



# Cabinet

5 DECEMBER 2011

**LEADER OF THE COUNCIL**

*Councillor Stephen Greenhalgh*

**EUROPEAN SOCIAL FUND – SUPPORTING RESIDENTS TO SECURE EMPLOYMENT**

**Wards All:**

Officers have successfully bid for £1,000,000 GLA European Social Fund (ESF) finance to deliver services which help unemployed residents secure employment.

The ESF funding must be matched equally with £1,000,000 of funding from LBHF.

This report seeks approval for £1,000,000 of Council expenditure over two years as match funding from 1<sup>st</sup> April 2012 – 31st March 2014. £860,000 of this sum sits in the corporate Third Sector Investment Fund and is already allocated for employability support services until 30<sup>th</sup> September 2012, and the remaining £140,000 is Westfield S106 employment support funding.

**CONTRIBUTORS**

EDHR  
EDFCG  
ADLDS

**HAS A EIA BEEN COMPLETED?**  
YES

**HAS THE REPORT CONTENT BEEN RISK ASSESSED?**  
N/A

**Recommendations:**

**1. To:**

- (i) enter into a tri-partite agreement with London Councils and Greater London Enterprise (GLE) as set out in paragraph 1.4 of the report.**
- (ii) accept ESF funding of £1,000,000 under the terms of the tri-partite agreement as set out in the report.**
- (iii) contribute £1,000,000 match funding to the ESF funding held by GLE in accordance with the terms of the tri-partite agreement as set out in the report.**

**2. That approval be given to commission services to support unemployed residents to secure employment at a total cost of £2,000,000 (using the funding and match funding) from 1<sup>st</sup> April 2012 – 31<sup>st</sup> March 2014.**

## **1. BACKGROUND**

- 1.1. A key ambition for the Council is the renewal and regeneration of deprived areas (Community Strategy 2007-14). Developing an effective response to high unemployment and economic inactivity in these areas is critical to achieving this aspiration.
- 1.2. This report advises Cabinet that European Social Fund finance has been secured to double the Council's current employability support services budget. This means that if the Cabinet agrees to continue expenditure on employment support activity at a level of £1m over two years an additional £1m will be awarded by the European Social Fund for the delivery of employment support in the borough.
- 1.3. Cabinet is asked to approve £1m expenditure on activities to tackle local unemployment over the term 1 October 2012 until 31 March 2014. This includes £860,000 from the Third Sector Investment Fund.
- 1.4. The main terms of the tripartite agreement are that GLE will manage the delivery of the programme and that LBHF and London Council's will fund GLE who will then pay the procured delivery organisation on successful delivery of specific outcomes as stipulated by LBHF (see table in 5.5). Payment will only be made for actual outputs delivered up to the maximum funds available.
- 1.5. The service specification has been developed by LBHF's Economic Development Team to ensure that delivery will address the needs of our residents and takes into consideration current and emerging priorities.
- 1.6. A delivery organisation will be procured through a commissioning process with bids being assessed by representatives from LBHF, GLE and other London boroughs. The tender process will be run by GLE who will enter into the contractual agreement with the delivery organisation. GLE will be paid a 5% management fee for the lifetime of the project and will be accountable to LBHF and the GLA as funding bodies.

## **2. CONTEXT**

- 2.1. Hammersmith & Fulham's employment profile in June 2011 shows 5,325 Job Seekers Allowance (JSA) claimants in the borough, whilst 11,035 adults of working age are economically inactive i.e. those on benefits but not actively looking for work.
- 2.2. In addition since entering recession, there has been a 99.5% increase in the numbers claiming out of work benefits for more than 6 months

in LBHF, compared to a 74.1% increase in Greater London and 86.5% increase in the UK.

- 2.3. The northern wards of Wormholt & White City, College Park & Old Oak and Askew have the three highest JSA claimant rates in the borough (at 6.7%, 6.3% and 6.1% respectively); the highest youth unemployment levels, and the highest long term unemployment levels. The same areas tend to have high proportions of the working age population that are in receipt of incapacity benefits due to mental health problems with most housing estate areas having between 4% and 6% of their working age population receiving incapacity benefits due to mental health problems.

