

DECISION-MAKER:	CABINET
SUBJECT:	YOUTH CONTRACT DELIVERY
DATE OF DECISION:	18 SEPTEMBER 2012
REPORT OF:	CABINET MEMBER FOR COMMUNITIES
STATEMENT OF CONFIDENTIALITY	
Not applicable.	

BRIEF SUMMARY

The Youth Contract is a 3 year programme funded by central Government to support young people who are not in education, employment or training (NEET), that have low levels of attainment and a range of factors that put them at greater risk of long-term disengagement.

Skills Training UK (STUK) were successful in their bid to become the Governments preferred supplier for the South East Region, and the Regeneration and City Limits Employment Team (RCLE) in Southampton City Council has the opportunity to become a sub-contractor to STUK in the City, alongside Wheatsheaf Trust.

The contract will require engagement with 256 NEETS in the City, and for a number of positive and sustainable outcomes to be achieved. Based on the teams experience of preparing vulnerable residents for the labour market it is estimated that the 'payment by results' approach proposed by STUK is sufficient to cover RCLE's costs based on a 70% success rate.

RECOMMENDATIONS:

- (i) To delegate authority to the Director of Environment and Economic Development to enter into the funding agreement to deliver the Youth Contract as a sub-contractor to Skills Training UK Ltd
- (ii) Delegate authority to the Director of Environment and Economic Development to negotiate final contract terms, following consultation with the Cabinet Member for Communities.
- (iii) Should the terms and conditions of the contract become detrimental to SCC, officers in consultation with the relevant Cabinet Members will submit a further report for Council decision to terminate the contract or to continue with delivery.
- (iv) To add £38,800 to the 2012/13 revenue estimates and £74,000 to the 2013/14 revenue estimates of the Leaders Portfolio funded from the Skills Training UK Ltd contact and to note the further addition of £69,300 to the 2014/15 revenue estimates will be formally made as part of the preparation of those financial years' budgets.

REASONS FOR REPORT RECOMMENDATIONS

1. RCLE has a track record of engaging 'hard to reach' individuals and of moving them closer to the labour market, into volunteering and training. The Youth Contract offers the opportunity to;
 - Deliver up to 3 years of employment and skills based support
 - Secure external funding to increase employability in the City

- To help deliver preventative change to RCLE’s existing client groups, notably to NEETS at risk of ‘graduating’ into offending, repeat offending and chaotic lifestyles
- To support NEET young people with Learning Difficulties and Mental Health issues into work and learning

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. Not accept the funding, this option was rejected as it would be disadvantageous to long-term change within RCLE’s client groups, would reduce external investment into the City and result in a lost opportunity to expand socio/economic interventions in partnership with private sector providers.

DETAIL (Including consultation carried out)

3. There has been consultation with officers in Children’s Services and Learning, and Safer Communities as there a number of cross-cutting issues within the NEETS client group where coordination will be beneficial to maximise outcomes and reduce overhead costs.
4. Skills Training UK Ltd (STUK) has been awarded lead contractor status to deliver the Youth Contract in the South-East. Following an expression of interest RCLE has been offered the opportunity to deliver (as a sub-contractor) part of STUK’s offer in the City.
5. RCLE has a track record of engaging and working with vulnerable residents to move them closer to the labour market, and/or into training and volunteering. RCLE is well placed and is sufficiently experienced to offer a beneficial service to NEETS.
6. The contract offered by STUK is based on payment by results, relating to three activities;
 - Engagement
 - Re-engagement in education or training
 - Sustainability
7. The targets and payments offered by STUK are based on 256 engagements and re-engagements with clients, of which 205 are to be sustained for 5 months.

