

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	CABINET
Report of: Date of Decision:	Chief Executive 16th February 2016
SUBJECT:	GBSLEP YOUTH EMPLOYMENT INITIATIVE YOUTH PROMISE PLUS: FULL BUSINESS CASE
Key Decision: YES	Relevant Forward Plan Ref: 000295/2015.
If not in the Forward Plan: (please "X" box)	Chief Executive approved <input type="checkbox"/> O &S Chairman approved <input type="checkbox"/>
Relevant Cabinet Member(s):	Councillor Penny Holbrook – Cabinet Member for Skills, Learning and Culture Councillor Stewart Stacey – Cabinet Member for Commissioning, Contracting and Improvement
Relevant O&S Chairman:	Councillor Victoria Quinn, Economy, Skills and Sustainability
Wards affected:	All

1. Purpose of report:	
1.1	To seek approval to the Full Business Case (FBC) to develop and deliver a European Union funded Youth Promise Plus project, at a total gross value of £50.4m in line with the arrangements detailed in this report.
1.2	The project will seek to provide personalised employment support linked to recruitment pathways to specific vacancies for 16,610 young people aged 15 to 29 years across Birmingham and Solihull, who are not in employment, education or training (i.e. NEET) and/or are claiming unemployment related benefits. It will deliver three main strands of intervention.
1.3	To seek approval to accept anticipated offers of grant funding from the Department for Work and Pensions and to act as Accountable Body for this project on behalf of the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP). At the time of writing the offers of funding had not been confirmed; decisions will be subject to this confirmation.
2. Decision(s) recommended:	
	It is recommended that Cabinet:
2.1	Authorises the Council to become the Accountable Body for the GBSLEP in respect of the Birmingham and Solihull Youth Promise Plus project and to hold and manage European Union grant funding, subject to approval by the Department for Work and Pensions as detailed in this report.
2.2	Authorises the Acting Strategic Director for the Economy Directorate, on behalf of the Birmingham City Council as the Accountable Body, to accept the grant offer from the Department for Work and Pensions (DWP) of up to £33.6m representing a combined European Structural Fund (ESF)/Youth Employment Initiative (YEI) contribution to part fund the proposed Youth Promise Plus project.
2.3	Approves the Full Business Case, attached as the Annex and Appendices to this report, at a total cost of up to £50.4m, of which up to £33.6m will be derived from EU grant and £16.8m will be made up of a package of BCC and other local matched expenditure and activity.

<p>2.4</p> <p>2.5</p> <p>2.6</p>	<p>Delegates the approval of the procurement strategy for this project to the Cabinet Members for Commissioning, Contracting and Improvement, and Skills, Learning and Culture jointly with the Acting Strategic Director for the Economy Directorate.</p> <p>Authorises the Acting Strategic Director for the Economy Directorate, in conjunction with the Strategic Director for Finance and Legal to enter into grant arrangements with DWP and the delivery partners named in section 4.2.1 of this report in a manner compliant with EU funding regulations and the national guidance.</p> <p>Authorises the City Solicitor to negotiate, execute and complete all relevant legal documents necessary to give effect to the project.</p>
<p>Lead Contact Officer(s):</p>	<p>Shilpi Akbar Assistant Director for Employment, Economy Directorate Tel: 0121 303 4571 E mail: Shilpi.akbar@birmingham.gov.uk</p>
<p>3. Consultation</p>	
<p>3.1</p>	<p><u>Internal</u>: The Cabinet Member for Development Transport & The Economy has been consulted and it has been shared with the relevant Scrutiny Committee Chairs, and they support it going forward to the Executive for a decision. The Executive Management Team have been informed of the project since following a report of November 2014 where Youth Promise was identified as a strong opportunity for adding benefit through EU funds. Officers from City Finance and Legal and Democratic Services have been involved in the preparation of this report.</p>
<p>3.2</p>	<p><u>External</u>. External partners involved in the project development include Solihull MBC, The Prince's Trust, Queen Elizabeth University Hospital Hub, Centro, WM Police and Crime Commissioner's Office, The Best Network, BVSC, Birmingham and Solihull FE Consortium, West Midlands Learning Provider Network, St Basils and People Plus. A specific "Youth Voice" consultation with Young People and potential service users was undertaken by St Basils from the results of which are included in Appendix F.</p>
<p>4. Compliance Issues:</p>	
<p>4.1</p>	<p>The proposal contributes towards the strategic outcomes outlined in the 'Council Business Plan 2015+', specifically for a 'Prosperous City' through delivery of a project of significant scale focused on upskilling and actively supporting up to 16,610 NEET or unemployed young people into sustainable employment. It also encapsulates the Council values to work with public services, businesses and the people of Birmingham to create a city that is fairer, more prosperous and more democratic and builds on and deepens the Council's current "Youth Promise" policy commitment.</p>

