consultation Strategy will be available when approved) (Concordat for Communication and Consultation with Members)

32. Consultation has taken place with the existing Lead providers of the Communities Fund, namely the Five Lamps Organisation, Know How North East and New College Durham. Consultation has taken place with the Corporate Management Team of the Council.

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Education related? No