

Decision Maker: RESOURCES PORTFOLIO HOLDER

**FOR PRE-DECISION SCRUTINY BY THE EXECUTIVE AND
RESOURCES POLICY DEVELOPMENT AND SCRUTINY
COMMITTEE**

Date: Wednesday 13 November 2013

Decision Type: Non-Urgent Non-Executive Non-Key

Title: BROMLEY YOUTH EMPLOYMENT PROJECT: UPDATE

Contact Officer: Hannah Jackson, Community Development Manager
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Chief Officer: Nigel Davies, Executive Director of Environment & Community Services

Ward: (All Wards);

1. Reason for report

- 1.1 This report provides a progress update on the delivery of the Bromley Youth Employment Project being delivered by Bromley College of Further and Higher Education on behalf of the Council.
 - 1.2 The start of the project was originally delayed as a result of unforeseen staffing changes at the college, however since the project launched in July, progress has not been as expected.
 - 1.3 This report identifies problems that have been experienced in the first quarter's delivery and explains what actions have been taken to redress these issues.
 - 1.4 Although progress was not what was profiled, payment is only made on the delivery of outputs, so the Council's investment has been protected.
 - 1.5 It is recommended that the College's progress is closely monitored throughout the next two quarters and if progress is not satisfactory, project delivery is reconsidered.
 - 1.6 The report also provides a case study of one of the young people who has started an apprenticeship/internship, the creation of which was supported by the project.
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2. RECOMMENDATION(S)

- 2.1 That the Executive and Resources Policy Development and Scrutiny Committee examine Bromley College's progress in delivering the project and provide their comments to the Resources Portfolio Holder.**
- 2.2 The Resources Portfolio Holder is asked to review Bromley College's progress with delivering the project. It is recommended that Bromley College's progress be reviewed again in March 2014 to give an adequate opportunity for the College to improve performance. If progress remains unsatisfactory, project delivery can be reconsidered.**

Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Regeneration
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Financial

1. Cost of proposal: £500k
 2. Ongoing costs: Non-Recurring Cost
 3. Budget head/performance centre: Earmarked reserve for Member Priority Initiatives
 4. Total current budget for this head: £500k
 5. Source of funding: Earmarked reserve for Member Priority Initiatives
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Staff

1. Number of staff (current and additional): 1 existing FTE
 2. If from existing staff resources, number of staff hours: Approximately 3 hours per week
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Legal

1. Legal Requirement: None:
 2. Call-in: Not Applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 198 unemployed residents aged between 18 and 24 years old
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

3. COMMENTARY

Background

- 3.1 Council on 26th March 2012 approved the setting aside of £2.26m in an earmarked reserve for Member Priority Initiatives. £500k was approved for a scheme to help tackle youth unemployment in the borough through supporting the creation of sustainable job opportunities.
- 3.2 At the meeting of the Executive and Resources PDS on 14th June 2012, the Resources Portfolio Holder approved the proposals to procure an experienced and proficient employment and skills service provider to deliver the youth employment project proposed by the Executive. The project would support unemployed 18-24 year old residents to access sustainable employment by way of the creation of apprenticeship and internship opportunities across a three year period. (2013-2016).
- 3.3 On 31st January 2013, the Resources Portfolio Holder awarded the contract to deliver the project to Bromley College of Further and Higher Education ('the College') for the sum of £500k which included the delivery of 198 internship and apprenticeship opportunities. The quality of the tender for the project was good and offered significantly better value for money than the other tenders received.
- 3.4 The contract documentation set out the payment model for the successful Service Provider which was designed to incentivise the Provider by rewarding the delivery of a series of outputs and the delivery of core outcomes.

Project Start

- 3.5 The project was launched in the press to coincide with National Apprenticeship Week in March 2013 with a view to work beginning in April 2013, as per the original contract documentation. Bromley College began by appointing a Project Coordinator, creating a brand for the project (the 'STAR' project – Success Through Achieving Results) and setting up the documents and processes to facilitate the project.
- 3.6 Unfortunately, only a fortnight into the contract period, the appointed Project Coordinator decided to emigrate and left employment with the College. As a result the College required time to go through their processes to appoint a new member of staff.
- 3.7 To enable this to happen, it was agreed that the College could re-profile the expected start and completion dates for the project. Delivery of apprenticeship and internship opportunities was delayed until July 2013, although no request for an extension to the contract period was requested.
- 3.8 Although the delayed start was disappointing, it did not result in a cost to the Council, as payment is only made on the delivery of an output.

