

Cabinet

12 July 2023

Council Employment Services – Future Delivery



Report of Corporate Management Team

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Councillor Ted Henderson, Cabinet Portfolio Holder for Children and Young People's Service

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Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 The purpose of this report is to update Cabinet of issues surrounding the approaching project end date for Council delivered employment services funded by the European Social Fund (ESF). Specifically, the report:
 - (a) Highlights the anticipated reduction/shift in service provision countywide from January 2024.
 - (b) Identifies the scale of the financial implications as European funded employment projects come to an end including the impact upon targeted cohorts, it will also identify potential future programmes, alongside structures required to deliver best value.
 - (c) Identifies the proposal to increase core council funding by £1 million, to support improving progression activities, partially mitigate the impact of the end of ESF, and to ensure the Council continues to meet its statutory obligations and support for identified 15–25-year-old cohorts.

- (d) Explores opportunities and funding required to continue the delivery of Employment Services alongside the new expectations attached to UKSPF (UK Shared Prosperity Funding).

Executive summary

- 2 This report sets out the implications for employment programmes resulting from the upcoming transition from European Social Fund (ESF) to its replacement, UK Shared Prosperity Fund (UK SPF). The current ESF ends in December 2023 because of the UK's withdrawal from the European Union. This has implications for the Council, and partner organisations who provide employment services, as the new funding regime is significantly lower than ESF. This report however focuses on the impact on the Council, and the proposed response.
- 3 The Council uses this funding to directly deliver a range of employment programmes which support on average 7,000 County Durham residents each year. These programmes cover a total of over 11,000 15- and 16-year-old school pupils, 16-18 NEETs (Not in Education, Employment or Training) and 19+ unemployed and inactive adults.
- 4 These programmes make significant contributions to the reduction of youth and adult unemployment in the county and support the Council to meet its statutory duties in relation to participation. They also enable the Council to take a strategic lead in the employability sector regionally and nationally through the expertise and experience of the managers and teams. Some of these programmes are discretionary but work with those at risk of NEET and 16/17 NEETs are statutory responsibilities of the Council and as such need to be funded by the Council through revenue budgets.
- 5 The overall cost of the Council's employment support programmes is circa £11m per year, of which £8.6m funds directly employed staff, £830k funds delivery on costs, and £1.6m is used to commission or procure external delivery. In terms of funding available in 2023/24, £6.2m is available from ESF up to 31 December, £0.33m is available from other grants and there is a core budget of £0.763m for the costs of the statutory provision – leaving a budget deficit of £3.7m should the services continue as is until the year end.
- 6 Whilst the Council is ultimately the accountable body for administering the new UK SPF and can commission itself to deliver services under the funding, the expectation is that – as with ESF - the funding will be split across a range of delivery partners. Proposals for future division of the funding need to support a credible business case and meet the objectives of the County Durham Economic Partnership Plus board who oversee the allocations. Within the current proposals, the Council expect to receive £4.9m of UK SPF for employment services.

- 7 A further consequence of the fall in funding, is that the statutory services provided by the Council have benefited from the scale and infrastructure of the ESF funded programmes. In recognition of the reduced economies and service delivery challenges posed by the move from ESF to UKSPF, the council intends to invest £1 million of additional core funding into those services, to protect service delivery. This will help mitigate the impact of the changes on our directly delivered provision.
- 8 With cost of meeting the Council's core obligations from 2024/25 projected to be £1.7m and £4.9 available from UKSPF, the total budget sum available to support employability services will be £6.6m going forward. This will represent a 40% reduction in comparison to previous ESF funded levels of activity and will necessitate a restructure of the services from 1 January 2024. Earmarked reserves will be used to smooth in the new service offer and structure across QTR4 of 2023/24.
- 9 The remaining shortfall will be met through a reshaping of the current employability programmes. Although UK SPF funding levels are lower, there are greater flexibility and opportunities to realign the service offer and tailor to the changing needs of clients. This would create greater synergies and economies within the delivery of the employment programmes.
- 10 Having now established the funding envelope available from 2024/25, officers from Children's and Young People Service and Regeneration, Economy, and Growth Service, who deliver the employment programmes, will develop a restructured service offer to continue to maximise the support to residents for implementation in January 2024. However, it should be noted that the scale of the funding gap will result in the need for a reduction in permanently contracted staff working across these programmes and the HR implications are set out in detail in the body of the report.
- 11 The proposed remodelling and restructuring set out in this report will ensure that the Council's employment services can meet the demands and needs of the County within a sustainable funding model, leave the Council best placed to secure UK SPF in future funding periods when the administration of funding allocations transfers to the new mayoral combined authority in 2025/26.

