

EXECUTIVE BOARD – 21 JULY 2015

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| Subject: | Nottingham Jobs Fund 2015-16 | | |
| Corporate Director(s)/ Director(s): | David Bishop, Deputy Chief Executive/Corporate Director for Development and Growth Chris Henning, Director of Economic Development | | |
| Portfolio Holder(s): | Councillor Nick McDonald, Portfolio Holder for Jobs, Growth and Trabsport | | |
| Report author and contact details: | Nigel Jackson, Employment and Skills Manager 0115 8762523 nigel.jackson@nottinghamcity.gov.uk | | |
| Key Decision | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | Subject to call-in | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Reasons: | <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision | <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital | |
| Significant impact on communities living or working in two or more wards in the City | | | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Total value of the decision: £1,396,320 | | | |
| Wards affected: All | | Date of consultation with Portfolio Holder(s): 25 February 2015 | |
| Relevant Council Plan Strategic Priority: | | | |
| Cutting unemployment by a quarter | | | <input checked="" type="checkbox"/> |
| Cut crime and anti-social behaviour | | | <input type="checkbox"/> |
| Ensure more school leavers get a job, training or further education than any other City | | | <input type="checkbox"/> |
| Your neighbourhood as clean as the City Centre | | | <input type="checkbox"/> |
| Help keep your energy bills down | | | <input type="checkbox"/> |
| Good access to public transport | | | <input type="checkbox"/> |
| Nottingham has a good mix of housing | | | <input type="checkbox"/> |
| Nottingham is a good place to do business, invest and create jobs | | | <input type="checkbox"/> |
| Nottingham offers a wide range of leisure activities, parks and sporting events | | | <input type="checkbox"/> |
| Support early intervention activities | | | <input type="checkbox"/> |
| Deliver effective, value for money services to our citizens | | | <input type="checkbox"/> |
| Summary of issues (including benefits to citizens/service users): | | | |
| <p>The Nottingham economy is steadily improving and unemployment is at its lowest level since February 2009. However, the recovery in the city lags behind other parts of the country and many local people are still finding it hard to secure and sustain employment. A significant number of Nottingham residents still need assistance to access sustainable work through employer incentive schemes such as the Nottingham Jobs Fund.</p> <p>Whilst the overall number claiming Job Seekers Allowance (JSA) for more than 6 months is falling, it is at a slower rate than for shorter term claimants. This has meant that despite a slight fall in overall long term unemployment to 47.9% of claimants, one in five has been claiming for more than two years.</p> <p>The 2014-15 Nottingham Jobs Fund (NJF) has now been fully allocated and approval for more funding is needed to ensure that the success of the programme can be continued. The current NJF scheme is a wage subsidy (50% of the National Minimum Wage) designed to encourage local employers to create new employment opportunities for city residents. For the last 3 years the NJF scheme has exceeded all of its jobs targets. However, in the light of the changing economic context, the NJF for 2015-16 will focus support on the long-term unemployed and to make the funding stretch further, the wage subsidy to employers will be reduced to a flat rate of £2,500 with a premium top up where employers take on a hardest to reach placement. This will increase the number of beneficiaries (400) and enhance the wider positive impact of the programme on the Nottingham economy.</p> | | | |
| Exempt information: | | | |
| None | | | |

Recommendation:

- 1 To approve the extension of the NJF to enable a further 400 jobs to be created and to allocate £637,491 to the programme for 2015-16 and £758,829 for 2016-17 (on-going placement cost), giving a total of £1,396,320, noting that this will be subject to further funding of £0.541m to be allocated for this scheme as part of the 2014/15 Corporate financial out-turn, being considered as a separate item on the agenda.