4.1.2 All contracted providers within the Project will be required to comply with the principles within the Council's Birmingham Business Charter for Social Responsibility. The nature of the project interventions will specifically focus on activities which support the "local employment" and "good employer" principles within the Charter. Where applicable the project will operate within the State Aid General Block Exemption regulations (GBER). In providing additional EU funded activity the project has a neutral effect on budget savings but is expected to impact strongly on reducing demand on a wide range of future services through improving the life prospects of NEET young people.

4.2 Financial Implications

4.2.1 The total value of this project proposal over four financial years is £50.4m, with an end date of 31st December 2018. Some £33.6m of this expenditure will be derived through grant via the Department for Work and Pensions under the European Social Fund and Youth Employment Initiative process (subject to DWP appraisal and approval). There will be a further contribution of £16.8m derived through the matching of existing local activity and resource into the project delivery. This match funding package will be made up as follows:

Partner/ Match funding source		Total Match funding (£m) in the period from 1 st Sep 2015- July 2018
BCC- Birmingham Careers service	Up to	2.2
BCC- Destination Work Contracts	Up to	2.8
BCC- Supporting people Contracts	Up to	5.8
Youth Promise policy contingency	Up to	0.2
Birmingham Jobs Fund policy contingency	Up to	1.4
	Maximum available	12.4
BCC- Total match required		12.0
The Prince's Trust	Confirmed	0.8
Solihull MBC	Confirmed	2.1
University Hospital UHB consortium	Confirmed	0.9
Police Crime Commissioner's office	Confirmed	1.0
Total Match	Required	16.8

Budgetary provision for the Council's element of the match funding is in place. There is some flexibility with the funding within the table above, but where spend is considered ineligible or match is not available for the full project year period, the amount of grant drawn down can be reduced and consequently the scope of the project would reflect this. Arrangements with grant recipients will ensure that claw-back and repayment of grant will be achievable.

This project will require the submission by the Council to DWP of regular performance, monitoring and financial information. The project will be subject to EU commission procedural guidelines and audit. The financial operational model detailing how the resource will be used and monitored forms part of this Full Business Case Annex to this report (including **Appendices A and B**).

4.2.2. The project will be managed by the Employment & Skills Service within the Economy Directorate. The Council will act as Accountable Body for the GBSLEP, steered by a project partnership group drawn from local partner agencies (detailed in **Annex 1** of this report). The EU guidance allows for up to 10% of the total project value to underpin Management and Administration (M & A) costs. More detail on the proposed use of this M & A allocation is given in **Appendix B** of this report; currently 8% of the budget is proposed for M&A activities to be delivered by BCC and other partners. All new posts recruited by Birmingham City Council in this respect will be offered on a fixed term basis in line with the limited lifespan of the project

4.2.3 As the Accountable Body for this project, the Council will be required to ensure compliance with DWP grant conditions and will seek to mitigate these through appropriate contractual agreements with service providers (of the newly funded activity) or via the Council's own Conditions of Grant Aid (COGA) for Delivery Partners as listed in 4.2.1. above. New contracts and COGAs will transfer the ESF/YEI liabilities for eligible activity to the provider. Existing contracts will not contain these clauses so activity will be closely managed to ensure compliance. To this end central project data collection templates have been developed for all delivery organisations to use. Performance will be closely monitored by officers within the Economy Directorate on a monthly basis because for the first time projects will be performance tested by DWP on outputs as well as spend. All delivery arrangements will be subject to monitoring and performance checks and project compliance visits. There are no further on-going revenue implications as a consequence of accepting this grant funding other than the persisting risk of audit and clawback on the basis of eligibility or poor document/data retention, which is a major consideration for over 16,000 participants and the reason for an investment in the proposed database system.