### 3. FUNDING OPPORTUNITY

- 3.1. The Council currently invests approx £778,263 per annum in third sector employment support, financial capability services and legal advice services under the Economic Wellbeing & Opportunity specification. Six organisations are currently funded until 31<sup>st</sup> September 2012, these are as follows:

Organisation	Committed funding (01/10/11 – 30/09/12 £)
1) Spear (RESURGO)- youth unemployment	149,500
2) Tendis – employment support	180,000
3)Third Age Foundation – employment support for residents aged 40 years plus	30,000
4) Notting Hill Housing Trust	50,000
5) HF Credit Union – financial advice and banking	18,000
6) Fulham Legal Advice Centre – legal advice	32,500
7) HF Citizens Advice Bureau – legal and welfare advice	318,263
Total	778,263

- 3.2. Current Council Third Sector Investment Fund expenditure that is targeted at helping residents to secure employment totals £409,500 per year (Organisations 1 to 4 above), over a two year period this is contracted to deliver 183 job outcomes, with 339 people receiving ongoing employment support and 157 residents achieving a level 1 qualification. Beneficiaries are predominantly the most entrenched workless residents (which includes older people who have faced disadvantage in securing employment; young residents not in education (NEET's), employment or training and residents with low skills). The cost per job outcome from current employment support initiatives is £2,238 should all contracted job outcomes be achieved.

The cost per job is in line with comparable employment support initiatives, however the small scale of these interventions does not achieve the real change or impact on our deprived estates that we want to see. The remaining budget currently funds legal advice and financial services (organisations 5 to 7 above)

- 3.3. Since our current provision was commissioned there have been a number of significant changes to mainstream employment support and welfare reform that have impacted on the effectiveness of our interventions. There is now a need to better align our provision with the Single Work Programme and other mainstream DWP provision.
- 3.4. This report proposes a new service commissioning and funding cycle commencing 1 April 2012. It is intended that this new cycle overlaps with the current funding programme, which ends 30 September 2012, in order to ensure service continuity to job seekers and a tighter fit with available DWP employment support services and local initiatives.
- 3.5. The Borough is one of four Cabinet Office supported pilot areas, alongside Westminster, Leicestershire and Birmingham, tasked with developing innovative social investment and payment by results service commissioning models. This work together with efforts to draw together a number of funding streams affords a major opportunity for significant transformation of employability services and wider services aimed at families with multiple problems.
- 3.6. This funding provides an opportunity to design and commission a programme of activity that complements and adds value to mainstream provision and our innovative work around White City, through a focussed payment by results delivery model. It will allow us to commission a large scale employment support programme that reduces the number of competing initiatives in the borough.
- 3.7. Working on the premise that 'no one gets left behind' this ESF programme is intended to offer employment support to residents unemployed for less than one year, as there are already two DWP programmes targeted at the long term unemployed and families.
- 3.8. This report proposes utilising Third Sector investment Fund (3SIF) budget and using £140,000 from the Westfield London Economic Development Section 106 balances in order to draw down European Social Fund match funding as shown in the table below.

Dates	LBHF Funding Stream	ESF Match Funding Requirement	Economic Wellbeing & Opportunity (3SIF) Balance
	£	£	
01/04/12 – 30/09/12	80,000 (S106)	80,000	
01/10/12 – 31/03/13	375,000 (3SIF)	215,000	160,000
01/04/13 - 31/03/14	750,000 (3SIF)	430,000	320,000
01/04/14 30/09/15 -	375,000	215,000	160,000
01/04/14 – 30/09/14	60,000 (S106)	60,000	
<b>Total</b>	<b>1,640,000</b>	<b>1,000,000</b>	<b>640,000</b>

3.9 The Third Sector Investment Fund will continue over two years to hold £640,000 of the current budget and this sum will be the subject of a separate service commissioning report. It is intended to develop an Economic Wellbeing service specification focused on legal advice (employment, housing, welfare and debt) and financial capability from October 2012 – September 2014.

#### **4. BENEFITS**

- 4.1. The Council's Work Matters programme seeks to break the cycle of generational worklessness by practically equipping residents, particularly those furthest from the labour market, to compete for jobs, secure skills and qualifications and overcome barriers to employment.
- 4.2. Funding will ensure no one gets left behind as this approach will ensure that whole communities benefit from some timely integrated interventions. Long term unemployed people will be supported through the Work Programme and families with multiple problems will be supported through DWP/ESF.
- 4.3. The programme specification will direct delivery towards our most disadvantaged residents and estates whilst ensuring that support is available to all borough residents who need help to improve their economic wellbeing.
- 4.4. This ESF programme will work along side local services including the Council's WorkZone (Recruitment facility) and focus on the beneficiaries gaps, namely:

- 4.4.1. those unemployed for less than one year
- 4.4.2. those long term economically inactive and not mandated on to the Work Programme; Incapacity Benefit and Employment Support beneficiaries;
- 4.4.3. single unemployed adults and households without children;
- 4.4.4. young people; those who are economically inactive for less than a year – excluding NEETs or those at risk of becoming NEET aged 14-19 years old.
- 4.4.5. and challenge those who benefit from illegal 'grey' economy income (i.e. cash in hand recipients).