Recommendation(s)

12 Cabinet is recommended to:

- (a) Support the inclusion of a Base Budget pressure of £1m in the 2024/25 budget to provide additional core funding to the Employability Service.
- (b) Note proposals to the County Durham Economic Partnership Plus board for the council to be commissioned to deliver £4.9m of UK SPF funding to deliver employability support projects.
- (c) Note the requirement to restructure employment support services within the significantly reduced budget.

Background

- 13 Up to December 2023, DCC will directly deliver eleven programmes which will support 15- and 16-year-old school pupils, 16-18 NEETs (Not in Education, Employment or Training) and 19+ unemployed and inactive adults. In an average year, these programmes work with approximately 7000 County Durham residents
- 14 The overall cost of the Council's current employment support programmes is circa £11m per year, of which £8.6m funds directly employed staff, £830k funds delivery on costs, and £1.6m is used to commission or procure external delivery. In terms of funding available in 2023/24, £6.2m is available from ESF up to 31 December, £0.33m is available from other grants and there is a core budget of £0.763m for the costs of the statutory provision – leaving a budget deficit of £3.7m should the services continue as is until the year end.
- 15 Five programmes are funded through ESF and seven are funded from other short-term funding, three of which will also end on 31st December 2023. New referrals/enrolment of residents to these schemes is set to cease from June 2023 onwards. Match funding for the ESF programmes is provided from the Council and Delivery Partners (in the case of DurhamDirections and DurhamWorks3). The total value of these ESF programmes between 2018 - 2023 is £28.5m with £17.7m of ESF and £9.68m of Council match funding.
- 16 Of the ESF programmes, the Progression and Learning Service develops, manages, and delivers DurhamDirections, DurhamWorks3 and DurhamEnable. Employability Durham, within the Economic Development Service, develops, manages and delivers DurhamAdvance and LINKCD.
- 17 These programmes all operate a key worker model providing a dedicated point of contact for residents seeking support. Each programme directs support at discrete target groups including NEETs/Young People, over 50s, those with health conditions, those with a disability and those with multiple barriers to progression. These key vulnerable groups remain a focus for support through the efforts outlined in the emerging Inclusive Economic Strategy.

UK Shared Prosperity Fund (UKSPF)

- 18 Announced in April 2022, the UK Shared Prosperity Fund (UKSPF) provides a replacement for the previous European programmes. From a core countywide allocation of £30.8 million (2022/25) £9.1m has been allocated to People and Skills. This represents an estimated £2.5m shortfall (17.3% reduction) on the average £11m annual ESF allocation.

