

Public Report
Birmingham City Council
Report to Cabinet
 Date 22nd January 2019



Subject: YOUTH PROMISE PLUS - PROJECT EXTENSION
Report of: CORPORATE DIRECTOR, ECONOMY
Relevant Cabinet Member: Councillor Jayne Francis Cabinet Member for Education, Skills and Culture
 Councillor Brett O'Reilly Cabinet Member for Finance and Resources
Relevant O &S Chair(s): Councillor Tahir Ali, Economy and Skills
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Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 005137/2018		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential :		

1 Executive Summary

- 1.1 The Birmingham and Solihull Youth Promise Plus (YPP) project Full Business Case was first approved at Cabinet on 16 February 2016, based on a funding package of up to £50.4m which included £33.6m (66.66%) EU funds and £16.8m (33.33%) match funds/staff time from BCC and five key delivery partners.
- 1.2 The project sought to deliver an enhanced package of employment, education and training (EET) support to 16,610 NEET (i.e Not in Education, Employment or Training) young people (aged 15-29 years) from Birmingham and Solihull. This includes vulnerable young people facing significant barriers; those with complex needs related to homelessness, or offending backgrounds, those in, or leaving Local Authority care, and those with learning disabilities or mental health conditions.
- 1.3 The project was set to a tight timescale dictated by the EU's Youth Employment Initiative (YEI) funding programme, with delivery due to be completed by 31 July 2018. At this point expenditure was £25.7m and the project had engaged over 13,000 young people (ahead of pro-rata target which for this level of spend would have been 8,470), but due to the support time needed, outcome results lagged behind target, so far achieving 32% of young people into employment, education and training against a target of 44%.

- 1.4 Since 31 July 2018, BCC and partners have been delivering a reduced level of support 'at risk' i.e. with no contractual commitment to reimbursement in place, but within EU eligibility and compliance rules, so that, if the extension proposal is approved, activity can be claimed retrospectively from 1st August 2018. This report proposes a 3 years and 5 months extension. The proposed extension would enable sufficient time to engage and support the full project target number of 16,610 young people by the end of the programme, with an overall cost reduction of £8.4m to a new total cost of £42m.

2 Recommendations

- 2.1 Agrees to extend the delivery time of the Youth Promise Plus (YPP) project by up to 3 years and 5 months from 1st August 2018 to 31st December 2021, and for BCC to remain as the Accountable Body to the YPP project for its full duration.
- 2.2 Approves the revised total BCC Match Funding Package of up to £8.67m
- 2.3 Delegates responsibility to the Corporate Director, Economy, (or appropriate successor role) in consultation with the Cabinet Member for Education, Skills and Culture, and the Corporate Director Finance and Governance to accept the revised funding offer from DWP up to a value of £42m. An update on the potential DWP conditions emerging from their appraisal of the Council's Project Change Request is given in Appendix 5 of this report.
- 2.4 Approves the procurement strategy set out in Appendix 4 and delegates the decision for any necessary amendments to the strategy to the Corporate Director, Economy (or appropriate successor role) in consultation with the Cabinet Member for Finance and Resources.
- 2.5 Authorises the City Solicitor to execute and complete all necessary legal documents to give effect to the above.

3 Background

- 3.1 YPP is a multi-partner project, the Delivery Partners to date have been: The Prince's Trust, University Hospital Birmingham healthcare training consortium, Solihull Metropolitan Borough Council, Transport for West Midlands, and the West Midlands Police and Crime Commissioner (PCC)'s office (the PCC being a funding partner only), as well as 15 specialist contracted providers. The Council is the central delivery partner and match funder, and Accountable Body for the project.
- 3.2 The Full Business Case (FBC) for this project was approved by Cabinet in February 2016 at a total gross value of £50.4m - to be expended by 31 July 2018. A subsequent report to Cabinet on 24 October 2017 sought to reduce the project value to £35m, to avoid risk of grant clawback as a consequence of a reduction in eligible match funding within the original grant timeframe. DWP then issued new national guidance enabling existing Youth Employment Initiative (YEI) projects to seek extensions. The Council has re-evaluated the match funding position of itself and partners over an extended timeframe to December 2021 and concluded that it would be best to seek the extension to maximise delivery and best utilise funds. This additional funding will lead to a reduction in overall costs whilst delivering the original volume of support to young people.

