

Committee: Cabinet	Date: 29 th July 2009	Classification: Unrestricted	Report No:	Agenda Item:
Report of: Corporate Director Development and Renewal Originating officer(s) Nick Smales		Title: Future Jobs Fund Wards Affected: All		

1. **SUMMARY**

- 1.1 This report seeks approval for £273,000 to be allocated from the Working Neighbourhoods Fund to support the proposed employment programme being developed under the government's Future Jobs Fund initiative to support the employment of unemployed young people in the Borough.

2. **RECOMMENDATIONS**

Cabinet is recommended to:-

- 2.1 Agree the allocation of £273,000 from the Working Neighbourhoods Fund to the Future Jobs Fund initiative within Tower Hamlets subject to a successful bid being made to the Department for Work and Pensions (DWP) for £650,000.
- 2.2 Subject to securing the DWP funding, note that a further report will be submitted on the progress of the Tower Hamlets Future Jobs Fund initiative with consideration given to the merits / demerits of extending the length of participant stay on the programme from 26 weeks to 39 weeks.

3. **BACKGROUND**

- 3.1 The Future Jobs Fund (FJF) is offered through Department for Work and Pensions (DWP) in partnership with the Department for Communities and Local Government (CLG) to support the creation of jobs for long term unemployed young people and others who face significant disadvantage in the labour market.
- 3.2 Nationally, the Fund aims to create 150,000 jobs aimed primarily at 18-24 year olds who have been out of work for a year. This will support the guarantee that from 2010 everyone in this age group who has been looking for work for a year will get an offer of a job or training lasting at least 6 months.

- 3.3. 100,000 of the jobs will be targeted at 18-24 year olds who have been in receipt of Jobseekers Allowance for approaching a year. 50,000 of the jobs will be offered to other clients in unemployment hotspots, defined as areas where the rate of unemployment is more than 1.5% above the national average.
- 3.4. There has been a strong emphasis on local authority led partnerships and given the concentrations of unemployment and worklessness in East London, discussions with DWP have indicated that a 5 borough bid was welcome.
- 3.5. Accordingly and following previous member discussion a 5 borough bid was submitted for £3,971,500 to create 611 jobs with Tower Hamlets accounting for 100 of the total.
- 3.6. The FJF programme aims to create jobs for a minimum period of 6 months during the period October 2009 and March 2011 with the amount available through the Future Jobs Fund to support the creation of that job being a maximum of £6,500 per job created. This must cover the salary costs of employing someone for 6 months, for 25 hours a week at national minimum wage plus any material and supervision costs required to undertake the job.
- 3.7. Referrals to the programme will be via Job Centre Plus and the principal target will be young people aged between 18-24 years who are or will have become unemployed for 10 months or over from September 2009 and October 2010. However, as all the Boroughs have an unemployment claimant rate above 1.5% over the national average (as at June 2009 Tower Hamlets had an unemployment rate of 11.3% which was the highest in London) it is anticipated that around one third of the places on offer through the FJF will be available to individuals who have been claiming working age benefits for 6 months or more.

4. TOWER HAMLETS

- 4.1. The FJF covers employment for a 6 month period and experience has shown that success for a long-term unemployed group (which the Future Jobs Fund is targeted at) is based on a combination of wage + training + support. Therefore in seeking to respond to the Future Jobs Fund initiative to maximise the benefits for local Tower Hamlets' residents greater sustainable job outcomes are likely to be achieved if participants on the scheme are provided with support tailored to their specific requirements.
- 4.2. In Tower Hamlets it is proposed that all FJF participants are employed centrally through the Council but will be placed within Directorates and external organisations providing appropriate placement opportunities with reference to; the job description being appropriate for the client group; health and safety; access to wrap around support; individual action planning.

- 4.3 A number of external organisations have expressed strong interest in working with the Council to provide placements including national organisations such as Groundwork and locally based third sector organisations and these opportunities will be developed further into employed placements if the FJF bid is successful.
- 4.4 Within the Council there is the potential to use the FJF to provide progression routes for participants within existing programmes such as the Personal Best volunteer programme and in supporting implementation of the Olympic MAA public realm bid and aspects of other programmes such as High Street 2012.
- 4.5 In order to support those coming onto the programme it is intended that each participant will be supported with a caseworker from the existing Single Points of Access service which will also provide mentoring support and this will continue throughout the time spent in the programme. Participants will be inducted and during induction an individual action plan will be developed encompassing basic employability considerations and vocational competencies relevant to not only the placements but also to opportunities within the wider labour market. Participants will therefore be able to be referred to other funded programmes to provide additional support against identified needs.
- 4.6 In developing the proposal and following previous member consideration it was generally felt that WNF support would be best targeted at adding value to the FJF funds for the 6 month programme based on providing employed status at a London Living Wage linked to the Council's terms and conditions, and providing associated programme management, support and guidance from a small team. Assessment of whether the costs to WNF of extending the programme beyond the 6 months funded by FJF were appropriate against enhanced benefits could then be undertaken once the programme was established and operating. The headline costs therefore for establishing the FJF in Tower Hamlets together with the proposed funding sources are detailed below;