Activity Payment (By Client Outcome)	Until August 2013	From September 2013
Engagement	£155	£0
Re-engagement in education or training	£305	£305
Sustainability	£560	£715

8. Should RCLE achieve 100% of the outcome target set by STUK then payments of £261,000 could be forecast. However, the working financial model is based on a 70% success rate (£182,100), with performance management systems in place to build on and maximise this engagement rate.
9. Delivery of a contract, especially one engaging vulnerable young people, has associated risks. Identified risks to SCC are considered below;
10. **Contractual Risks**

To reduce the risk of SCC being exposed to bad debts, or the new service impacting adversely on SCC provision STUK's Funding Agreement (Contract) will be checked prior to approval. Should, once in operation, the terms and conditions of the contract become detrimental to SCC, officers in consultation with the relevant Cabinet Members will submit a further report for Council decision to terminate the contract or to continue with delivery.
11. **Performance Risks**

Youth Contract payment is dependant on achieving outcomes (The proposed payments profile is illustrated in Paragraph 5). To reduce the risk of underperformance it is proposed;

 - To not recruit additional staffing resources until engagement rates and outcome targets have been tested in operation, and are financially sustainable
 - To ensure synergies with existing SCC services are maximised (ie with Family Matters), to reduce overheads and costs of engagement
 - To ensure all outputs and outcomes are monitored and recorded in a robust way, to enable payments to be promptly released by the funder
 - To monitor outputs/outcomes on a monthly basis, and to take remedial action where required
 - To monitor the performance of other providers and to adopt best practice
12. **Insurance**

Additional insurance arrangements will be put in place to protect SCC from claims by the Contractor (STUK).
13. **Finance**

To ensure SCC does not cross-subsidise the delivery of this contract the projects budget has been developed using a full cost recovery model that includes; salaries and on-costs, staff and client travel, staff and client expenses, training, equipment, office costs, communications and tele-communications. This financial model will enable SCC to claim for the full costs of delivering the service.
14. **SCC Procedures**

Details of the Youth Contract will be documented and recorded in accordance with SCC Financial Procedure Rules.

15. **Health and Safety**

The NEET client group is diverse, and can include residents with Mental Health, substance misuse and offending issues. RCLE currently provides employment support services to these client groups and has appropriate Risk Assessments in place. However, due to the potential risks a specific Risk Assessment will be developed for this client group in consultation with other experienced providers in the city.

RESOURCE IMPLICATIONS

Capital/Revenue

16. In accordance with Finance Procedure Rules (E.15) for externally funded revenue activity over £125,000, Cabinet Member is recommended to increase the expenditure budget of the City Limits section by the following amounts over the period of Skills Training Ltd contract.

£'s	2012/13	2013/14	2014/15	Total
Revenue	38,800	74,000	69,300	182,100

17. The contract fees are based on achieving predefined targets as laid out by STUK. The above reimbursement figures are based around a success rate of 70% against these targets.
18. There will be no ongoing project revenue costs beyond 2014/15 falling to the Council.

Property/Other

19. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

20. Section 1 Localism Act 2011 permits a Council to do anything that a private individual may do subject to pre and post commencement limitations (the 'General Power of Competence'). It is not considered that any limitations imposed under existing legislation would limit the use of the General Power of Competence in this case.

Other Legal Implications:

21. The Council has a duty to exercise its functions in accordance with the Public Sector Equality Duty and having regard to the equalities provisions contained within the Equality Act 2010 and to exercise its functions having regard to the need to reduce or eliminate crime and disorder under s.17 Crime & Disorder Act 1998.

POLICY FRAMEWORK IMPLICATIONS

22. Delivery of the Youth Contract will contribute to the Southampton Connect 'Key City Challenges' below

1. Economic Development:

- Stimulating additional inward investment
- Encouraging higher levels of employment and economic activity

- Tackling deprivation in specific areas of the city, including completing a successful Estate Regeneration programme.

2. Educational attainment and skills:

- Increasing the proportion of young people who are in education, employment or training

3. Well being:

- Supporting vulnerable people and promoting long term independence
- Reducing crime and Anti Social Behaviour rates and improving public perception of crime

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KEY DECISION? No

WARDS/COMMUNITIES AFFECTED	All wards
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SUPPORTING DOCUMENTATION

Appendices

1.	None.
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Documents In Members' Rooms

1.	Youth Contract – Expression of Interest
2.	Integrated Impact Assessment

Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	Yes
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Other Background Documents

Integrated Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1. Integrated Impact Assessment	