

## Cabinet

10 June 2015

### Youth Employment Initiative (YEI) County Durham



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#### Report of Corporate Management Team

**Joint Report of Rachael Shimmin, Director of Children and Adults Services and Ian Thompson, Director Regeneration and Economic Development.**

**Councillor Ossie Johnson, Cabinet Portfolio Holder for Children and Young People's Services**

**Councillor Neil Foster, Cabinet Portfolio Holder for Economic Regeneration**

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#### Purpose of the Report

- 1 This report outlines the action being taken to secure Youth Employment Initiative funding for County Durham to enable further action to be taken to reduce youth unemployment.

#### Current levels of youth unemployment in the county

- 2 Youth unemployment represents a serious economic and social challenge. For the individual, there is a long-term reduction in wages; increased chances of subsequent periods of unemployment and poorer health outcomes. Individuals unemployed at a young age will, on average, spend approximately an extra 2 months per year out of work aged 26 to 29 than they would have done otherwise. They are likely to be paid less in later life, with the average young unemployed person earning £1,800 - £3,300 less per year by their early thirties. Other research has estimated that, over their lifetime, every young person who has been NEET will on average incur higher public finance (£56,000) and economic costs (£104,000).
- 3 The most recent unemployment rates for County Durham are outlined below:
  - (a) The Adjusted NEET figure for 16-18 year olds at March 2015 was 1156 (6.9% of the 16-18 cohort). This compares to a rate of 7.0% for the North East and 4.8% for England.
  - (b) The Annual Population Survey for the period October 2013 - September 2014, showed that County Durham had 8,400 unemployed 16-24 year olds (21% of the population of 40,400 16-24 year olds resident in the county). This compares to a rate of 21% for the North East and 17% for England.

- (c) The 18-24 JSA claimant count in County Durham at April 2015 was 2,085. This was 4.1% of the resident population of 18-24 year olds in the county. (This does not include the significant numbers of 18-24 year olds who are not claiming benefits). This compares to a rate of 4.7% for the North East and 2.7% for England.

## **Background to the Youth Employment Initiative**

- 4 In January 2013, the European Council created the Youth Employment Initiative in order to tackle the high levels of youth unemployment across member states. The initiative is directed at young people aged 15- 24 years old who are unemployed or inactive.
- 5 In the United Kingdom, the following areas have been identified as eligible for YEI funding: London, Birmingham and Solihull, Coventry, Black Country, Liverpool, Leicester, Nottingham, Thurrock, Kingston-Upon-Hull, Tees Valley and County Durham.
- 6 The allocation for County Durham is £17.87m, consisting of £6.7m YEI, £6.7m ESF and £4.47m matched funding.
- 7 The Youth Employment Initiative funding has to be committed in 2015, with spend finishing in 2018.

## **Development of the YEI Strategy**

- 8 The Business Enterprise and Skills Group of the County Durham Economic Partnership is leading the development of the European Structural Investment Programme in County Durham. The Group has identified individual leads to be responsible for themes within the programme and tasked them with working with a wide range of partners to develop specifications for activity.
- 9 In relation to the Youth Employment Initiative, an activity group consisting of a broad range of partners (e.g. schools, further education colleges, other learning providers, Jobcentre Plus, County Durham Youth Offending Service, Youth Contract and Work Programme delivery partners, services responsible for vulnerable young people, etc.) has met regularly since autumn 2013 to:
  - (a) analyse local needs and opportunities;
  - (b) identify best practise and gaps in existing delivery;
  - (c) consult extensively with young people and employers;
  - (d) consider innovative ideas to address youth unemployment.
  - (e) develop the YEI strategic approach.

- 10 As a result of the activity outlined above, the following strands of activity have been identified:
- (a) Provision of individual guidance and support for young people, over a sustained period, using transition advisers, peer mentors and employment advisers (some of whom will be specialists in working with young people with additional needs). These support workers will provide on-going advice and support to unemployed young people looking to progress into employment, training or learning.
  - (b) Programmes which specifically help those vulnerable young people with multiple barriers to their progress (for example, young people with special educational needs and disabilities, young people who offend, care leavers). Programmes will include innovative activities to engage and motivate young people and support the development of their confidence and resilience. Other activities will develop employment related skills and provide work experience to enhance employability. A separate strand of activity will support disadvantaged young people who are living in deprived areas, are experiencing rural isolation or have been economically inactive for a longer period of time.
  - (c) Creating employment, Apprenticeship and Traineeship opportunities and work experience through employer engagement and the provision of one to one recruitment and ongoing mentoring support for employers. In addition, creating alternative routes into employment and training by developing social enterprises, self-employment and volunteering.
- 11 These activities aim to engage approximately 5,500 young people who are NEET/unemployed into employment, training or education. Only young people who are unemployed or inactive can benefit from the Youth Employment Initiative. Funding cannot be directed at young people who are engaged in full-time education to support NEET preventative activities.

### **Outcomes from the Youth Employment Initiative**

- 12 The outputs for the YEI are yet to be confirmed by the Department for Work and Pensions (DWP), which is the Managing Authority for ESF and YEI, but are likely to include:
- (a) Unemployed/long-term unemployed/inactive participants residing in County Durham who:
    - (i) complete the Youth Employment Initiative supported intervention
    - (ii) receive an offer of employment, continued education, apprenticeship or traineeship upon leaving
    - (iii) are in education/training, gain a qualification, or are in employment (including self-employment) upon leaving.