4.3 Legal Implications

4.3.1 The Council's primary focus in respect of this service function is concerned with assisting local young people in accessing the labour market and remaining in employment, education and/or training. Specifically, the project will enhance the delivery of employment support and job matching services for 16,610 young people in Birmingham and other surrounding YEI eligible areas. The project management function will include measures to ensure that services are of sufficient quality and are appropriately tailored and targeted to address barriers faced by communities which are demonstrably and disproportionately excluded from the labour market. The Council has the power to enter into this activity in accordance with the general power of competence conferred by Section 1 of the Localism Act 2011 (LA 2011). The proposed activity is within the boundaries and limits on the general power set out in Section 2 and 4 of LA 2011 respectively.

4.4 Public Sector Equality Duty

4.4.1 An Equality Assessment (EA000677) screening has been completed on 28 January 2016 as part of the Full Business Case process for this project (**see Appendix F**). The project is specifically focused on supporting NEET and unemployed young people, a cohort for which the volume and claimant rate remains disproportionately high in Birmingham as compared with other UK Core Cities. The full equality assessment has identified that the project should have a positive impact on the following protected characteristics: Age and Disability; through providing additional specialist employment pathway support that is person-centred and flexible enough to include employment, education and training outcomes.

4.4.2 Within the development phase of the project, a Youth Voice consultation activity has been taken forward to derive feedback from young people including potential service users on the detail of the proposed delivery model. Findings from this process are set out in **Appendix F** of this report. Ongoing Youth Voice consultation to inform continuous service improvement is built into the proposed project on an on-going basis within the Learning and Practice Hub strand of the project delivery plan.

4.4.3 Any company or external body selected for funding or to manage delivery within the project arrangements will be required to comply with the terms of the Equalities Act 2010, the City Council's Equal Opportunities policy, and additional ESF/YEI policy standards as required.

5. Relevant background/chronology of key events:

5.1 In 2012/13 Birmingham City Council set up the Birmingham Commission on Youth Unemployment which in its final report scoped out the level of need within the City around young people who are either not engaged in employment education or training (i.e. NEETs) or who are unemployed and claiming Job Seekers Allowance (or latterly Universal Credit). Since that report the Council has identified employment and skills support for 16-24 year olds as a key priority with a raft of measures being delivered in this context including;

- **Birmingham Jobs Fund** – providing financial incentives to employers recruiting unemployed young people into apprenticeships and substantive jobs
- **Destination Work-** a joint BCC/ DWP project around the provision of enhanced personal coach mentoring support to 18-24 year old JSA claimants to facilitate their progression to into jobs, and offering in work support to underpin the sustainment of that employment.
- **Youth Promise-** corporate coordination of Council services, including Birmingham Careers Service, Employment & Skills Service, Youth Service, HR, Youth Offending team and Education infrastructure, in order to facilitate a support offer to all young people in the City at transition points between Education , Further Education & training and the Labour market.

5.2 Since the original Commission report, levels of youth unemployment and NEETs in Birmingham have reduced substantially:

Unemployment; At the time of the application for funds (August 2015) Birmingham had 6,409 unemployed 18-24 year old benefit claimants This represents a significant reduction from two years ago (in July 2013 this was 11,790). This downward trend mirrors national reductions but also represents a closing of the gap between Birmingham and national rates of youth unemployment. However, this still leaves Birmingham with the highest volume of young unemployed of all UK Core Cities with a claimant rate of 8.8% (August 2015) compared with a UK rate of 4.6% and a core cities average of 6.6%.

NEETS: Birmingham Careers Service estimates a core volume of around 2,700 NEETS in Birmingham at any given time (although absolute volumes do fluctuate at different stages of the academic year) and that the numbers of unknown or 'hidden' NEETS are increasing. As such continuation and deepening of the Council's Youth Promise approach and the extension of this in the GBSLEP area remains a key priority. A more detailed summary of policy and statistical context, is shown in **Appendix G** of this report.

