

Report of Director of City Development

Report to Executive Board

Date: 27 June 2018

**Subject: European Structural and Investment Funds Programme 2014-2020:
Supporting Young People into the Labour Market**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

- 1 The Best Council Plan 2018/19-2020/21, Tackling poverty and reducing inequalities, sets out the Council's ambition for Leeds to be the best city in the UK, one that is compassionate and caring with a strong economy. In 2017/18 activities contributing to these aims included supporting 5,624 residents into work, 7,200 to acquire new skills, and 5,396 young people to learn more about apprenticeships and the world of work.
- 2 In March 2018 the Department for Work and Pensions (DWP) issued two calls to commission European Structural and Investment Funds (ESIF) Funded projects that will support the Priority Axis 1 of the Operational Programme: Inclusive Labour Markets and Investment Priority: 1.2 Sustainable Integration into the Labour Market of Young People as set out in the Operational Programme.
- 3 The first call, renamed locally as Youth Engagement and Progression (YEP) is a Not in Education, Employment or Training (NEET) Programme and will deliver targeted services for those young people currently identified as NEET or at risk of becoming NEET across three local authority areas: Leeds, Bradford and Kirklees.
- 4 The second call, renamed locally as Routeways, is a Leeds City Region Employment Hub Project and is being commissioned to establish clear links between education and business and promoting apprenticeships in schools as a positive career progression. This programme aims to increase student contact with,

and understanding of, business in schools and Further Education resulting in more young people entering and staying in the labour market.

- 5 The two projects will enable up to £3.8m to be invested in Leeds to offer tailored support to around 3,000 young to improve their skills and significantly increase their prospects of moving into sustained employment.
- 6 The bids were submitted on 21 May and a decision is anticipated in mid-July 2018. The recommendations in this report are made subject to a successful bid outcome and to ensure that delivery can commence at the earliest possible date to enable support to be provided and the identification of progression routes for those receiving examination results in August.
- 7 These projects will contribute to the delivery of the Best Council Plan 2018/19 priorities of Inclusive Growth and Child-Friendly City, and the calls to action in the Leeds Talent and Skills Plan and the Leeds Inclusive Growth Strategy. Targeted support will contribute to the achievement of Best Council Plan outcomes to ensure that all residents can do well at all levels of learning and have the skills they need for life and to earn enough to support themselves and their families.

Recommendations

Executive Board is asked to:

- 1 Authorise the Council, as a Delivery Partner to work with:
 - a) the West Yorkshire Combined Authority under a Service Level Agreement, to deliver the Leeds City Region Employment Hub Project (Routeways), as part of the ESIF Sustainable Integration of Young People into the Labour Market Programme;
 - b) City of Bradford Metropolitan District Council under a Service Level Agreement, to deliver the YEP Project, as part of the ESIF Sustainable Integration of Young People into the Labour Market Programme
- 2 Approve total expenditure:
 - c) of up to £1.4m by the Council inclusive of £0.7m maximum match funding to deliver the Leeds element of the YEP project over the next three years, 2018-2021;
 - d) of up to £2.1m by the Council inclusive of £1.1m maximum match funding to deliver the Leeds element of the Routeways project over the next three years, 2018-2021.
- 3 Note that the Head of Projects and Programmes in the Employment and Skills Service will be responsible for the implementation of both projects in Leeds, anticipated to commence by August 2018 and complete by August 2021.

1 Purpose of this report

- 1.1 This report seeks authorisation to commit £1.8m maximum of Council match-funding to deliver the Leeds element of the Leeds City Region Employment Hub Project (Routeways) and NEET (YEP) Projects. These projects will result in investment of up to £3.8m in the city and £14m across the Leeds City Region, part funded by the European Structural and Investment Fund (ESIF).
- 1.2 The Council will work in partnership with Bradford Metropolitan District Council and the West Yorkshire Combined Authority to deliver these projects and support up to 3,000 young people over 3 years to identify and progress on their chosen learning and career pathway.

2 Background information

- 2.1 The current EU European Structural and Investment Fund Programme (ESIF) commenced in 2014 and is a seven year programme designed to support a range of economic development, skills, environmental improvement and social inclusion activities. The Leeds City Region was awarded one of the largest allocations in the country with a total value of £304m.
- 2.2 The regional allocation is made up of three funds: the European Regional Development Fund (ERDF), European Social Fund (ESF) and a small allocation of European Agricultural Fund for Rural Development (EAFRD). A number of programmes are match-funded by government departments and agencies as part of the ESIF 'opt-in' arrangements. Other activities, including the Sustainable Integration of Young People into the Labour Market Programme are funded up to 50% of the total project costs and therefore require match funding. Projects are funded for a maximum of three calendar years.
- 2.3 The Leeds City Region ESIF Programme was launched in spring 2015. Executive Board was presented with a report from the Director of Development on 16 March 2016 which summarised the Council's planned activity under ESIF either as the lead applicant or a key delivery partner.

