

CABINET MEETING – 14 APRIL 2010

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Future Jobs Fund Phase 2

Author(s):

Deputy Chief Executive

Purpose of Report:

To obtain approval of the council's role in coordinating and managing Phase 2 of the Future Jobs Fund programme in Sunderland, from April 2010 - December 2011.

Description of Decision:

The Cabinet is asked to approve the council's role in developing and managing Phase 2 of the Future Jobs Fund programme. Phase 2 will provide an estimated £1,547,000 funding which will be additional to the £2,034,500 that was allocated under Phase 1 of the programme, approved by Cabinet on 4 November 2009. The programme will be managed by the council in agreement with North Tyneside council which is the accountable body for the Tyne and Wear City Region. The Future Jobs Fund programme is managed nationally by the Department for Work and Pensions (DWP).

Is the decision consistent with the Budget/Policy Framework? *Yes

If not, Council approval is required to change the Budget/Policy Framework

Suggested reason(s) for Decision:

Phase 2 of the Future Jobs Fund programme will enable an additional 238 six month jobs to be created in Sunderland during the period April 2010 - March 2011. This is in addition to the 313 opportunities under Phase 1. The beneficiaries of this programme will have stronger prospects of obtaining longer term employment having been employed in these jobs.

Alternative options to be considered and recommended to be rejected:

The alternative option of North Tyneside Council undertaking all management duties was rejected during the development of the programme as the workload and responsibility was considered excessive.

Is this a "Key Decision" as defined in the Constitution?
Yes

Is it included in the Forward Plan?
Yes

Relevant Scrutiny Committee:

Prosperity and Economic Development

CABINET – 14 APRIL 2010

FUTURE JOBS FUND PHASE 2

Report of Deputy Chief Executive

1. Purpose of the Report

- 1.1. This report seeks Cabinet approval to agree the council's management and coordination responsibilities for Phase 2 of the Future Jobs Fund programme on behalf of its partners in the city.
- 1.2. Formal approval is required to enable the council to continue to manage Phase 2 of the Future Jobs Fund in line with Department for Work and Pensions guidance and as part of a legal agreement with North Tyneside Council which is the accountable body for the Tyne and Wear City Region.

2. Description of Decision

- 2.1. The Cabinet is asked to approve the council's role in developing and managing an additional estimated grant of £1,547,000 to enable delivery of Phase 2 of the programme, under the terms of the grant agreement with North Tyneside Council, the accountable body for the Tyne and Wear City Region Employment Consortium.
- 2.2. The combined total of the Department for Work and Pensions grant to be managed by the council under Phases 1 and 2 of the programme is £3,581,500 based on the creation of over 550 local jobs.

3. Introduction/Background

- 3.1. The Future Jobs Fund was announced in the April 2009 Budget. The programme aims to create 150,000 new jobs primarily for 18-24 year olds who are at risk of being unemployed for more than 6 months. An additional 50,000 jobs will be created for long term unemployed adults. Initially it was intended that the programme would run until March 2011; it was announced, however, in the March 2010 budget that the Government intended to extend the programme until 2012.
- 3.2. The main aim of the Future Jobs Fund is to reduce the impact of the economic downturn on young people aged 18-24 and individuals in unemployment hotspots claiming other forms of benefit. The whole of Sunderland qualifies as a hotspot.
- 3.3. A successful bid for a Future Jobs Fund programme was submitted to the Department for Work and Pensions in June 2009 by North Tyneside Council on behalf of the Tyne and Wear City Region Employment Consortium which includes the Tyne and Wear,

Northumberland and Durham authorities. The City Region is seeking to create 3,450 jobs between October 2009 and March 2011, consisting of 1,610 in Phase 1 up to 31 March 2010 and 1840 in Phase 2 from 1 April 2010 until 31 March 2011.

- 3.4. It was estimated that over 550 jobs would be created in Sunderland over the full period of the programme of which 313 would be created in Phase 1. Also, some large organisations, such as Groundwork, Community Service Volunteers and Nexus, have submitted their own proposals which should create additional jobs in Sunderland.
- 3.5. Since May 2009, the council has consulted with Sunderland employers and support organisations to identify job opportunities. The jobs created to date have primarily been created in the public and voluntary sectors, in occupational areas such as health and social care, business and administration, ICT, customer service, youth work, catering and hospitality, community development, childcare, construction, sport and recreation.
- 3.6. The Department for Work and Pensions pays a grant of £6,500 for each job created. This grant can be used to cover wages, management, support and training costs. Each job must last for 6 months, involve at least 25 hours a week of employment and be paid at national minimum wage levels. Other funding can be used to extend the period of the jobs.

4. Current Position

- 4.1. Under Phase 1, 246 of the target 313 job opportunities in the city have been created; 146 of these jobs have been filled. A further 49 job opportunities have already been identified under Phase 2.
- 4.2. Following a delayed start to the programme in November 2009, Sunderland's performance relative to the rest of the Tyne and Wear City Region has been good. At the end of February 2010, Sunderland had almost double the number of Future Jobs Fund employees in post of any other local authority area.
- 4.3. In February 2010, the Department for Work and Pensions issued an extension to the grant offer letter to North Tyneside Council for Phase 2 of the programme, covering the period until 31 March 2011. The total grant offer for Phase 2 for the City Region amounts to £11,960,000 of which £1,547,000 is allocated to the city council.
- 4.4. The Department for Work and Pensions grant places considerable responsibilities upon the accountable body particularly in ensuring that appropriate evidence and associated documentation are maintained and that claims are processed quickly. Expenditure of the grant will be subject to audit certification.