- 19 UKSPF includes three key themes including People & Skills, which provides the scope for employment & skills interventions with a separate allocation of funding for Multiply (focussed on supporting improvements in adult numeracy levels).
- 20 The Council is the accountable body for administering UK SPF, aligned to the agreed Investment Plan that has been approved by Government. As per government guidance, local partnerships have a key role to play in administering UKSPF. Within County Durham, the Economic Partnership is responsible for advising the Council on the design, commissioning, and performance management of UKSPF. Allocations are to be agreed in conjunction with the CDEP's Technical Funding Group.
- 21 Despite initial restrictions on the use of SPF for People & Skills activity for 2024/25 only, updated guidance now confirms its use from 2023/24 onwards, although the budget envelope remains the same.
- 22 The UKSPF Investment Plan is predicated on a range of delivery partners being commissioned in a similar way to ESF. Government guidance allows UKSPF to be committed through a range of delivery routes and the Council, as accountable body, has flexibility on how it delivers the funding, including using a mix of competitive calls for projects (which is the default approach set out in Cabinet Office Grants Standards), procurement, commissioning or delivering some activity through in-house teams. DCC, as the accountable body, can directly commission the Council to undertake work supported by an appropriate business case.
- 23 One of the key changes to future delivery funded by UKSPF is the clear separation of activity between DWP's mainstream employment support programmes – Restart and Work and Health Programme and any new activity brought forward under UKSPF. As a result, future discretionary support to assist residents to access the labour market will be smaller in scale, focussing on those residents deemed inactive or having not achieved an employment outcome following participation in DWP programmes.
- 24 This reduced client group combined with flexibilities in the UKSPF programme, provide new opportunities to also assist residents in entry level opportunities, low wage, or unstable employment and this has been central to the reshaping of the service offer
- 25 Following a review of service demands, mainstream programme capacity and cohorts eligible for support, it is proposed that £4.9 million (53.8%) of the £9.1m UKSPF for the People and Skills Investment priority will be allocated to the Council to directly commission

employability support programmes, maintaining the key partnership infrastructure that has been established to coordinate and deliver this activity, alongside delivery from partners. The Council will also continue to engage with external partners in delivering additional programmes within the skill sector.

The impact of ESF funding ending Delivery and support to school pupils in Years 10 and 11

- 26 DurhamWorks Programme for Schools supports identified young people aged 15 and 16 to make a successful transition into post-16 education, employment, and training. This is the preventative pre 16 element of DurhamDirections and is delivered in partnership with Groundwork North East and Cumbria. The typical volume of school pupils that the programme supports in a twelve-month period is 1640.
- 27 The availability of ESF funding since 2016 has provided the opportunity to greatly enhance the infrastructure and scale of services delivered to 15 and 16-year-olds at risk of NEET and 16–24-year-olds who are NEET, providing joint economies which have enhanced the Council’s Statutory duties. In recognition of the reduced economies and service delivery challenges posed by the move from ESF to UKSPF, the council intends to invest £1 million of additional core funding into those services, to protect service delivery. The cost of meeting the identified Council obligations from 2024/25 will rise from £700k to £1.7m.
- 28 The following tables highlight the positive impact that the additional ESF resource has had on the participation of young people aged 16 and 17 in education, employment, or training from the period before the commencement of DurhamWorks to the present. It is also worth reflecting that during this time, there was the Covid-19 pandemic, which had a devastating impact on the local labour market during periods of economic lockdown and the levels of young people who were NEET, or whose destination was not known, would have been significantly higher without the additional resource that was available through ESF/Youth Employment Initiative.

16 Year Olds	Jan 2016	Jan 2019	Jan 2020	Jan 2022	Jan 2023
NEET	3.5%	3.2%	3.0%	4.2%	3.3%
Not Known	0.6%	0.8%	0.6%	0.5%	0.3%
Combined NEET / Not Known	4.1%	4.0%	3.6%	4.7%	3.6%
Education, Employment and Training	95.9%	96.0%	96.4%	95.3%	96.4%

Local Authority Client Caseload Information System

17 Year Olds	Jan 2016	Jan 2019	Jan 2020	Jan 2022	Jan 2023
NEET	5.7%	6.3%	5.1%	6.0%	5.4%
Not Known	1.9%	2.3%	0.9%	0.8%	0.9%
Combined NEET / Not Known.	7.6%	8.6%	6.0%	6.8%	6.3%
Education, Employment and Training	92.4%	91.4%	94.0%	93.2%	93.7%