Progress Update

- 3.9 Following the appointment of the new Project Coordinator in June 2013, the College began to raise the profile of the project with employers through their employment engagement arm, Capital B.
- 3.10 As part of their tender proposal, the College committed to passing on most of the contract value to the employer by providing a staged grant that followed the payment model for the project. This grant can be used in conjunction with other subsidies and grants available to the employer to make eligible Bromley residents a more attractive option for employment.

3.11 Despite working with employers to identify apprenticeship and internships opportunities for unemployed Bromley residents, performance has not met the anticipated profile.

3.12 Table 1 below, split between Apprenticeships and Internships, demonstrates the outcomes that have been achieved and evidenced in the first quarter of project delivery and a case study of one of the young people helped into employment by the project is at Appendix 1:

Table 1: Profiled vs Actual Project Starts

Month	Profiled Apprenticeship Starts	Actual Apprenticeship Starts	Variance
Jul-13	3	2	-1
Aug-13	4	1	-3
Sep-13	10	0	-10
TOTALS	17	3	-14

Month	Profiled Internship Starts	Actual Internship Starts	Variance
Jul-13	5	0	-5
Aug-13	6	0	-6
Sep-13	10	2	-8
TOTALS	21	2	-19

3.13 The Contract Manager requested a progress report from Bromley College and attended a meeting with the College to challenge the poor performance.

Issues affecting progress

3.14 Bromley College raised a number of issues that were identified as impacting on project progress in this quarter:

- Although they have engaged with a number of employers and persuaded them to consider candidates on the project, these have not all converted to eligible young people being offered the post. This is in part because posts are advertised directly by the employer and therefore cannot be ring-fenced for candidates who are eligible for the project. Therefore, our young unemployed residents are competing with other candidates. Sometimes, the grant from the project is not enough to convince an employer to choose one of our candidates
- To overcome this problem, Bromley College have introduced a more structured and intense programme of support for young people pre-interview to ensure that they are fully prepared for the application process. They also agreed that jobs advertised with the project would include some text in the advert to explicitly encourage applications from the target audience.
- Building relationships with referral partners has taken longer than was originally anticipated. As 80% of participants are supposed to be referred through Jobcentre Plus, this has been particularly problematic when it comes to ensuring eligibility for the project and seeking evidence to support claims.
- To address this issue, alternative ways of providing evidence that 80% of candidates have been claiming Jobseekers Allowance have been identified. The College has worked with Jobcentre Plus' Account Manager to amend the referral process to ensure that a good number of candidates are being referred to the project.

- The minimum number of working hours required for a job to be eligible for funding under the project (36 hours) has proved to be prohibitive. This is because some standard apprenticeship contracts are only for 30 hours a week, and some internship contracts are for 35 hours a week.
- It has been agreed that the College can claim for outputs that deliver internships at a minimum number of contracted hours of 35 per week and that deliver apprenticeships at a minimum number of contracted hours of 30 per week. This amendment has been made to reflect the norm.
- At the time that the tender submission was made, it was expected that the Apprenticeship Grant for Employers (AGE grant) would be ending in March 2013 and the grant offered by the project would meet a gap in the market that would make the project grant more unique. Unfortunately, after the contract was granted it was announced that the AGE grant would be extended and enhanced for London. Although the enhanced grant has now ended, it is anticipated that the AGE grant will run until Christmas 2014.
- The end of the AGE grant should see an increase in interest in grants available under this project and make them more attractive to employers seeking to appoint apprentices/interns.
- An additional contract specification set by the London Borough of Bromley for this project was that both apprentices and interns have to be paid the relevant National Minimum wage. This is fine for internships, however employers are able to pay apprentices a lower national Apprenticeship minimum wage and many opportunities are not able to be classed as project starts for this reason. Bromley College propose that the project specification for Apprenticeship wages is aligned to the National Apprenticeship minimum wage.

3.15 Despite their performance to date, the College feel confident that they will still be able to deliver the required outcomes. According to the College, a further seven young people have been offered employment as part of the project (5 apprentices and 2 interns) but evidence to support a claim for an attachment fee (start) was not received at the time of writing this report.

