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**YOUTH EMPLOYMENT INITIATIVE (YEI)**

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**Responsible Cabinet Members –**  
**Councillor Cyndi Hughes, Children and Young People Portfolio**  
**Councillor Chris McEwan, Economy and Regeneration Portfolio**

**Responsible Directors –**  
**Suzanne Joyner, Director of Children and Adults Services**  
**Ian Williams, Director of Economic Growth**

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**SUMMARY REPORT**

**Purpose of the Report**

1. The purpose of this report is to inform Cabinet of a successful bid for Youth Employment Initiative Funding (YEI), request approval to proceed to contract and to set aside the required match funding.

**Summary**

2. In April 2015 the Department for Work and Pensions (DWP) put out a call for the next round of European Social Fund (ESF) under the Youth Employment Initiative. Projects are to support 15-29 year olds who are at risk of not engaging in education, employment or training (NEET) to progress into employment.
3. As projects had to cover the whole of the Tees Valley the five local authorities (LAs) put together a partnership bid along with a number of employability and training organisations, with Hartlepool BC as the lead accountable body.
4. On 17 February 2016 we received confirmation that subject to contract and completion of pre-contract conditions the bid had been successful. The project will run until 31 July 2018.
5. The bid will bring in £14,469,762 of funds to the Tees Valley with a match of £4,823,254 (25%), a total of £19,293,016. Darlington's share of the programme will be £520,000, made up of £390,000 of YEI/ESF funding, £50,000 match from County Durham Community Foundation (CDCF) and a further £80,000 match from DBC split equally between Children, Families and Learning and Economic Growth Group.

## **Recommendations**

6. It is recommended that Cabinet :-
- (a) Authorise officers to proceed to contract through Hartlepool Borough Council following final checks by legal and finance.
  - (b) Authorise officers to set aside £80,000 of match funding for use against the project.

## **Reasons**

7. The recommendations are supported for the following reasons:-
- (a) The local authority has a statutory duty to promote effective participation in education and training for young people and reduce NEETs, this project will support these duties.
  - (b) The JSA claimant rate for 18-24 years olds is more than double the national average, this project will support young people into employment.
  - (c) For every pound of match funding the project contributes it brings in three pounds of YEI/ESF funding to the Tees Valley.

**Suzanne Joyner**  
**Director of Children and Adults Services**

**Ian Williams**  
**Director of Economic Growth**

## **Background Papers**

No background papers were used in the preparation of this report.

Paul Richardson : Extension 6015

S17 Crime and Disorder	Increased engagement in education and employment could have a positive impact on crime and disorder.
Health and Well Being	Increased engagement in education and employment could have a positive impact on health and well-being.
Carbon Impact	There are no carbon impact implications in this report.
Diversity	There are no issues around diversity this report needs to address.
Wards Affected	This reports impacts on the whole of Darlington.
Groups Affected	Young people between 15 and 29 years old
Budget and Policy Framework	This report does not represent a change to the budget and policy framework. But supports targets in the Children and Young People's Plan.
Key Decision	This is not a key decision.
Urgent Decision	This is an urgent decision.
One Darlington: Perfectly Placed	Relevant to the education and skills outcomes of the sustainable community strategy.
Efficiency	There are no recommended efficiency savings in this report.

## MAIN REPORT

### Background

8. As part In January 2013, the European Commission created the Youth Employment Initiative (YEI) in order to tackle the high levels of youth unemployment across Member States. The initiative is worth €6 billion in total and is directed at young people who are unemployed or inactive. The YEI will particularly support young people aged 15 to 29 years old who are not in education, employment or training (NEET) in regions with a youth unemployment rate of 25% or above. The operations under YEI will be expected to achieve the following Deliverables:
- (a) Participants completing a supported intervention;
  - (b) Participants receiving an offer of employment, education, apprenticeship or traineeship upon leaving;
  - (c) Participants in education/training, gaining a qualification, or in employment, including self-employment upon leaving, and;
  - (d) Participants are in continued education, training programmes leading to a qualification, apprenticeships, traineeships, employment or self-employment six months after leaving.

9. The Tees Valley qualifies for additional funding under the YEI and has a notional allocation of £10.9m which has been equally matched by £10.9m from the Tees Valley European Social Fund (ESF) allocation. The ESF element of the funding needs to be locally matched and, due to the Tees Valley's Transition Region Status, we are required to match the ESF element at 40% which equates to £7.2m.
10. All of the activities delivered through the YEI have to respond to the priorities of the Tees Valley Local Enterprise Partnership (LEP) and the Tees Valley European Structural and Investment Funds Strategy (ESIFS) for 2014 – 2020 which outline the high level activity areas required for the YEI. Projects were due to commence on 1 October 2015 with all delivery needing to be completed by 31 July 2018.
11. On 22 May 2015 an initial outline application was submitted by a Tees Valley partnership, made up of the five local authorities (LAs) along with a number of employability and training organisations, with Hartlepool BC as the lead accountable body. On 27 July the partnership was asked to proceed to the final Full Application stage.
12. The full application was submitted to DWP on 4 September 2015 and following some extensive information exchanges the partnership was informed on 17 February 2016 that subject to contract and completion of pre-contract conditions the bid had been successful.

### **YEI Project Delivery**

13. Hartlepool BC will manage the overall delivery and contract compliance of the Tees Valley wide project through a central contract team and a contract officer and admin assistant based in each local authority. These officers will be co-located with the Economic Growth team and will have oversight of the Darlington based providers, including; Darlington Borough Council Learning and Skills team, Morrison Trust and Darlington CAB, as well as a number of sub regional level delivery partners.
14. The DBC Learning and Skills Service will act as the delivery body and a team of 3.4FTE staff will be recruited on fixed term contracts using the YEI funding to deliver the required outcomes. The Learning and Skills Service has successfully managed similar ESF projects since 2008.
15. The project will deliver support to around 200 young people (aged 16-29), to engage them in education and training and move them into employment. This will include 1:1 support, careers advice, employability and enterprise skills training as well as developing the practical skills required for interview and employment.
16. There are currently 117 16-17 year olds not participating in education and training and a further 665 18-29 year olds on out-of-work benefits as well as a number of 18-29 years olds who are classed as economically inactive. All these groups are eligible for support under YEI.