Local Authority Client Caseload Information System

Statutory duties

- 29 The Council has a number of statutory duties to encourage, enable and assist young people to participate in education, employment or training, which are delivered by Progression and Learning. These relate to ensuring there is sufficient learning provision for young people aged 16-19 (and up to the age of 25 for those with SEND and a current Education, Health and Care Plan), providing support to enable young people to participate in learning, as well as tracking and confirming destinations of young people (see Appendix 3).
- 30 There are potential consequences if sufficient funding is not provided to deliver these statutory duties, as Durham County Council has previously experienced. These include a significant increase in the proportion of young people who are NEET (Not in Education, Employment or Training) or whose destination is Not Known, leading to likely intervention from the Department for Education. There are also implications for young people in specific vulnerable cohorts, as well as other Durham County Council services, that are supported by Progression and Learning.
- 31 In practice, Durham County Council is required to report the destinations of all young people in academic age year groups 16 and 17 to the Department for Education monthly. This equates to 11,243 young people, based on the current cohort. Young people with an Education, Health, and Care Plan (EHCP) continue to be tracked and reported on until their plan ceases, which can occur at any point up to the end of the academic year in which they have their 25th birthday.
- 32 Destination information is used by the Department for Education to make comparisons between local authorities in relation to the proportion of young people who are participating in learning, the proportion who are NEET and the proportion whose education, employment or training is not known. If Durham County Council is performing poorly compared to other local authorities (i.e. it is placed within the bottom quintile of performance league tables, because of high rates of young people who are NEET and young people whose education, employment or training

status is not known), intervention from the Department for Education will usually follow.

- 33 In terms of support, this involves engaging young people, providing Information, Advice and Guidance about education, employment and training opportunities that are available, identifying barriers to progression, developing an Action Plan, as well as practical help and encouragement to ensure a sustained positive outcome.

Challenges affecting Statutory delivery

- 34 There are a number of current and future challenges that are impacting / will impact the participation of young people in education, employment or training agenda. These include:
- (a) Increase in projected cohort size – the Year 11 cohort is projected to increase from 5,242 in 2022-23, to 5,890 by 2026-27, representing a 12.4% increase. With a subsequent increase in the size of the 16-17 cohort in the years ahead, this will require more tracking, follow-up confirmations, as well as support for young people.
 - (b) Increase in priority groups – since 2019, there has been an increase in the number of young people in priority groups. For example, the number of young people with SEND aged 16 and above has increased from 1,078 to 1,261, and the number of Children Looked After/Care Experienced has increased from 212 to 287. As the 16-17 cohort increases, the proportion of young people in other priority groups will also increase.
 - (c) In terms of the current Year 11 cohort, there are 605 young people in priority groups (including SEND – with an Education, Health and Care Plan, Child Looked After, Elective Home Educated, Young Carers, supervised by the Youth Justice Service, young parents, and those who are supported by the Education Health Needs Team) who are offered support through the DurhamWorks Programme for Schools. The number of young people who are Elective Home Educated is increasing and a significant proportion require intensive support to progress into post-16 learning.
 - (d) Increase in school absence – since the Covid-19 related periods of lockdown, there has been a notable increase in persistent school absence. Lower attendance rates of pupils in certain priority groups (compared to the overall cohort) is of particular concern, including pupils who receive SEN support or have an Education, Health and Care Plan, Children Looked After, Children

in Need, as well as pupils who are eligible for free school meals. Reduced attendance impacts on exam outcomes and young people with poor attendance are more likely to become NEET and require intensive support once they leave school.

- (e) Reform of post-16 qualifications – the Government’s reforms to post-16 qualifications at Level 3 and below could potentially result in a learning offer that does not meet the needs of all young people, especially those young people who are not ready to commence a T Level, for example, and whose needs will not be met by a ‘transition year’ following Year 11.

Delivery and support to County Durham residents aged 16+

- 35 The table below shows the typical volume of young people and adults that the ESF programmes support in a twelve-month period.

Project	Typical 12 month recruitment volumes
DurhamDirections Reengagement	1698
DurhamWorks3	715
DurhamEnable	420
Durham Advance	300
LINKCD	320
Total	3453

- 36 Additional DWP contracted provision will continue through the Work and Health Programme and Restart.
- 37 Under the DWP’s UKSPF requirements, these programmes will continue to receive the majority of their referrals from Jobcentres, leaving flexible employment support programmes to support inactive clients only and those completing DWP programmes without achieving a sustained job outcome.
- 38 Since the end of the COVID lockdown, there has been an upturn in the labour market, resulting in more jobs nationally than job seekers. The Institute for Employment Studies reports that employment could return to pre-pandemic levels by the end of the year (if the cost of living crisis and interest rate rises do not lead to a wider slowdown). In particular, economic inactivity (the measure of those out of work and not looking and/ or not available for work) appears to be falling back for older people, after very large rises through the pandemic.