3.16 However, even if the outputs for which evidence is still required is factored into performance against the profile of start, performance is still unsatisfactory, with only 47% of the profiled apprenticeship starts being delivered and 19% of the profiled internship starts being delivered.

Payment against delivery

3.17 Although the performance is disappointing, the Council is not financially disadvantaged because the contract is structured so that the Council only pays the College on the evidenced delivery of an output.

3.18 The contract value was split into three payment streams:

- 10% (£50k) to be paid against the delivery of the core outcomes on completion of the project.
- 50% of the remaining contract value (£225k) would be used to support the creation of 12 month apprenticeship opportunities
- The other 50% of the remaining contract value (£225k) would be used to support the creation of six month internship opportunities.

3.19 With the exception of the 10% contract value which will be withheld until completion of the project, funds are released to the service provider upon a participant qualifying for one of four output payments (which will be made per participant):

- Attachment fee
- Participant completion fee
- Initial job outcome payment
- Sustainable job outcome payment

3.20 In the first quarter there were claims for 3 apprenticeship attachment fees and 2 internship attachment fees, resulting in a total spend to date of only £2,728.

Table 2: Attachment Fee Costs for evidenced outputs

Attachment fees			
	Fee per participant	Number of participants	Total spend for Quarter 1
Apprenticeship attachment fee	£682	3	£2,046
Internship attachment fee	£341	2	£682
TOTAL SPEND		5	£2,728

3.21 Should the college provide the necessary evidence for the additional 7 young people, the spend will increase to £6,818.

Future direction of the project

3.22 Officers recommend that the College are given the next two quarters (October 2013 – December 2013 and January 2014 – March 2014) to demonstrate an improvement in performance to a satisfactory standard. If after this time performance fails to improve, it is recommended that the future delivery of the project is re-considered.

3.23 The contract for the delivery of the service includes clauses on termination. This allows for termination at any time should the provider default on the delivery of the Service in accordance with the specification or upon three months' notice without fault.

4. POLICY IMPLICATIONS

4.1 The project supports the Council's broader objectives around regeneration, children and young people and supporting independence. The project is a Building a Better Bromley priority for 2012/13

5. FINANCIAL IMPLICATIONS

5.1 Members previously approved the setting aside of £2.26m in an earmarked reserve for Member Priority Initiatives. £500k was approved for a scheme to help tackle youth unemployment in the borough.

5.2 In January 2013, Bromley College of Further and Higher Education were awarded the contract to deliver 198 apprenticeship and internship opportunities for young unemployed residents after demonstrating best value for money.

- 5.3 The contract specification includes a payment mechanism whereby funds will only be released when evidence is provided to substantiate that specific outcomes have been achieved/delivered at the various stages of the project.
- 5.4 The current spend to date is £2,728 for attachment fees already achieved.
- 5.5 If all of these attachments result in subsequent claims for completion payments, initial job payments and sustained job payments (para 3.19), the total future liability would be £13,636
- 5.6 If those outputs that the College claim to have achieved but have not yet provided evidence for are claimed, an additional £4,091 will be spent, resulting in a total spend of £6,818 for the first quarter.

6. LEGAL IMPLICATIONS

- 6.1 The Council entered into a contract for the delivery of this service on 1 April 2013. This contract requires that the service is delivered in accordance with the specification and the profile of starts.
- 6.2 Clause 3.2 of the contract stipulates that

the Contract Manager and Project Manager shall work together to ensure that the Services are delivered in accordance with the contract and the Specification.
- 6.3 As evidenced from Table 1 of clause 3.12 of this report there is a disparity between the profiled apprenticeship and internship starts and actual apprenticeship and internship starts for the first quarter.
- 6.4 Given the current poor performance of the contractor it may be necessary to terminate the contract before the termination date of 31 March 2016.
- 6.5 If the provider's poor performance continues, the council may issue the provider with a default notice (in accordance with clause 20.1) stipulating that the provider improve their performance within such time as the council specifies
- 6.6 If the provider fails to improve their performance to the Council's reasonable satisfaction within the allotted period the Council may terminate the agreement in accordance with clause 21.1

Non-Applicable Sections:	Personnel Implications
Background Documents: (Access via Contact Officer)	Bromley Youth Employment Project – Award of Contract (31 st January 2013) Renewal & Recreation PDS on 10 th July 2012 Executive & Resources PDS on 14 th June 2012 Full Council meeting held on 26 th March 2012