- 3.3 The opportunity to extend projects was confirmed by the national European Social Fund (ESF) and YEI Managing Authority DWP in May 2018. BCC and partners have reviewed forward capacity and funds to form this proposed extension.
- 3.4 However due to collective underperformance in respect of some client cohorts in the first phase, some sub-targets have had to be reduced and others increased in the proposals to attain DWP approval, for example, the number of economically 'inactive' clients (as opposed to 'unemployed /long term unemployed') engaged into the project to date has been lower in practice than the target set. This is the cause of Condition 4 set out in Appendix 5 regarding catch-up on overall targets set. In order to seek to meet this Condition, the Council and Partners will commit to challenging targets for phase 2 to address this, which increase the performance risk (noted in Risk 1.1 at Appendix 2).
- 3.5 Regarding the first phase of delivery, the Council has undertaken intensive performance management and compliance checks to manage the risk of EU funding clawback. In addition there are other risks affecting the extension, they are set out in Appendix 2 to this report.

4 Options considered and Recommended Proposal

- 4.1 **Option 1: Do nothing:** (Do not seek an extension.) Birmingham's seasonally adjusted benefits claimant unemployment rate stands at 7.7%; above both the West Midlands (3.7%) and the UK (2.8%) rates. Seasonally adjusted youth (18-24) unemployment in the city increased in October 2018 (last information available) to stand at 7,195 (10.4%). If the project is not extended, the level of support provided to young people will drastically reduce which will affect the City's youth unemployment levels, as well as reduce support for education and training outcomes to improve skills levels.
- 4.2 Closing the project without extension may jeopardise, or require rationalisation of, additional employment costs associated with those currently delivering or part funded by it, if alternative projects and funding were not forthcoming, and may incur underperformance penalty relating to Phase 1 delivery.
- 4.3 **Option 2: Seek a shorter extension period:** It may be possible to seek a short extension period of around 6 months to 1 year (untested with DWP), however, this option would only allow very limited additional delivery outcomes. This is not the preferred option and would reduce value for money and increase likelihood of clawback for underperformance. For a longer extension, only the current 3 years 5 months year proposal supports the Council's target volumes and 'breaks even' in terms of delivering results within the necessary value for money parameters. A shorter extension period would also impact on the project contribution from 2019 to the costs of the City's services that support this project (i.e. Employment and Skills, Careers and Youth Services).
- 4.4 **Option 3: (RECOMMENDED) Seek the full extension to the project end date to December 2021:** This is the preferred option in terms of value for money: It best utilises the available grant and allows for the maximum service delivery to young people. A revised delivery model, building on experience, will focus on provision from BCC and delivery partners, with contracts for added capacity and the specialist mentoring provision, supported by the Council's Employment and Skills, and Careers

and Youth Services. Employment costs associated with the closure of the project may still arise but at a future date providing additional resource planning time.

5 Consultation

- 5.1 Officers in Legal and Governance, Commissioning and Procurement Services and City Finance have been involved in the preparation of this report
- 5.2 Officers in; Place - Youth Service and Careers Services; and The Children's Trust; Youth Offending and Care Leavers Services have been consulted, and agreed to the strategy and resource commitments contained in the YPP extension proposal.
- 5.3 Consultation has also been taken forward with key external partner agencies (i.e. The Prince's Trust; WM Police and Crime Commissioner's office, UHB Hospital trust, Solihull MBC and DWP District office) and agreement has been reached on the YPP extension proposal.