Expenditure	
Salary Costs incl. on costs	£642,000
Programme Management Fee	£81,000
Wrap around support to include additional support costs such as travel, materials and clothing, additional development activity	£200,000
Total Programme Cost	£923,000
Source of Funds	
FJF	£650,000
Additional Funding Required (WNF)	£273,000

- 4.7 On the above headline figures the 6 month programme would be funded 70:30 FJF to WNF.
- 4.8 The indicative profiling, subject to bid outcomes, is based on intakes in Autumn 2009 (October), Spring 2010 (April) and Autumn 2010 (October) with anticipated volumes being 25 starters for the first intake then 35 and 40 for the intakes in 2010.
- 4.9 Although it cannot be fully determined at what level it is anticipated there will be turnover within the programme as participants ideally move from being on programme into permanent employment and also through drop out. The rate of turnover will be monitored via the programme management and given that the funding from FJF is provided per job reconciliation of places will take place prior to the final intake proposed for October 2010. This means that the number of participants included within the programme will exceed the 100 places provided.

5. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (Legal)

- 5.1. The report proposes release of money from the Working Neighbourhood Fund and a joint 5-borough bid to the Future Jobs Fund to support a job creation program in Tower Hamlets.
- 5.2. The Council is empowered under section 2 of the Local Government Act 2000 to do anything which it considers is likely to promote the social, economic or environmental well being of Tower Hamlets, provided the action is not otherwise prohibited by statute. The power may be exercised in relation to, or for the benefit of: (a) the whole or any part of Tower Hamlets; or (b) all or any persons resident in Tower Hamlets. In exercising the power, regard must be had to the sustainable community strategy (the Community Plan).
- 5.3. The proposed measures may be viewed as supporting the Community Plan theme of a prosperous community and the associated priority of reducing worklessness. It would be open to Cabinet, having regard to the Community Plan, to conclude that the proposed measures, aimed at creating jobs in Tower Hamlets, would promote or improve the well-being of Tower Hamlets.
- 5.4. The proposed measures may additionally contribute to achieving local improvement targets in the local area agreement. The Council is required to have regard to the local improvement targets in exercising functions that relate to them.
- 5.5. Officers will have to ensure that use of Working Neighbourhood Fund and Future Jobs Fund monies will be in accordance with the relevant funding agreements.

6. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 6.1 This report advises Cabinet of the current position regarding the 5 Olympic Borough bid for the Government's recently announced Future Jobs Fund, which must be used to support new job creation. Hackney Council will act as Accountable Body for the grant; however there will be a need to demonstrate compliance with the grant requirements, including evidential support, to ensure that any expenditure incurred is eligible for grant.
- 6.2 The proposal, as set out in paragraph 4 of the report, is that the Council takes the lead and provides short-term employment opportunities, with actual placements being both within the Council and external agencies. In this regard the Council takes the risk as primary employing organisation. To mitigate this, the report outlines the programme management and other support required.
- 6.3 Up to £650,000 of additional resources will be made available, if the bid is successful to part finance the employment and support costs for the new job placements. The programme has been devised in conjunction with the Joint Director of Human Resources.
- 6.4 Recommendation 2.1 seeks Cabinet approval to co-finance £273,000 of unallocated Working Neighbourhoods Fund to support the programme. Paragraph 4.6 of the report highlights the need for match funding to support a viable intervention. Cabinet agreed on 11th February to allocate the current tranche of WNF interventions based on 18 months delivery, and set aside £3.5 million for future initiatives.

7. ONE TOWER HAMLETS CONSIDERATIONS

- 7.1 The key aims and objectives of the Future Jobs Fund is to ensure that groups at risk of long term unemployment can be assisted to secure sustainable employment

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1 There are no direct sustainability implications of this report although participants are likely to be engaged in environmental and public realm activities thus making a contribution to the green objectives of the Council.

9 RISK MANAGEMENT IMPLICATIONS

- 9.1 Systems and procedures put in place to monitor the achievement of outcomes with appropriate regard for risk. This includes ensuring appropriate monitoring and tracking of any activities.

10. EFFICIENCY STATEMENT

10.1 Monitoring of results and performance management against the proposed actions will optimise the extent to which the use of any Council related funding is effective in meeting local priorities, and thus optimise efficiency.

**Local Government Act, 1972 Section 100D (As amended)
List of “Background Papers” used in the preparation of this report**

Brief description of “background papers”	Name and telephone number of holder and address where open to inspection.
Background information from working papers and guidance from DWP held on file	Nick Smales 0207 364 4628
Intermediate Labour Markets in Britain and an International Review of Transitional Employment Programmes – University of Portsmouth for DWP	