- 39 Across the county however, the number of working age residents not working has remained at similar levels to those pre pandemic. Linking employability clients with current employment opportunities includes an increased focus on travel, improved digital skills and access to courses to provide alternative vocational qualifications.
- 40 Discretionary Employment programmes will need to provide clear additionality to nationally procured services but historically have provided a focus on groups of residents with specific / enhanced support needs and have delivered services anchored in local communities.

Staffing

- 41 There is considerable staff expertise, experience, and knowledge in all of the programmes, at both operational and strategic level. The DurhamWorks team was recognised as the Councils Team of the Year at the 2019 Awards and the DurhamEnable Team was shortlisted as Team of the Year in the 2022 Awards.
- 42 The current staffing level across all ESF programmes is 162.8 FTE of which 16 have temporary contracts which will end in December 2023.
- 43 The proposed funding and delivery arrangements for 2024 onwards would see reshaped services delivered by approximately 130 FTE following necessary restructuring exercises to fit the funding available. In the first instance this will be managed through not renewing the £1.6m of external contracts which are aligned to ESF delivery, and therefore will end in December 2023. Secondly, temporary staff contracts that were time limited and directly delivered ESF funded activity, will end, creating a saving of circa £690k, and non-direct salary costs will be reduced by approximately £400k. Other key considerations around future staffing structures, would include:
- (a) An increase to core funding of £1 million which would take the budget to £1.7 million and allow employment of approximately 32 FTE within the system to ensure we continue to deliver our Statutory duties and support our most vulnerable young people.
 - (b) £4.9 million of UKSPF will be available to support a range of reshaped employment support programmes delivered by the Council and partners, reflecting DWP mainstream delivery and lessons learnt through the delivery of the ESF programmes. This will require staffing capacity of approximately 90 additional FTE.
 - (c) A further 8 posts would also be required to support the management of the £4.2 million Skills contracts being developed

through the UKSPF programme, further mitigating potential job losses.

- (d) As a result of the proposed necessary staffing reductions, the Council will need to ensure that the restructure is undertaken in line with corporate HR policy and processes and that suitable alternative employment or voluntary redundancy / early retirement applications are sought from staff considered at risk to reduce the need for compulsory redundancies as far as possible. Any fixed term contracts which do not meet the criteria to be included as part of the redundancy exercise will need to be terminated in the first instance.

Strategic leadership

- 44 As outlined in Appendix 2, the programmes and their delivery are integral to many of the strategic plans developed by DCC and support the wider objectives of the Council. The lessons learnt, and the successes of the programmes, have also been used to influence developments at regional and national level with NELEP, Local Government Association, Northern Powerhouse Partnership, Employment Related Services Association (ERSA) and DWP for example.

Value for money

- 45 As outlined in Appendix 2, excellent value for money has been achieved as a result of the direct delivery, with all the funding being used to support County Durham residents rather than an element being lost to commercial profit. As a result of the length of several of the programmes, there has been considerable refinement of approaches leading to more effective delivery, again creating better value for money.

Sector capacity building

- 46 DurhamWorks3, DurhamDirections and the previous DurhamWorks programme have all been delivered in partnership with Delivery Partners. The majority of these have been small organisations from the voluntary and community sector. Considerable work has been undertaken to support capacity building with these partners including supporting the improvement of their financial management and the quality of their delivery for example. The direct result of this activity has been that Durham County Council is known for its partnership working and for developing the employability sector within the county.