3 Main issues

3.1 Programme Context

- 3.1.1 The Sustainable Integration of Young People into the Labour Market Programme falls under Thematic Objective 10 "Skills" within the ESIF Strategy. The programme is focused on addressing skills gaps and shortages, responding to local employer needs including intermediate, more advanced and higher level skills and furthering apprenticeship offers.
- 3.1.2 The programme objective is to increase participation in the labour market and thereby improve social inclusion and mobility. These calls for bids identify the need to address high levels of youth unemployment in specific areas of England, in particular those not in employment, education or training, including young people at risk of social exclusion and young people from marginalised communities.

3.2 The Economic Context

- 3.2.1 Leeds City Region is the biggest city region economy in the country, with an annual output of £64.6bn representing 5% of the English total. It hosts 126,000 businesses, 3 million residents and an employed workforce of 1.4m. Nine Higher Education institutions and 14 Further Education Colleges are based in the City Region, which is home to a student population of around 300,000. However, despite its economic strengths and assets, the city region is not realising its full potential. The decline of heavy industry has left a legacy of pockets of serious deprivation and an economy that is less productive than those in many other parts of the country.
- 3.2.2 The revised vision for the City Region is to be a globally recognised economy where good growth delivers high levels of prosperity, jobs and quality of life for everyone. This revised vision places a greater emphasis on “good growth”, where a radical up-lift in growth, productivity and business success goes hand in hand with quality jobs that connect all people and places to opportunity and improved quality of life. Achieving the vision will mean that the economy becomes stronger, more dynamic and resilient, and will be on course to consistently improve performance compared to national averages and international competitors over time.
- 3.2.3 While the employment rate in Leeds at 76.6% is above the national average of 74.9% (January 2017 to December 2017) in January 2018, there were approximately 2,250 unemployed young people aged 18-24 claiming Jobseekers Allowance or Universal Credit and a further 2,200 claiming Employment and Support Allowance as a result long term health conditions. In addition, there were 435 young people (16 -18 year olds) identified as NEET with a further 509 whose destination was not known in March 2018. While these rates have reduced significantly over the last 3 years, research studies show that when young people are unemployed for long periods they are more likely to be unemployed and dependent on benefits in later life, they are likely to earn less in later life and have an increased probability of experiencing poor mental and physical health. Further support is required to reduce the number of young people that fail to achieve a positive destination and successfully transition into sustainable employment with the opportunity for progression.
- 3.2.4 The Council offers a range of employment support services and skills programmes to local residents with 80% of those supported into work residing in the most disadvantaged communities with the highest out-of-work benefit claimant rates. This programme will enable the Council to extend its reach to and better support the NEET young people within these communities that experience multiple and complex barriers to securing employment through targeted specialist and intensive support. The programme will be aligned with other local and national programmes currently being procured to provide a coherent local offer and avoid duplication to make best use of resources.

3.3 Contract Value

- 3.3.1 An ESIF funding allocation of £2.5m to deliver the YEP Project across Bradford, Leeds and Kirklees and £4.5m to deliver the Routeways project across Leeds City Region has been commissioned by DWP. The value of the funding targeted to

Leeds district is £887,900 on the YEP project and £1.048m on the Routeways project. This investment must be matched by an equivalent amount across the relevant local authorities, creating a local provision with a total value of £14m across Leeds City Region including up to £3.8m for Leeds district over three years.

3.3.2 The match funding for both projects will be realised through allocating existing and new staff from Employment and Skills Service, City Development directorate and the Learning for Life service in the Children and Families directorate.

3.4 YEP Proposed Delivery Model

3.4.1 The YEP Project will provide a targeted but flexible programme of activity enabling unemployed young people (including those not claiming out-of-work benefits) to successfully compete and move into sustainable employment or return to learning.

3.4.2 The project will be managed by Employment and Skills and will be delivered through the Learning for Life service in the Children and Families directorate alongside The Princes Trust. The Princes Trust bring significant expertise in supporting the target cohort of young people along with tailored programmes and match funding. The Learning for Life service will manage the identification and tracking of young people identified as NEET. Key workers in both the Learning for Life service and the Princes Trust will support the young person throughout the programme.

3.4.3 The project will provide tailored support for young people aged 15-24 focussing on improving self-confidence and self-worth so that they are empowered to take an active role in making decisions about their future. It will provide them with opportunities to achieve by offering stimulating, informal, atypical curriculum inputs in a non-academic context including occupational tasters to support career exploration, team building and short course vocational tasters.

