

DECISION-MAKER:	CABINET
SUBJECT:	POOLED BUDGETS FOR STRATEGIC INVESTMENT IN COMMUNITIES
DATE OF DECISION:	29 JANUARY 2013
REPORT OF:	CABINET MEMBER FOR COMMUNITIES
STATEMENT OF CONFIDENTIALITY	
None.	

BRIEF SUMMARY

Employment is recognised as having the greatest influence on wellbeing, economic and social outcomes. Southampton has a well established skills and employment partnership, Solent Skills Development Zone (SSDZ) which has evidence of strong outcomes in relation to apprenticeships, graduate retention, skills and employment progression for unemployed residents. A challenge, however, remains in terms of engaging and enabling those who are continually the furthest from the labour market to progress towards employment. This is often particularly the case for those who are Council or social housing tenants in Estate Regeneration and other priority geographical areas of the City, many of whom face multiple barriers through deprivation, health and psychological factors which prevent them from accessing or benefitting from mainstream employment support.

This report outlines a proposed strategic approach to pooling budgets from a range of agencies to support disengaged adults into work, and seeks approval for the Council to take the Lead Accountable Body role.

RECOMMENDATIONS:

- (i) To endorse the multi-agency strategic investment model.
- (ii) To accept, in accordance with Financial Procedure Rules, funding from external agencies, and act as Lead Accountable Body for the administration of the funds.
- (iii) To delegate authority to the Director of Environment and Economy, following consultation with the Leader, Head of Legal, HR and Democratic Services, to undertake such actions necessary to enable the successful delivery of the project.
- (iv) To approve, in accordance with Financial Procedure Rules and Procurement regulations, revenue expenditure on behalf of partner agencies of up to £2 million per annum for the project.
- (v) To approve that Southampton City Council will undertake all management, administration and reporting of the pooled fund, at a rate of 5% of the total budget. This will safeguard a post to administer the scheme.

REASONS FOR REPORT RECOMMENDATIONS

1. Officer delegation allows the Director to receive up to £125,000, however the value for this budget exceeds this amount, and a Cabinet approval is required.
2. Whilst there is a range of services available to support Southampton residents into work, those who are long term unemployed with multiple barriers need additional activities which are not currently provided or funded through other means.
3. Southampton City Council has compliant procurement frameworks for employment and skills support that can be used to call off services.
4. Residents experiencing multiple barriers to employment have a disproportionate impact on health, crime and social indicators. By pooling budgets across agencies, a greater impact is possible across a wider range of outcomes.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

5. (i) Not to pool budgets to strategically invest in communities: employment, welfare, health, crime and skills outcomes will not be maximised.
6. (ii) Not to act as Lead Accountable Body: existing employment and skills Procurement Frameworks will not be available, partners will not invest, resources will be lost and the life-chances of Southampton residents will not be improved.

DETAIL (Including consultation carried out)

7. Partnership approaches to employment and training based challenges in the City are working well. The existing SSDZ partnership has achieved successes in Southampton including 300 paid placements and apprenticeships through the Future Jobs Fund, collaboration across 90 local providers, college 'Sector Leads' for Sector-Based Work Academies and skills training delivery. Section 106 Employment and Skills Plans linked to major developments have led to the creation of 59 new apprenticeships, 352 supported jobs, 140 work experience placements for NEET young people and adults, 223 individuals on leadership and management courses and 191 employer- led curriculum activities in schools and colleges.
8. However, research has shown that, for over a decade 17,000-20,000 Southampton residents have been on out of work benefits, and this highlights that while the economy goes up and down, and unemployment changes accordingly, there is an underlying large population which is 'stuck' in unemployment, regardless of the economic cycle. Some 60% of Council tenants are in receipt of some form of benefit. There is a strong correlation between social housing, unemployment and multiple disadvantage. In addition to poverty, unemployment and low skills, priority areas are also affected by poor health, low educational attainment and crime.
9. Depression and anxiety are higher than previously assumed, with between 50- 70% of those on Incapacity Benefit (IB) and Employment Support Allowance (ESA) having mental health issues – DWP statistics from February 2012 suggest that in Southampton, this equates to more than

5,000 individuals. Work Programme Providers comment that they are often unable to place ESA claimants in employment. 50% of this cohort have been unemployed long term, over 5 years. Early DWP research nationally showed that the largest category of IB clients were facing mental health issues, as reinforced by The Marmot Review which emphasised the importance of psychological and social factors in addressing unemployment.