- 4.5. North Tyneside Council has therefore issued a separate grant agreement to ensure that its partner authorities comply with these responsibilities. Under this agreement the council will be responsible for managing a total Future Jobs Fund grant of £3,581,500 for Phases 1 and 2 in accordance with the Department for Work and Pensions' guidance. If the council's estimated performance targets are met before the end of the programme this figure might increase as more jobs are allocated to Sunderland.
- 4.6. Each employer is required to sign an agreement confirming that it will comply with the grant procedures. Regular monitoring and verification visits are undertaken to check that employers are maintaining the correct paperwork and adhering to the agreement. The council is at risk of clawback of grant if the responsibilities are not discharged satisfactorily.
- 4.7. Management duties for Phase 2 will continue up until 31 December 2011. It is estimated that additional Department for Work and Pensions funding of approximately £102,000 will cover the council's costs of developing and managing the Future Jobs Fund from July 2009 until October 2010. Discussions are taking place with North Tyneside Council and the other councils to agree how the management costs for the remainder of Phase 2, estimated at a further £100,000, should be covered, from within the Future Jobs Fund grant, Working Neighbourhoods Fund or other sources.
- 4.8. A risk register for the Future Jobs Fund in Sunderland is being managed in liaison with the prospective employers and the council's risk management team. The register has been reviewed and amended to reflect the changes in the programme to date and the transition from Phase 1 to 2 of the programme.
- 4.9. An Impact Needs Requirement Assessment (INRA) has also been prepared to ensure that the programme meets national equality standards. The INRA will assist in the monitoring and evaluation of the programme and its impact on specific customer groups.

5 Reasons for the Decision

- 5.1. Recent estimates indicate that each month 300 and 450 young people would be eligible for a Future Jobs Fund opportunity. The importance of a programme which is designed to prevent members of this age group from becoming long term unemployed is therefore clear.
- 5.2. Although they will have no guarantee of continued employment, the beneficiaries will be in a stronger position to seek other jobs or training and thereby avoid longer term unemployment. Support is in place to assist clients in seeking further employment or training.

- 5.3. The overall impact of the Future Jobs Fund will be measured by the beneficiaries' success in moving into more permanent employment or training at the end of the 6-month job. The initial jobs which commenced in November 2009 will finish in May 2010 so it is too early to assess the impact in these terms.
- 5.4. Future Jobs Fund has received a positive welcome from many employers in the city. Monthly local development meetings are held to ensure that delivery arrangements are coordinated and to receive feedback on referral and recruitment issues and to liaise on post employment support. A good partnership has been established between the council, employers and Jobcentre Plus, who are responsible for checking the eligibility of clients and making referrals to employers.
- 5.5. Prior to the start of the programme, two management options were considered: first, that North Tyneside Council managed the whole process, or second that it delegated responsibility for local management to the council. The latter option was preferred as it:
- 1) enabled workload and responsibility to be shared among the local authorities of the Tyne and Wear City Region;
 - 2) supported the continued development of the local partnership approach to the Future Jobs Fund;
 - 3) provided flexibility in managing the Future Jobs Fund in Sunderland while ensuring that the Department for Work and Pensions requirements were fulfilled.
- 5.6 The council has considerable experience of delivering externally funded programmes. Under Phase 1, it has quickly established the management processes and systems that are necessary for a programme of this scale and complexity.
- 5.7 The council also now has the option of not progressing with Phase 2. Although the Phase 1 target is still to be met, and the success of beneficiaries in obtaining other employment or training cannot be established yet, the relative good progress in delivering the Future Jobs Fund to date indicates that the programme is worthwhile in improving the employment prospects in the city, particularly for young people.

6. Alternative Options

- 6.1. The Tyne and Wear City Region Future Jobs Fund programme has been developed on the understanding that all local authorities would share in its development and management. The alternative option of North Tyneside Council undertaking all responsibilities has not been explored in more detail since:
- 1) the workload and responsibility would be excessive for one authority;

- 2) the proposed arrangement enables responsibility to be shared among the authorities;
- 3) local contact, which has been important in developing the programme, will be maintained throughout its implementation

6.2 The option of not participating in Phase 2 has not been examined in detail since it would remove the employment opportunities that are provided through the Future Jobs Fund. It also would weaken the Tyne and Wear City Region partnership arrangements.

7. Relevant Considerations / Consultations

- a) **Financial Implications** – The Director of Financial Resources has been consulted about the report and in the development of the management arrangements of the Future Jobs Fund programme. Consultation will continue with regard to how the council manages its grant responsibilities and to ensure that these are fulfilled.
- b) **Risk Analysis** – a risk analysis and review process are in place, as explained in the report.
- c) **Employee Implications** – It is intended that the City Council will create up to 30 six month fixed term jobs during Phases 1 and 2 of the Future Jobs Fund programme. Links to the Council's Modern Apprenticeship programme are currently being explored.
- d) **Legal Implications** – The Chief Solicitor has been consulted about the administration of the programme, including the Grant Agreement with North Tyneside Council and the agreement with individual employers.
- e) **The Race Relations (Amendment) Act 2000 and the Council's Race Equality Scheme / f) Disability Discrimination Act**
An Impact Needs Requirement Assessment has been undertaken of the operation of the Future Jobs Fund in Sunderland.

10. Background Papers

Department for Work and Pensions guidance on the Future Jobs Fund Phase 1 and 2 Grant Offer Letter from DWP to North Tyneside Council
Grant offer letter from North Tyneside Council to Sunderland City Council
Future Jobs Fund: Sunderland Delivery Plan

Available from Strategic Programmes and Europe Team, Room 2.74,
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