5.3 Officers have been working within the GBSLEP arrangements to explore the potential within the 2014+ European Structural Investment Fund programme (ESIF) to draw down additional resources in order to develop and deepen the Council's approach to tackling youth unemployment. Specifically, agreement has been reached to request that Birmingham City Council acts as Accountable Body on behalf of GBSLEP in developing, submitting and delivering an integrated project proposal covering Birmingham and Solihull (as the LEP's youth unemployment priority areas) under the Youth Employment Initiative (YEI) strand linked to the ESIF programme.

5.4 In May 2015 Cabinet received a composite report via the Council's European and International Division setting out potential funding opportunities within the ESIF programme, and gave approval to submit an application for up to £50.4 m (gross value) under the ESF/YEI arrangements. A first stage outline application was submitted to DWP on 22nd May 2015.

5.5 Following a call for Delivery Partner expressions of Interest and match funding on the "Find it in Birmingham" website, a range of delivery partners were identified and a wider group supported the project development. A detailed list of partners is shown in **Annex 1** ("Project Description" section). Partners have been drawn in to give skilled delivery and representation from a range of relevant sectors (Public, Private and not-for profit), and to provide links into a width of employers and growth areas within the local economy.

5.6 A full application was submitted on 11th September 2015 and a final funding decision from DWP national office is anticipated. Cabinet is now asked to consider and approve this current report and full business case for the proposed project. The detail of the project is shown in the Annex and Appendices of this report. The key features are as follows:

Birmingham and Solihull Youth Promise Plus- Summary of project proposal

5.6.1 The project is based on a gross value of £50.4m over four financial years (2015/16, 2016/17, 2017/18 and 2018/19), with retrospection allowing for an envisaged start date (for existing matched activity) in September 2015 and delivery running until June 2018 with a closedown period to December 2018. In line with EU guidance, this gross value is to be made up as follows:

	£
Youth Employment Initiative grant	16,800,000
ESF grant	16,800,000
Existing local activity/ expenditure as matched funding	<u>16,800,000</u>
	50,400,000

5.6.2 The project aims to support 16,610 Birmingham & Solihull young people (15-29 years) who are either NEET (Not engaged in Employment Education or Training) or unemployed and claiming Job Seekers Allowance, Universal credit or other work related benefits. The aims are to upskill and create integrated and supported pathways to sustainable employment, and the project targets supporting at least 7,309 (44%) of its beneficiaries into further education, training and/or employment by the end of the delivery period. All beneficiaries (including those not progressing into positive outcomes immediately) will be tracked and supported for at least 6 months and, through the proposed Learning and Practice Hub function, the project will aim to leave legacy of a better, and more integrated/responsive set of delivery partnerships within the local employment support structure that will persist and have impact beyond the period of funded project delivery.

The project will be informed by the Birmingham Skills Investment Plan by seeking to raise the skills of Young People to secure jobs in key sectors and set young people on a path to achieve the skills levels required to deliver a world class workforce by;

- Integration of service provision across providers
- Personal holistic support driven by a relationship of trust between beneficiaries and lead professionals
- Work First: Introduction of young people into some form of supported work environment within 6 weeks of their entry to the project. This programme seeks to bring opportunity for employment much earlier on to aid participant confidence and experience.
- Dedicated support to employers to ensure the creation of work environments that are conducive and responsive to beneficiaries support needs but also remain positive for the businesses themselves.

5.6.3 Therefore, the Youth Promise Plus project has the following delivery elements (more detail shown in the **Annex** to this report):

STRAND ONE – Engagement and intervention with young people (holistic and tailored personal support and in work support)

Newly commissioned Intervention Workers will be embedded within a range of agencies across the sub-region who work directly with disadvantaged young people. The project will also commission teams of outreach intervention works to engage with “hidden” NEETs and provide local responsiveness covering the Birmingham and Solihull areas.

STRAND TWO – Employment Development (Improving Employer Engagement and Support):

Through the commissioning of specific Employment Development workers the project will establish services to employers which provide ‘wrap-around’ support to young people achieving employment/work experience to address personal barriers and challenges, enabling the sustainment of employment. These contracts will provide supported pathways through employer-led training programmes leading directly to jobs upon completion.