1 REASONS FOR RECOMMENDATIONS

- 1.1 The 2014-15 NJF has now been fully allocated and approval for more funding is needed to ensure the continued success of the programme
- 1.2 The new NJF funding will help local employers create 400 job opportunities for long-term unemployed residents in the city.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The NJF has been successful in helping to reduce unemployment in the city. There has been a fall of 2,968 in unemployment over the last 12 months (26.2%) and the NJF has created 801 jobs since 2012.
- 2.2 The Council has engaged over 452 employers with 85% being in the private sector. The initiative has also led to improved relations with Small and Medium Enterprises (SME's) and enhanced the reputation of the council with local employers.
- 2.3 The current sustainability rate is 60% this has been achieved by ensuring that the jobs on offer are attractive and have an element of progression and training attached to them. The NJF has also made a major contribution to Nottingham City having the biggest increase in apprenticeships in the East Midlands over the past year. 25% of NJF jobs created have been apprenticeships which has also contributed to the City Council's priority to raise the number of people with a Level 2 qualification.
- 2.4 Just under 36% of the people getting into work have come from the priority wards with very high levels of unemployment and approximately 20% are from BME communities which is broadly representative of the local population.
- 2.5 The additional £1.3 million pounds will also be aligned to the 18-24 Step into Work Programme and used as match for the Council's Youth Employment Initiative (YEI) application to the Department of Work and Pensions.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Not providing additional funding for the NJF was dismissed as there is a continued need to create job opportunities for local people and help local businesses which would like to expand their workforce but require financial support to do so. Many local residents are still having difficulties getting employment and the need for job opportunities to be targeted at priority groups is still required.
- 3.2 Continuing with the current NJF funding model was dismissed as the funding has now come to an end and the proposed reduction in the wage subsidy reflects the improved state of the local economy and the desire to increase the impact and value for money of the fund.

4 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 4.1 This report seeks approval to incur expenditure totalling £1.396m in respect of NJF placements. The expenditure will consist of a flat rate payment of £2,500 to employers for 400 placements, with a premium top up where employers take on a hardest to reach placement.
- 4.2 The expenditure will be funded from a specific reserve established by the Council for this scheme. Subject to the 2014/15 financial out-turn, the balance at 1 April 2015 in this reserve is £1.950m. Commitments against this reserve are as follows:

| Nottingham Jobs Fund Reserves | | | |
|---|-------|--------------|--|
| | £m | £m | Notes |
| Balance at 1 April 2015 (subject to the Corporate financial revenue out-turn 2014/15) | | (1.950) | |
| Commitments | | | |
| Apprentices in Communities Dept | 0.123 | | |
| NJF 2015/16 current placements | 0.730 | | |
| NJF 2015/16 & 2016/17 (this report) | 1.396 | | Expenditure will be incurred over FY's 2015/16 & 2016/17, the amount charged in each year will be subject to the placement start dates |
| Staffing costs to oversee NJF 2015/16 | 0.121 | | |
| Staffing costs to oversee NJF 2016/17 | 0.121 | | |
| | | 2.491 | |
| Funding required | | <u>0.541</u> | |

- 4.3 The NJF reserve will need to be replenished by £0.541m to ensure sufficient funding to cover the cost of 400 placements; this will be considered by Executive Board in July 2015 in the Corporate financial revenue 2014/15 out-turn report. If the reserves are not replenished by this amount, the number of standard placements will reduce by 216.
- 4.4 The Employment and Skills team will make payments in arrears subject to receipt of the necessary monitoring information received from employers. The team will have to put appropriate monitoring measures in place to ensure the number of placements and subsequent expenditure incurred does not exceed the funding available.

5 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 5.1 This report does not raise any significant legal issues. It is anticipated that through the creation of jobs and training opportunities for those furthest away from the job market, this will have a positive impact on crime levels and anti-social behaviour in the city.

6 SOCIAL VALUE CONSIDERATIONS

6.1 All the employees taken on under through the NJF are living in the city and therefore spending their salaries in local shops, business and contributing to the local economy. The majority of businesses supported through the NJF are city based and many of them state that their NJF employee has helped them to grow their business which in turn helps the local economy. The NJF has increased the number of apprenticeships undertaken in the city and contributed to raising the skill levels of city residents.

7 REGARD TO THE NHS CONSTITUTION

7.1 N/A

8 EQUALITY IMPACT ASSESSMENT (EIA)

Has the equality impact been assessed?

- (a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council) x
- (b) No
- (c) Yes – Equality Impact Assessment attached

Due regard should be given to the equality implications identified in any attached EIA.

9 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

9.1 None

10 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

10.1 None

11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

1. Maria Balchin – Finance
2. Andrew James - Legal Services
3. Nicki Jenkins – Employment and Skills