- (b) Longer-term result indicators (to be measured through follow up surveys of a representative sample of participants) are those in :
- (i) continued education, training programmes leading to a qualification, an apprenticeship or a traineeships six months after leaving
  - (ii) employment six months after leaving
  - (iii) self-employment six months after leaving.

### **The process for commissioning YEI**

- 13 The Department for Work and Pensions is the Managing Authority for ESF and YEI. They are responsible for writing the YEI specifications; managing the bidding process; assessing and approving bids; contracting and performance managing YEI projects.
- 14 DWP has issued a call for YEI applications and the call closes on 22nd May. No further deadlines have been published but it is expected that the following process will take place:
- (a) Technical assessment of outline applications undertaken by DWP
  - (b) Approval to move to full applications made by DWP with feedback from the ESIF Regional Sub Committee
  - (c) Full applications completed and DWP assess full applications
  - (d) Recommendations for approval made by DWP with feedback from the ESIF Regional Sub Committee
  - (e) Contracts awarded with delivery expected to start in October 2015
  - (f) Delivery ends in the Summer 2018.

### **Accessing YEI funding**

- 15 YEI funding is not allocated to any one organisation therefore Durham County Council will lead a partnership bid for all strands of activity outlined in paragraph 10 for the entire funding pot available (£17.87 m - including match). This will ensure no funding is lost which could benefit young people in the county. For every £1 of match that can be identified, £3 of YEI/ESF funding will be accessed.
- 16 Originally it was envisaged that match funding would be provided by the DWP and/or the Skills Funding Agency (SFA). DWP indicated they would be unable to provide match funding in summer 2014 and the SFA withdrew its opt-in in February 2015.
- 17 Every effort has been made by the Improving Progression of Young People Team and Regeneration and Economic Development to identify match funding. As at the 15<sup>th</sup> May, £2.15m of match funding has been identified in

Durham County Council from the Youth Offending Service, One Point, Improving Progression of Young People Team, Public Health and Regeneration and Economic Development (through existing staffing/activity) and £2.31m of match funding has been identified by external delivery partners.

18 External delivery partners include:

- (i) Voluntary sector
- (ii) Charitable trusts/Foundations
- (iii) Independent providers
- (iv) FE colleges
- (v) Housing providers.

19 An overview of the funding is shown below: -

<b>Funding</b>	<b>Match Source</b>	<b>ESF/YEI funding</b>	<b>Gross funding</b>
	£m	£m	£m
DCC	2.15	6.46	8.61
External Partners	2.32	6.94	9.26
<b>TOTAL</b>	<b>4.47</b>	<b>13.4</b>	<b>17.87</b>

### **Benefits and Risks**

20 In leading the bid, DCC will underpin any gap in match funding. Currently there is no anticipation of a shortfall in match funding however, if in the future, one does emerge as a result of under-performance by delivery partners, a decision will need to be taken as to whether that shortfall will be funded. The risk of under-performance is being mitigated through intensive engagement work with partners and, to date, appetite for involvement in the programme and commitment to provide match funding is strong.

21 The benefits and risks considered in making this decision included:

(a) Benefits:

- (i) Securing the full £13.4m of YEI/ESF funding alongside £4.47m match (totally £17.87m) will improve the immediate and longer term economic, social and health benefits for approximately 5,500 young people (expected number of beneficiaries, at this stage).

- (ii) DCC leading a successful application would enable the strategic integration of £17.87m of Youth Employment Initiative activity with current programmes to support this target group.
  - (iii) Maximum value and impact for the young people of the county.
  - (iv) New and innovative delivery (including through the use of small niche local providers) will take place alongside tried and tested models of delivery.
- (b) Risks (please note: some factors are not known at present, including targets):
- (i) Loss of impact/added value that the YEI funding will bring.
  - (ii) Financial risk because responsibility for the management of the full YEI programme will sit with DCC.
  - (iii) European funding is based on defrayed expenditure, therefore to be eligible, any claims will need to have cleared through our bank account by the end date specified by the funders. There are stringent audit requirements around any claims and this will need to be factored into any controls implemented from undertaking the programme.

### **Recommendation and Reasons**

- 22 Cabinet is recommended to note the progress outlined in developing an initial application for the Youth Employment Initiative in the county.

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## **Appendix 1: Implications**

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**Finance** – There is a risk that in order to maximise YEI/ESF funding, the Council may have to contribute some one-off match funding from reserves if there is under-delivery by a number of delivery partners which cannot be managed within the programme as a whole and if the. Any such requirement would be subject to a separate report.

**Staffing** - In order to deliver the Youth Employment Initiative to the volumes and timescales required, additional administrative and delivery staff will be required.

**Risk** - Potential financial risk of having to provide an element of match funding which has to be balanced against the risk of not accessing the funding and the subsequent on-going impact of continuing youth unemployment in the county.

**Equality and Diversity / Public Sector Equality Duty** – None

**Accommodation** – None

**Crime and Disorder** – None

**Human Rights** – None

**Consultation** – None

**Procurement** – Procurement for YEI sub-contractors will commence in advance of a decision regarding the outcome of the application, however, no contracts will be awarded.

**Disability Issues** – None

**Legal Implications** – The council will need to ensure that it complies with any conditions attached to the grant funding. As the provision of services under this funding will involve commissioned services, Service Level Agreements will be entered into with all Delivery Partners to ensure that the funding is used for the required services and that best value is delivered.