4.5. The commissioned deliver organisation will be expected to achieve the following outcomes within the two year commissioned period:

<b>Outputs</b>	<b>Number</b>
<b>Number of participants enrolled</b>	<b>1500</b>
<b>Number of participants receiving 6+ hours of support (IAG, job search, mentoring, training)</b>	<b>1100</b>
<b>Number of participants achieving a vocational qualification</b>	<b>630</b>
<b>Number of participants achieving a qualification at NVQ level 2</b>	<b>50</b>
<b>Participants undertaking a work placement</b>	<b>100</b>
<b>Submission of a mid-term evaluation report</b>	<b>1</b>
<b>Number of participants into further jobsearch and training</b>	<b>500</b>
<b>Number of participants in employment within 13 weeks of leaving the project</b>	<b>543</b>
<b>Number of participants in sustained employment for 26 weeks (6M)</b>	<b>380</b>
<b>Number of participants in sustained employment for 52 weeks (1Y)</b>	<b>220</b>
<b>Submission of final evaluation report</b>	<b>1</b>

- 4.6. This initiative will allow us to scale up our employment support capability and significantly increase the number of residents that we are able help by leveraging in an additional £1m ESF funding. It will provide value for money for the council by reducing our cost per job outcome to £1,842 whilst also ensuring that residents receive ongoing support once in employment in order to sustain their job.
- 4.7. A payment by results model will ensure that the council only pays for the outcomes that are achieved thereby limiting the risk of non delivery. A larger scale intervention, delivered through one organisation will ensure that we are better able to direct delivery at the residents and areas where support is most needed (see 2.3).

## **5. RISK MANAGEMENT**

- 5.1. The Council has previously been a recipient of ESF funding and is familiar with the programme management regime and funding requirements. Payment is on a results basis removing a large element of risk from the programme.

## **6. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE**

- 6.1. This report seeks approval to spend £1m to contribute to tackling local unemployment over the period 1 October 2012 until 31 March 2014. This includes £860,000 from the Third Sector Investment Fund, and a further £140,000 from the Westfield Section 106 agreement. This investment will be matched by a further £1m which has been secured from the European Social Fund.
- 6.2. Finance officers will review the terms and conditions of the tri-partite agreement to ensure that financial and other risks are assessed and mitigated, and that monitoring / auditing / performance arrangements are set up in accordance with Council policy.

## **7. EQUALITY IMPLICATIONS**

- 7.1. This initiative seeks to address disaffection, disadvantage and unemployment among residents across the borough.
- 7.2. It will have high positive impacts for unemployed residents who are not supported through current provision such as the Single Work Programme .
- 7.3. The initiative will also help address the barriers faced by people who are disabled, lone parents or from BME communities in securing employment, ambitions and opportunities.



**8. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)**

- 8.1. It is noted that the Council has secured grant funding of £1m from the ESF subject to providing match funding (of a further £1m). The £2m, less a 5% administration fee payable to the GLE will be used to commission a delivery organisation to deliver the outcomes described in paragraph 5.4.
- 8.2. To access the match funding, the Council is required to enter into a tri-partite agreement with London Councils and GLE. Upon instructions from the client department (HRD), legal services will review the terms and conditions of the tri-partite agreement to ensure that the Council's position is protected.
- 8.3. It is understood that the procurement process for the appointment of the delivery organisation will be run by GLE, with input from the Council (Economic Development) and other London boroughs. The Council should ensure that the process is run in an open, fair, non-discriminatory and transparent manner, in accordance with the EU treaty principles.

**LOCAL GOVERNMENT ACT 2000**  
**LIST OF BACKGROUND PAPERS**

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
1.	LBHF Local Economic Assessment 2011	Lee Fitzjohn	FCS - 5799
2.	3 <sup>rd</sup> Sector Investment Fund – Cabinet Report 15 July 2010	Sue Spiller	CSD - 2483
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