STRAND THREE- The Learning and Practice Hub

To ensure the required level of service integration between providers and crucially to ensure smooth transition of young beneficiaries to and through supported employment, education and training pathways and into sustainable jobs, the project design incorporates a newly formed Learning and Practice Hub addressing quality, coordination and development support for all Youth Promise Plus frontline providers and staff.

5.6.4 **Commissioning implications:** Subject to DWP approval, it is envisaged that the first phase of Youth Promise Plus delivery will commence (based on an allowed retrospective start date) in September 2015 through refocused delivery of existing match funded contracts and services. The process of commissioning of new services will commence from late February 2016 with phased tender submission and appraisal dates up until June 2016 when the first tranche of contracts will be let for delivery. A detailed procurement strategy for the project is being developed and will be subject to Cabinet Member/Chief Officer approval as referred to in recommendation 2.4.

5.6.5 **DWP Grant Terms and Conditions and mitigation of risk:** Detailed DWP terms and conditions are expected in the anticipated DWP approval. To minimise/ mitigate financial risk, the Council will therefore adopt the following principles:

- All BCC terms and conditions issued to delivery partners/contracted providers will also reflect the European/DWP requirements around payment and clawback, and all payments from the Council to delivery partners will be made in arrears on receipt of verified satisfactorily evidenced claims.
- Regular monthly monitoring of all delivery arrangements will be put in place, with additional spot check visits and formal half and full year reviews.
- Deployment of YEI grant allocation around management and administration will include posts embedded with partner agencies to directly assist with the effective and on-going implementation of EU compliant finance and activity recording.
- Use of a balanced payment by results model for an element of the total value of commissioned contracts in order to incentivise and maximise achievement of target outcomes. (detail to be set out in the project's procurement strategy referred to in section 5.6.4).
- Outputs and participant progress will be monitored and performance managed within newly commissioned activity (existing contracts being used as match activity already have these measures within them). This reflects the performance management and the pro-rata clawback methodology that may be implemented by DCLG in relation to any underperformance on outputs which the Council will then be able to pass on to the provider
- Within Grant agreements performance management will need to be very closely monitored as grant recipients will not be directly liable for pro-rata underperformance, but further grant may need to be withdrawn if performance is not acceptable; this poses a delivery risk for BCC that will be monitored.

More detail around risk management and mitigation is shown in the risk register forming **Appendix C** of this report.

6. Evaluation of alternative option(s):		
6.1	Examine alternative options: A range of alternative delivery mechanisms have been discussed with GBSLEP and other external strategic/ delivery partners within the project steering group established to develop this funding application and delivery plan. The current proposals are felt to be the best option in terms of improving and deepening employment support delivery to young NEET and unemployed residents in Birmingham and Solihull and in terms of maximising the use of resources in this respect.	
6.2	Do Nothing: The Council and GBSLEP would miss the opportunity to obtain significant external funding for a key economically-focused project which would contribute strongly to Council policies around promoting a fair, prosperous and democratic City and the Leader's Policy Statement.	
7. Reasons for Decision(s):		
7.1	To enable the GBSLEP Youth Promise Plus project to be progressed and delivered on a timely and successful basis. This approach should maximise resources for partnership based Youth unemployment delivery and provide intensive support at scale to at least 16,610 NEET and unemployed young people to access further education, training, work experience and jobs in local labour markets.	
	Signatures	Date
	Cabinet Member for Skills, Learning and Culture
	Cabinet Member for Commissioning, Contracting and Improvement
	Chief Executive

List of Background Documents used to compile this Report:	
1.	Full Application GBSLEP Youth Promise Plus (ESIF YEI) 11 th September 2015
List of Appendices accompanying this Report (if any):	
1.	Full Business Case (Annex 1)
2.	Detailed Delivery structure (Appendix A)
3.	Management & Administration Structure (Appendix B)
4.	Risk Register (Appendix C)
5.	Stakeholder Analysis (Appendix D)
6.	Milestone Dates and Project Critical Path (Appendix E)
7.	Equalities Impact Assessment Summary (Appendix F)
8.	Policy and Statistical context: Evidence of employment support need (Appendix G)