Background papers

- UK Shared Prosperity Fund Investment Plan – Report to Cabinet
13 July 2022

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Appendix 1: Implications

Legal Implications

As a result of the proposed restructuring process and consequential required staffing reductions, the Council will need to ensure that the correct policy and process is followed for all staff considered at risk and any subsequent redundancies. Any fixed term contracts which do not meet the criteria to be included as part of the redundancy exercise will need to be terminated in the first instance. The next step in the redundancy process following the termination of fixed term contracts process will be to invite expressions of interest in voluntary redundancy and/or early retirement as they will be considered to minimise the number of compulsory redundancies. If the number of expressions of interest in voluntary redundancy do not meet the numbers required, then the Service will ensure they follow the established restructuring/redundancy process for identifying the correct pool of staff for selection and complying with the duty to consider alternative employment for all employees at risk of compulsory redundancy. This will allow any staff member who is identified at risk of compulsory redundancy to access opportunities for redeployment at the earliest opportunity to minimise redundancies and redundancy costs to the council. There is always a risk with any large number of possible redundancy dismissals that employees may challenge the decision to dismiss resulting in a high number of appeals however this will be minimised by following the established redundancy process with full consultation. Appeals should be factored into any timeline within the redundancy process. Additionally given the potential number of redundancies then the statutory return must be completed, and the statutory process followed through the reporting of numbers on the advance notification of redundancies to the insolvency Service. This will ensure we comply with our **legal obligations under Trade Union and Labour Relations (Consolidation) Act 1992, Part IV, Chapter II**

We are required by law to notify the RPS of a proposal to dismiss 20 or more employees as redundant at one establishment within a period of 90 days or less.

Our minimum period for notification and consultation for:

- between 20 to 99 redundancies at one of your establishments, is at least 30 days before the first dismissal
- 100 or more redundancies at one of your establishments, is at least 45 days before the first dismissal

We must notify at least 30/45 days before the first dismissal and before you issue any individual notices of dismissal. We must send a copy of this notification to the representatives of the employees being consulted.

There is also the risk of unfair dismissal claims, but this risk will be minimised by following the councils' established procedures for redundancy and restructures and working closely with human resources and trade unions. ; There may be TUPE implications, but these are not clear at this point.

The Council must continue to meet its statutory duties. The statutory duties to encourage, enable and assist young people to participate in education, employment and training are set out in the 'Participation of young people in education, employment or training – statutory guidance for local authorities' Department for Education, September 2016'. In addition, schools should work with the Local Authority to identify young people who are in need of targeted support or who are at risk of not participating in post-16 education, employment or training. This includes young people with vulnerable characteristics. This is set out in 'Careers guidance and access for education and training providers – statutory guidance for governing bodies, school leaders and school staff' Department for Education, October 2018.

Finance

Any redundancy costs related to the restructure of Employability Services will be picked up by the Corporate ERVR reserve. Adherence to Corporate HR policy and procedures will help to minimise the risk of compulsory redundancies (as detailed within Legal Implications).

If the 2023/24 pay award is not agreed and implemented before the end of 2023, this would have to be funded from Reserves as it cannot be funded from ESF once the programmes have ended.

The proposals in the report are to increase core council funding by £1 million, from 2024/25 to support improving progression activities, partially mitigate the impact of the end of ESF, and to ensure the Council continues to meet its statutory obligations and support for identified 15–25-year-old cohorts.

Consultation

Any proposal for restructure of the service resulting in redundancies will follow the established procedures within the council with support from human resources which will allow for statutory consultation timelines as well as councils agreed procedure timelines and employees and trade unions will be fully consulted.

Equality and Diversity / Public Sector Equality Duty

Current employment programmes are focussed on support for groups with protected characteristics or the most vulnerable. These include young people, women returners, over 50s, ex-offenders and those with a disability.

Climate Change

None.

Human Rights

None.

Crime and Disorder

A number of priorities outlined in the Safe Durham Partnership Plan 2020-2025 are supported by the current employment programmes including reducing reoffending, improving alcohol and substance misuse, as well as preventing radicalisation and violent extremism.

Staffing

In total there are 170 Council staff (equating to 162.8 FTE) being funded by ESF. 146.8 FTE will be affected by redundancy across both services. 16 FTE have temporary contracts ending in December 2023 and would not be included in the proposed restructuring exercise. There are 21.9 FTE (15% of the total) affected in REG and 124.9 FTE (85% of the total) affected in the Progression and Learning Team in CYPS.