10. Wider agencies including Jobcentre Plus, Hampshire Probation Trust and Housing organisations have an interest in a strategic approach to pooling budgets to meet economic, education, health, crime and social aims. External skills and employment funding already held by the Authority may also be aligned. The strategic approach will enable partners to identify and specify outcome requirements for their client groups, to ensure that local delivery is co-ordinated and does not duplicate existing schemes, that procurement is compliant and there is a net gain in delivery through multiplying budgets.
11. Therefore, a Southampton Strategic Investment model is being developed to pool budgets across a number of agencies, including Jobcentre Plus, Hampshire Probation Trust and Skills Funding Agency, with Southampton City Council to be Lead Accountable Body. The objectives are to:
 - enable disadvantaged residents to receive learning and skills support leading to employment;
 - maximise the opportunity for residents to benefit from, and contribute to the economic growth of the City;
 - optimise the use of local partnership resources through joint investment;
 - reduce inequality and poverty by addressing economic inactivity;
 - contribute to economic and social objectives of the City and partner agencies;
 - ensure information and job finding resources are widely available and promoted;
 - enable relevant training to meet current and future demand;
 - underpin, and not duplicate established mainstream skills and employment provision to maximise outcomes; and
 - provide evidence of impact and value for money.
12. The following principles will guide the Strategic Investment Budget:
 - Provision will focus on services to enhance, not duplicate existing services, with an ultimate focus on employment as the indicator to impact on all other outcomes.
 - Delivery will be systematically planned and evaluated across geographical and community priorities.
 - Innovation, creativity and flexibility will be supported to maximise outcomes.
 - Support will be holistic across functional areas including health, learning, skills, employment, housing, families, financial.
 - Payment will be on evidence of outcomes.
 - Long term tracking will be incorporated, in recognition of the steps required by many individuals to achieve a positive outcome.

RESOURCE IMPLICATIONS

Capital/Revenue

13. Indicative budgets are given at Appendix 1. Whilst three year commitments will be sought, partners and the City Council may only be able to commit on an annual basis. Therefore, the budget will be fluid. Expenditure will only be committed on the basis of funds received.
14. The process will include the following stages:
 - Partners will identify their delivery priorities for specific groups, and their resource allocations, and confirm these to the City Council on an annual basis. The Council will manage a ring- fenced holding account on behalf of the partnership.
 - Partner and Council responsibilities and processes will be contained in a contract, and within a specification outlining the role of the Accountable Body.
 - Services will be procured through Southampton City Council's compliant Frameworks. Specific outcomes and groups will be apportioned as a percentage of the budget to the expressed requirements of each partner.
 - Payment will be on results against partners' allocation and outcomes profile. Any under allocation due to lower performance will be carried forward, across financial year if required.
15. Southampton City Council will undertake all management, administration and reporting, at a rate of 5% of the total budget. This will safeguard a post to administer the scheme. The budget will be subject to Southampton City Council Financial Management and Audit regulations.

Property/Other

16. N/A

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

17. Section 1 of the Localism Act 2011 permits a Council to do anything that an individual may do whether or not normally undertaken by a local authority (the General Power of Competence). The power is subject to any pre or post commencement restrictions on the use of power (none of which apply in this case)

Other Legal Implications:

18. Agreements will be drafted between partners and Southampton City Council. Procurement for services will be undertaken through the Councils Employment and Skills frameworks.
19. The Strategic Investment Budget will be overseen by a Board comprising membership of all participating partners. Quarterly Board meetings will oversee the allocation, monitoring and evaluation of the programme. Full governance will be agreed with the input of Legal Services.

POLICY FRAMEWORK IMPLICATIONS

20. The programme will compliment and add value to existing funded activity, including Families Matter, NEET, Work Programme and EU projects.

21. The proposals contained in this report are in accordance with the appropriate Policy Framework Plans of the City Council.

AUTHOR:	Name:	Denise Edghill	Tel:	023 80834095
	E-mail:	denise.edghill@southampton.gov.uk		

KEY DECISION Yes

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Appendices

1.	Indicative Pooled Budget
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Documents In Members' Rooms

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	No
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Other Background Documents

Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	None	
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Strategic Investment Budget			
(Indicative Pooled Financial Profile Subject to Confirmation)			
	2012/13 £	2013/14 £	2014/15 £
Southampton City Council			
Skills and Economy		90,000	90,000
Community Learning		150,000	150,000
Social Care	Tbc	Tbc	Tbc
Jobcentre Plus	100,000	300,000	300,000
Hampshire Probation Trust	25,000	30,000	30,000
Registered Social Landlords		Tbc	Tbc
Developer Contribution		90,000	90,000
Health	Tbc	Tbc	Tbc
Hampshire Police	Tbc	Tbc	Tbc
European Union	Tbc	Tbc	Tbc
TOTAL	125,000	660,000	660,000
Management and Administration (5%)	6,250	33,000	33,000