6 Risk Management

- 6.1 The Risk Analysis is attached at Appendix 2.
- 6.2 In addition to the draft new funding conditions at Appendix 5, DWP will include a break clause (applicable to all extensions of this type). This could be invoked to cease extension delivery beyond 31 December 2018 if a national ESF spend target set by the EU is not met. Whether this clause will be triggered is not yet known, but to mitigate risk no additional service delivery will take place under the extension until confirmation is received.

7 Compliance Issues:

- 7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?
 - 7.1.1 By supporting significant numbers of unemployed and NEET (Not in Education, Employment or Training) 15-29 year old young residents in respect of accessing employment and/or the training and personalised support they require, the project delivers to the key priorities of the City Council Plan 2018-2022.

"Birmingham is an entrepreneurial city to learn, work and invest in" and

"Birmingham is an aspirational city to grow up in"

All contracts and grants will include BBC4SR action plans.

7.2 Legal Implications

- 7.2.1 The City Council has the power to enter into this activity by the general power of competence secured by Section 1 of the Localism Act 2011. The activity is within the boundaries and limits of the general power set out in Section 2 and 4 of the Localism Act 2011 respectively.

7.3 Financial Implications

- 7.3.1 The Full Business Case (FBC) for this project was approved by Cabinet in February 2016 at a total gross value of £50.4m - to be expended by 31 July 2018. Following a further financial restructuring of the project agreed by Cabinet in October 2017 and subsequent DWP guidance, Council officers have developed a proposal to extend the

project delivery. A revised financial profile extending the timescale of this expenditure to 31 December 2021 is attached as Appendix 1.

- 7.3.2 A summary of the proposed changes to local match funding sources, compared to the original profile is contained in Table 1 below. Table 2 shows the new make-up of BCC match funding/staff time for the extension. The BCC project contribution/match is confirmed at the date of this report but is subject to any future Cabinet decisions on funding. Should the total match funding available vary then the amount of DWP contribution will be amended accordingly subject to negotiation with DWP.

Table 1: All Funding Sources	Funding Amount (Original FBC) £000s	Funding Amount (YPP Extension) £000s
BCC Match	11,944	8,666
Birmingham Children's Trust	-	140
Other Partners' Match	4,856	5,190
Total Match	16,800	13,996
ESF/YEI grant	33,600	27,991
Project Total	50,400	41,987

Table 2: BCC Match Funding only	Mar 2016 – Jul 2018 £'000	Aug 2018 – Dec 2021 £'000	Totals £'000
Birmingham Youth Service Salary & 15% Overheads	0	845	845
Birmingham Careers Service Salary & 15% Overheads	2,055	1,610	3,665
Employment and Skills Service & other Services' Salary & 15% Overheads	13	423	436
Council contracts/cash resources/grants	3660	60	3720
Total BCC Match	5728	2,938	8,666

7.4 Procurement Implications (if required)

- 7.4.1 The Council has revised the project plan to reduce the reliance on externally procured provision, and has revised the procurement strategy to improve the contract tender plan, scope and control measures. The new Procurement Strategy is attached at Appendix 4.

7.5 Human Resources Implications (if required)

- 7.5.1 The project involves both permanent (delivery) and fixed term (project management) staff. There are no new posts proposed for the Council to undertake to deliver this extension. All staffing implications will be managed according to policy and procedure.

7.6 Public Sector Equality Duty

- 7.6.1 The Equality Analysis (EA) (EA000677) was submitted with the Full Business Case in February 2016. The project is specifically focussed on supporting young people who are NEET (Not in Employment, Education or Training), a group which suffers disproportionately high levels of ongoing unemployment in Birmingham as compared to other core cities. The original EA has been reviewed for this report. The assessment identified that the project should have a positive impact on the following protected characteristics: Age and Disability. Delivery to date shows success in reaching these cohorts and also Black and Asian Minority Ethnic groups. The updated Equality Analysis is attached as Appendix 3

8 Background Documents

- 8.1 List of Appendices accompanying this Report (if any):
1. Revised Financial Profile
 2. Risk Analysis
 3. Equality Analysis
 4. Revised Procurement Strategy
 5. Feedback from DWP appraisal of Project Change Request - Conditions