The proposed increase in core funding to support the service and supplement the UKSPF funding, will help mitigate the reduction in the number of staff working directly with young people and adults. Additional contract management posts will need to be created to ensure effective operation of UKSPF contracts. Natural attrition will also take place as the programmes near completion. These actions should result in the 146.8 FTE, who would be affected by redundancy without any intervention, reducing to approximately 16 FTE being affected / at risk following a restructure process.

Accommodation

Staffing teams are currently based around the county to support young people in their communities. Future organisation of teams will reduce the need for office accommodation in some of these bases.

Risk

The end of ESF funding generates significant risk in respect of potential redundancy and associated costs if alternative sources of funding are not secured.

Not delivering discretionary employment support provides reputational risk as unemployed residents will be wholly reliant on DWP commissioned services.

The Council will lose considerable expertise, knowledge, and experience at strategic and operational level following the restructure, leading to potential reputational risk.

There is a risk, with a potential large-scale redundancy, that employees may challenge the decision to dismiss, resulting in the potential for multiple dismissal appeals and unfair dismissal cases.

Procurement

Access to future levels of UKSPF is subject to procurement activity which is not yet fully specified.

Appendix 2: The wider return on investment and adding value

Wider return on investment

- 1 There is a significant return on the investment which has been achieved over the past six years as a result of the current employment programmes' delivery.
- 2 Research undertaken over the past ten years has sought to estimate the longer-term scarring costs of being NEET. A paper for Centrepoint (2016) estimated that the cost of a 16-17 year old NEET is £3,300 per year. This increases to £12,200 per year if the young person is also homeless. The cost of an 18-24 year old NEET is estimated to be £7,200 per year. This increases to £19,400 per year if the individual is also homeless. Preventing our 15 and 16 year olds in school from becoming NEET in the first place is far preferable to them not making a successful transition at the end of compulsory education. DurhamWorks Programme for Schools (as part of DurhamDirections) is working hard to improve progression rates amongst those at risk becoming NEET.
- 3 In Spring 2022, DurhamWorks (the forerunner to DurhamDirections and DurhamWorks3) was evaluated and a social cost benefit analysis model used to assess the wider impact of the programme. Based on the financial proxies identified for the above, the evaluators calculated a social value of £2.78 for every £1 spent on the DurhamWorks programme.
- 4 In addition to the direct benefits to the individuals, their families and businesses of embracing diversity in the workplace, the supported employment activity through DurhamEnable will have a direct benefit on funding authorities. Regional and local data is not available but, at a national level:
 - a 5% increase in the employment rate of disabled people would lead to a growth in GDP of £23 billion and an additional £6 billion in tax revenue by 2030
 - lifetime savings costs of £170,000 by supporting people with learning disabilities into employment and an increase in a person's income of between 55 and 95 per cent (£41.5 billion in 2019/20 spent on working age benefits for disabled people and people with health conditions)
 - 1% per cent drop in incapacity benefit caseload would provide annual savings to the government of £240 million.

- 5 Whilst there is no formal evaluation of the LINKCD programme, the summative assessment of the Durham Advance programme (produced by ERS Research and Consultancy in August 2021) set out to review the economic impact of the Durham Advance project, focussing on the jobs achieved and monetised benefits associated with job outcomes.
- 6 This analysis highlighted that the employment outcomes provided a direct Universal Credit saving of £1,864,035 alongside increased tax revenues and productivity gain for business. Overall, these figures can be combined to provide the societal Benefit Cost Ratio for the programme which is £1.61 for every £1 of expenditure.