3.4.4 The project will target marginalised individuals and the unemployed. It will act as a bridge from NEET and will support individuals to address complex barriers to return to or remain in education, employment (EET). Helping young people transition from NEET to EET.

3.4.5 Provision will be built around the following activities:-

- Preventative programmes for those at risk of becoming NEET;
- Flexible programmes that enable young people to progress onto other learning;
- Preparation for employment, particularly to help young people to understand employers' requirements around attendance, attitude, motivation and behaviour management;
- Vocational training linked to key employment sectors and local employment opportunities including embedded maths and English skills development;
- Short programmes of activity for those young people who have recently left learning programmes without a positive outcome or destination;
- Structured taster programmes in a working or learning environment.

3.5 Routeways Proposed Delivery Model

- 3.5.1 The project be delivered by the Employment and Skills service building on the successful Headstart and Devolved Youth Contract Programmes delivered under the City Deal. The proposed delivery model includes engaging with young people in schools and other educational settings, with a focus on those in Years 11 and 13 (that is potential school leavers) to deliver activity comprising:-
- Promotion of career opportunities and pathways within the city with a focus on growth sectors
 - Sharing of labour market intelligence to inform choices and destinations
 - Supporting schools to engage with business
 - Development and deployment of resources to inform young people about career opportunities
 - Teacher CPD to build awareness of changing labour market opportunities.
- 3.5.2 As well as engaging with young people through the above methods, referrals to the programme will be gathered from a range of employment support and outreach providers, including through self-referrals (such as the Leeds Pathways CV submission portal), Jobcentre Plus, employment support and outreach partners engaging with hard to reach groups. There will be an explicit focus on the city's areas of greatest disadvantage (priority neighbourhoods), based on evidence of need from this cohort within these areas. There will also be a strong alignment with Council services such as Children Looked After, the Virtual School, Youth Services, and the Pathways team, to ensure that young people engaged with these services are signposted to the programme where appropriate to their needs and circumstances.
- 3.5.3 Participants will be triaged to identify work readiness, competencies and experience which will include their willingness to work. An initial Information, Advice and Guidance meeting will identify barriers to employment and the types of roles and sectors for which they have an aptitude. A basic skills assessment will also be undertaken.
- 3.5.4 The triage process will inform a tailored support package and those requiring additional support will be assigned a key worker who will co-ordinate provision and assist with job searching, applications, interview skills etc, as well as any other barriers to achieving a successful outcome. Priority groups in the local labour market, care leavers, people with disabilities including SEND, and BME communities, will be prioritised for support. This will generate a 'talent pool' of young people who are progressively destination ready, recognising that the duration of support and intensity will vary.
- 3.5.5 Participants identified as ready will be matched to opportunities with a focus on apprenticeships. The service will match applicants from the talent pool, support the recruitment process, and provide sustained in-work support to successful candidates to include mentoring. Unsuccessful applicants will return to the 'talent pool' with support provided in any areas identified through the process as needing improvement.

- 3.5.6 Employment opportunities will be sourced from small to medium size employers with 249 or fewer employees and large companies who have not previously offered an Apprenticeship opportunity with a focus on higher level apprenticeship opportunities. An outcome of this activity will be the development of a cohort of employers open to employing young people, potentially from groups traditionally some distance from the labour markets, and also potentially open to providing work experience opportunities.

3.6 Next Steps

- 3.6.1 Subject to a successful outcome of the bid, Bradford City Council and the West Yorkshire Combined Authority as Lead Partners, will formally enter into contracts with the Department for Work and Pensions to deliver the projects. Subject to Executive Board approval, the Council will enter into a service level agreement with the respective Lead Partners to deliver the Leeds element of this provision.
- 3.6.2 For both the YEP and Routeways project, Leeds City Council will be a Delivery Partner and will enter in to a Service Level Agreement with the Lead Partner who will in turn will enter into contract with the DWP as the ESIF Managing Authority. The Delivery Partner role includes procurement and contract management of any external sub-contractors delivering in Leeds and responsibility for a pro rata share of the total project outputs and results.
- 3.6.3 Legally-binding service level agreements will be in place between the Lead Partners and all delivery partners including Leeds City Council. Project boards will also be established, chaired by a senior representatives of the Lead Partners and including senior representatives from all delivery partners and other key stakeholders.