## **YEI Finance, Human Resources and Risk**

17. The YEI is not *payment-on-results* but instead a 'payment on actual expenditure incurred', with the Managing Authority providing funding in arrears on a quarterly basis. This payment method will be mirrored to Delivery Partners and outlined within their Service Level Agreements (SLA) which reduces the financial risk on the five Local Authorities. Evidence will be required for all expenditure incurred before it is claimed and payments will only be made to partners when the funding is received by Hartlepool Borough Council.
18. DWP will retain 10% of the grant funding until the project closes and all evidence is verified which will reduce the risk of future claw-back.
19. YEI Projects cannot use existing staff to deliver the project, staff have to be either recruited directly to the project or where existing staff are seconded posts must be backfilled and this must be evidenced.
20. £80,000 of match funding from both Children, Families and Learning and Economic Growth Group (£40,000 each) will be found from in year savings from unfilled posts and internal efficiencies. This is a one off contribution over the life of the project. This match funding will only be released when required, and as expenditure is incurred.
21. Redundancy costs cannot be charged against the YEI Project . Any costs will need be covered from existing Learning & Skills budgets for staff on fixed term contracts which expire at the end of the project (31 July 2018).

## **Risk Sharing Agreement**

22. Hartlepool Borough Council; as Lead Accountable Body, will be required to sign the Offer Letter/Contract for the project. The standard Offer Letter/Contract will contain clawback conditions and DWP may require repayment of any grant funding already drawn down by the Council if, in the opinion of the Managing Authority, Hartlepool Borough Council has failed to comply with the terms and conditions of the Offer Letter/Contract.
23. In the first instance, where clawback does arise, Hartlepool Borough Council will then seek to clawback the grant funding from the relevant Delivery Partner(s).
24. If Hartlepool Borough Council is unable to clawback funding from the relevant partner(s) then the five Tees Valley Local Authorities benefitting from YEI have agreed to share risk based on a percentage share basis. So for example in the case of claw back of £100K Darlington would contribute £12,850 and Stockton £27,140. Darlington has the lowest percentage share at 12.85%.
25. However where claw back has resulted from non-compliance of a particular local authority, it is proposed that all of the cost would fall on that authority.

26. Prior to signing the contract from DWP, Hartlepool Borough Council will require each Local Authority to sign a Risk Sharing Agreement which will outline their full financial responsibility in relation to the YEI project.
27. Both the Risk Sharing Agreement and the Service Level Agreement with Hartlepool Borough College have been checked by our Corporate Legal and Finance Teams prior to final agreement to the project.
28. Because of DWP deadlines the Risk Sharing Agreement and Service Level Agreement may need to be in place before the matter is considered by Members. If this is the case then the agreements will be finalised using delegated powers.

### **Corporate, Economic and Social Benefits**

29. The size and scale of this youth initiative has major benefits for each Local Authority and the Tees Valley as a whole including:

**(a) Corporate:**

- (i) Contributing to key priorities such as reducing youth unemployment rates.
- (ii) Contributing to Performance Indicators and statutory responsibilities such as NEET and Not Known Rates and the number of young people in Years 12 and 13 who remain in learning in line with the raising of the participation age (RPA).
- (iii) Aligning activity to support the delivery of the Tees Valley ESIF.

**(b) Economic:**

- (i) Tees Valley economy by helping young people to be ready to access the forecasted 120,000 replacement and 25,000 new jobs.
- (ii) Improving the skills base of the labour force which will help attract new employers to the sub-region and enable existing companies to remain globally competitive.

**(c) Social:**

- (i) An improvement to the Social Capital and economic benefits of an area by individuals and groups co-operating and participating in community-based activities.
- (ii) A catalyst for social change within the most deprived areas by instilling work-ethics, empowerment, social responsibility, camaraderie and community spirit through Social Action programmes which will prepare participants for work.

- (iii) Participants will have improved health and wellbeing through engagement on employment focused programmes which will increase their confidence, motivation and resilience.

### **Key Considerations and Issues**

- 30. The previous ESF NEET programme was run successfully by a partnership of the five Tees Valley local authorities with Stockton as lead (and prior to that by the individual authorities). However, this programme ended on 31 July 2015 and without the YEI programme there would be no flexible provision available for young people who are NEET beyond that point.
- 31. The ESF NEET project has been instrumental in reducing the NEET population in Darlington and for engaging the most hard to reach. The fact that this project will now go up to 29 means this is an ideal opportunity to continue, and widen, the support available for young people, reduce youth unemployment and increase participation in education and training with limited investment.
- 32. Darlington Borough Council has been asked to underwrite risks associated with Darlington's share of the Project (12.85% of shared risk). The attached risk sharing agreement (draft) details key risks and mitigation measures.
- 33. County Durham Community Foundation have offered a grant of £100,000, shared between Darlington Borough Council and Wm Morrison's Trust to support delivery of the YEI programme in Darlington.
- 34. The YEI project gives a very good return on investment with a £1 match funding contribution required for every £3 of income.
- 35. A contribution on £80,000 by the local authority over the life of the project will bring in £440,000 of funding.
- 36. Failure of Job Centre Plus to cooperate with the programme is seen as a key risk. Hartlepool are leading on discussions with JCP to ensure they allow clients to finish the programme.