Adding Value

- 7 DurhamDirections, DurhamWorks3 and DurhamEnable contribute towards a number of Durham County Council plans and strategies, whilst also providing evidence for a number of important Service inspections.
- 8 From an economic perspective, the programmes are aligned to the County Durham Vision for 2019-2035 with its ambition to secure more and better jobs. Senior staff are helping to shape County Durham's emerging Inclusive Economic Strategy and Autism Strategy, by ensuring that individuals within our local communities, who are under-represented in the labour market (including those who have a disability or a mental health condition), can benefit from future economic opportunities.
- 9 The programmes contribute towards County Durham's Joint Health and Wellbeing Strategy 2020-2025 by supporting young people and adults in disadvantaged and vulnerable groups to participate in employment-based opportunities. The programmes work in partnership with other Services to address higher than average rates of economic inactivity amongst the working age population in County Durham, including those who have long-term health conditions.
- 10 A number of priorities outlined in the Safe Durham Partnership Plan 2020-2025 are supported with the programmes including reducing reoffending, improving alcohol and substance misuse, as well as preventing radicalisation and violent extremism.
- 11 A range of programme data relating to education, employment and training destinations is used to support Local Authority Service inspections, including Inspection of Local Authority Children's Services (ILACS), Joint Targeted Area Inspections (JTAI), Local Area SEND inspections, as well as inspections of Youth Justice Services. This includes detailed information in relation to vulnerable cohorts of young

people e.g. young people who have SEND (including with an EHCP), Looked After / Care Leavers and young people who are supervised by the Youth Justice Service. Detailed information relating to support for individual young people is also provided if their cases are identified by inspectors. Schools receive detailed destination information to support their individual Ofsted inspections too.

- 12 The programmes also contribute towards the following plans and strategies: County Durham's Youth Justice Plan 2022-23, County Durham's SEND Strategy 2022-2024, as well as County Durham's Early Help Strategy and related Action Plan for 2022-2023.
- 13 Through the emerging Inclusive Economic Strategy, the people element includes a priority of Overcoming barriers into employment, including work readiness, skills, careers advice and guidance, and poor health.
- 14 This recognises that some residents require support in order to access employment opportunities – this requires a holistic response that may go beyond traditional employment support to address barriers such as poverty and limiting health conditions. The WhatWorks institute, in providing exemplar service options as part of the UKSPF process, identifies that key worker led employability solutions (as currently delivered by the Council's employment programmes) provide the most effective solutions to addressing employability issues. This will enable more residents to become economically active.

Appendix 3: Statutory duties to encourage, enable and assist young people to participate in education, employment or training.

Durham County Council's statutory duties in relation to the participation of young people in education, employment or training are stipulated in the Education Act 1996, Education and Skills Act 2008 and Children and Families Act 2014. Statutory guidance¹ outlines the specific requirements and expectations placed on Durham County Council in meeting these duties, including to:

- Secure sufficient suitable education and training provision for all young people in their area who are over compulsory school age but under 19 or aged 19 to 25 and for whom an Education, Health and Care Plan is maintained.
- Make available to all young people aged 13-19 and to those between 20 and 25 with special educational needs and disabilities (SEND), support that will encourage, enable or assist them to participate in education or training.
- Promote effective participation in education and training of 16 and 17 year olds with the aim of ensuring that those young people fulfil the duty to participate in education or training.
- Make arrangements to identify 16 and 17 year olds who are not participating in education or training.

To meet these duties the Local Authority is required to:

- Collect information on all young people in the format specified in the National Client Caseload Information System (NCCIS).
- Comply with the Management Information Requirements specified in the Management Information Guide and report on all young people to the Department for Education monthly.
- Have arrangements in place to confirm all young people's current activity at regular intervals.
- Track all young people's participation so that those not participating can be given support to re-engage and participate in learning.
- Lead and report to the Department for Education on the September Guarantee process where every young person who reaches the age of 16 or 17 in any given academic year is entitled to an offer of a suitable place of learning.

¹ 'Participation of young people in education, employment or training – statutory guidance for local authorities' Department for Education, September 2016.

- Collect and record the destination of all Year 11 leavers from each school in as at 1st November in the year in which they complete Year 11. This is known as the Activity Survey and is reported to the
- Department for Education. The Local Authority is also required to provide each school with a report based on their student cohort.
- Put arrangements in place to identify those 18-year-olds who are NEET or at risk of becoming NEET and provide them with support, but they are not required to track all 18-year-olds or return data about this cohort to the department.
- To work with schools to identify those who need targeted support or who are at risk of not participating post-16.²

² 'Careers guidance and access for education and training providers - statutory guidance for schools and guidance for further education colleges and sixth form colleges' Department for Education, January 2023.