4 Corporate considerations

4.1 Consultation and Engagement

- 4.1.1 The Leeds City Region ESIF Strategy was subject to wide consultation across the city region during its development in 2013/14. Smaller stakeholder sounding groups continue to be used to develop programmes under each thematic objective prior to release. Leading up to the launch of calls for proposals, regional information sessions were held, generally led by the West Yorkshire Combined Authority (WYCA) and the relevant Managing Authority.
- 4.1.2 Implementation of the strategy is monitored by the Leeds City Region Enterprise Partnership Board, the Leeds City Region Chief Executives' and the Leaders' Board meetings. A Council cross-directorate ESIF officers' group has been engaged in the development of local programmes since 2014.
- 4.1.3 The Executive Member for Learning, Skills and Employment and the Executive Member for Resources and Strategy have been consulted on the proposals set out in this report in May 2018.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 The assessment of the Leeds City Region ESIF Strategy by central Government incorporated consideration of a range of equality and diversity issues. Each individual project has to address gender and diversity issues, and some projects will have specific targets for participation of priority groups including women and BAME.
- 4.2.2 The two projects are specifically aimed at supporting identified disadvantaged young people. An equality impact screening was completed in May 2018. This assessment confirmed that due consideration has been given to all equality groups, including care leavers, NEET young people, lone parents and those with mild to moderate mental ill-health, identified as local priorities for Leeds.

4.3 Council Policies and Best Council Plan

- 4.3.1 The two projects contribute directly to specific the Best Council Plan 2018/19 Priorities of Inclusive Growth and Child-Friendly City. They also reflect the ambitions of the Leeds Talent and Skills Plan and the Leeds Inclusive Growth Strategy. Targeted support will contribute to the achievement of Best Council Plan outcomes to ensure that all residents can do well at all levels of learning and have the skills they need for life and to earn enough to support themselves and their families.

4.4 Resources and value for money

- 4.4.1 In the current financial climate of reduced resources, the ESIF programme is a significant source of external funding which can contribute between 50%-100% towards the costs of Council priority projects and programmes. The match funding has been included in the budget plans for Children and Families and City Development directorates.
- 4.4.2 The two Projects are 50% match funded and will bring in an additional investment pot of up to £1.9m to Leeds over three years that would otherwise not be available to support some of the city's NEET young people and most vulnerable residents move closer to the labour market and back into work or education.
- 4.4.3 The Council may wish to enter into contracts with providers to deliver elements of the Routeways project in Leeds, subject to further consideration of young people's need for specialist services and the most effective means of delivering the project. This will be carried out through a procurement process in accordance with the Council's Corporate Procurement Rules.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 The proposals contained within this report are subject to Call In. There is no access to information or other legal implications relating to these proposals.

4.6 Risk Management

- 4.6.1 The City of Bradford Metropolitan District Council and WYCA are Lead Partners on the Projects, therefore the risks to the Council in meeting the complex EU

funding and Managing Agent funding requirements are limited. However, there is a potential contractual and reputational risk if the Council fails to deliver under the terms of the service level agreements that will be put in place between the two authorities.

- 4.6.2 The Employment and Skills Service will lead on the delivery arrangements on behalf of the Council and has extensive experience and sufficient resources in place to successfully deliver a project of this nature. The service has rigorous and robust contract management and performance procedures in place to reduce and mitigate these risks.

5 Conclusions

- 5.1 The Council has ambitious plans to promote and deliver inclusive economic growth connecting local residents to opportunity and improving their wellbeing. This includes inspiring and supporting all young people to make informed choices about their learning and career pathways and transition into sustainable employment. The two projects are part-funded through the European Structural and Investment Fund enabling additional targeted support to be created to support disadvantaged young people.
- 5.2 The two projects offer tailored preventative and remedial support to young people who are either NEET or at risk of becoming NEET. Up to £3.8m will be invested to support around 3,000 young people in Leeds to improve their skills and significantly increase their prospects of moving into sustained employment.
- 5.3 The Council's Employment and Skills Service will manage delivery in Leeds, capitalising on established networks to source local referrals, deliver outcomes and provide specialist support for participants. The two projects, will be aligned with existing services and other ESIF provision including the Back to Work and Work and Health Programmes delivered by Reed in Partnership.

6.0 Recommendations

Executive Board is asked to:

1. Authorise the Council, as a Delivery Partner to work with:
 - a) the West Yorkshire Combined Authority under a Service Level Agreement, to deliver the Leeds City Region Employment Hub Project (Routeways), as part of the ESIF Sustainable Integration of Young People into the Labour Market Programme;
 - b) City of Bradford Metropolitan District Council under a Service Level Agreement, to deliver the YEP Project, as part of the ESIF Sustainable Integration of Young People into the Labour Market Programme

- 2 Approve total expenditure:
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- 3 Note that the Head of Projects and Programmes in the Employment and Skills Service will be responsible for the implementation of both projects in Leeds, anticipated to commence by August 2018 and complete by August 2021.

7. Background documents¹

- 7.1 There are no background documents.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.