

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:

1876

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Department:

Development

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Subject:

The Innovation Fund Income

Total Value:

700,450 (Type: Revenue)

Decision Being Taken:

To seek delegated authority for the Director of Economic Development to authorise payments in arrears to Futures up to £350,225. This is subject to NCC receiving the income from the department of Work and Pensions.

To allocate 50% of the Innovation Fund Income to support the Integrated Employer Hub (IEH) in future years, to be managed through the City Council's reserves.

In 2012, Nottingham City Council (NCC), in partnership with Futures, successfully bid for DWP Innovation Grant funding to deliver a range of employment and training outcomes for 'Not Known', Not in Employment, Education or Training (NEET) young people by March 2015.

Whilst the income from the DWP Innovation Fund contract could be as high as £2.86m by its close in September 2015, it is performance based, and the income is not guaranteed. To date £2,374,250 has been received in performance payments by NCC since March 2012.

Nottingham City Council and Futures could earn up to £1,600,450 in 2014/15, if they deliver to profile. In the original proposal to the DWP, it was made clear that this potential income would be reinvested in employment-related activity. The contractual arrangement between NCC and Futures is based on the assumption that any potential income from successful outcomes would be split on a 50:50 basis.

A Portfolio Holder's Decision (DD1593) previously agreed the 50:50 split for April to September 2014 to a maximum of £450,000. A new Portfolio Holder Decision is needed for a similar decision for the remainder of the 2014/15 income to approve the release of the Innovation Fund to Futures and to approve its future use to generate additional employment and skills outcomes through activity delivered by Nottingham City Council's Integrated Employer Hub. Payments to Futures are retrospective, subject to performance outcomes being achieved which enables the income to be drawn down by NCC from the DWP.

In addition, to enable the 50% retained by the Nottingham City Council to sustain the integrated Employer Hub functions it is proposed that income earned is held in NCC reserves and carried forward for future years in line with the IEH budget. The Integrated Employer Hub's continuation and expansion has helped the council achieve its policy commitment to reduce unemployment by 25% by 2015. This Innovation Funding is critical to the sustainability of the Integrated Employer Hub and its ability to offer a high quality service to a wide range of sectors. The current construction focus means that women and the BME community are less likely to benefit from the existing service. The Innovation funding will enable a 'sectoring out' strategy to be implemented that will mean that the Integrated Employer Hub is able to offer a more comprehensive service to more local residents.

The Economic downturn has lasted longer than expected in Nottingham and although unemployment is falling a high number of Nottingham city residents continue to need support to gain employment. This is especially true of residents who have been long term unemployed, have low skills, are lacking in confidence or been receiving sickness benefits.

The Integrated Employer Hub is largely free of charge to employers and therefore an income stream is needed to sustain the service. The Innovation Fund income has been identified as this source of funding to continue the service for future years. During the tendering process NCC indicated that any income received for performance payments would be re-invested in Employment and Skills activity.

Dividing the Innovation Fund income on a 50:50 basis achieves the following objectives:

- (i) Repaying Futures for the costs incurred in delivering the service to date and thereby ensure their future sustainability as an organisation.
 - (ii) Providing a funding stream for the Employer Hub and ensure its sustainability over the next three years. This will directly contribute to the Council's target to reduce unemployment by 25%.
 - (iii) Strengthening the achievement of the Innovation Fund targets and ensuring the maximum draw down of DWP income.
- As this is a purely payments by results model, Futures have cash-flowed the delivery on the understanding that they would receive, 50% of the outcome payments which would repay their costs and ensure the delivery of the project for a further year.

Futures is a wholly owned and controlled company of Nottingham City and Nottinghamshire County Council that offers an advice, guidance and support service to young people in Nottingham and Nottinghamshire. It has a range of funding streams, all of which are currently reducing.

Other Options Considered: To pass 100% of the funding to Nottingham Futures. This was dismissed as an income stream is needed to sustain the Employer Hub. Should the Hub not be sustained then this would mean that 2000 people per year will not be supported into work, which will significantly impact on the council's priority to reduce unemployment. In addition the Employer Hub is a crucial element of the Nottinghamjobs.com model and therefore if not sustained it would have a negative impact on our ability to delivery of the £3 million youth unemployment programme, funded through the Cabinet Office.

Background Papers:

Published Works: Leaders Key Decision 0077 February 2012
Delegated Decisions 0775, 1162, 1593

Affected Wards: Citywide

Colleague / Councillor Interests: n/a

Consultations: Those not consulted are not directly affected by the decision.

Crime and Disorder Implications: n/a

Equality: EIA not required. Reasons: This is not a new service

Decision Type: Portfolio Holder

Subject to Call In: Yes

Call In Expiry date: 16/03/2015

Advice Sought: Legal, Finance

Legal Advice: This report does not raise significant legal issues. It authorises the payment of funding to Futures based on an agreed split subject to performance based outcomes. Advice provided by Andrew James (Team Leader Contracts and Commercial) on 19/02/2015.

Finance Advice:

The Leader's key decision 0077 in February 2012 approved a 3 year, payment on results contract in respect of the DWP Innovation Fund. This decision also approved appointing Nottingham & Nottinghamshire Futures (Futures) as the delivery organisation.

Delegated decision numbers 0775, 1162 and 1593, approved the payment of 50% of grant income received to Futures to 31 March 2014.

Subject to future performance achieved, the Council could receive up to £0.700m grant income during to financial year 2015/16. This decision seeks approval to continue to allocate 50% of the grant received in financial year 2015/16 to Futures. The payments to Futures will be made in arrears. The Economic Development team will continue to undertake monitoring to ensure the payments made are in accordance with the total amount received by the Council and the outcomes achieved.

The Council's remaining 50% share of the grant will be allocated to cover the costs of the Employer Hub to help local residents obtain employment. The grant income will be managed by the use of reserves to cover costs during 2015/16 and future years subject to Executive Board approval of the Council's financial out-turn position.

Advice provided by Maria Balchin (Finance Analyst) on 12/02/2015.

Signatures

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| Nick McDonald (Portfolio Holder for Jobs and Growth) |
| SIGNED and Dated: 09/03/2015 |
| David Bishop (Deputy CE, CD for Development and Growth) |
| SIGNED and Dated: 02/03/2015 |