

**SURREY COUNTY COUNCIL**

**CABINET**

**DATE: 25 NOVEMBER 2014**

**REPORT OF: MRS LINDA KEMENY, CABINET MEMBER FOR SCHOOLS AND LEARNING**

**LEAD OFFICER: NICK WILSON, STRATEGIC DIRECTOR FOR CHILDREN, SCHOOLS AND FAMILIES**

**SUBJECT: YOUTH ENGAGEMENT FUND APPLICATION**



**SUMMARY OF ISSUE:**

The Department for Work and Pensions (DWP) is seeking applications from local partnerships for the Youth Engagement Fund (YEF). YEF is a national programme that aims to re-engage young people aged 14-17 in education, training and employment.

YEF is funded through by an investor external to Government and the work will be delivered by a charity sector delivery agent in a local authority area. The investor pays the delivery agent to do the work and the DWP, with a local contribution from the local authority, pays the investor for a range of educational and employment outcomes.

The local contribution is £0.25 million and the delivery funding from investors is £2.36 million. The investors will receive funding back over three years on a payment by results (PBR) basis.

In accordance with Access to Information Rule 6.06(f) (Special Urgency), in the absence of the Chairman of Children and Education Select Committee, the Chairman of the County Council has agreed that the decision cannot be reasonably deferred because the deadline for submission of the bid to DWP is 28 November 2014

**RECOMMENDATIONS:**

It is recommended that the Cabinet Member approves the investment of £0.25 million to support the delivery of a three year £2.36 million youth engagement programme in Surrey.

**REASON FOR RECOMMENDATIONS:**

An investment of £0.25m is requested to secure a further £2.11m of funding to support the council's priority to create opportunities for young people.

## **DETAILS:**

### **Business Case**

1. Surrey County Council (SCC) already has a well established service in place which has resulted in the lowest number of NEET young people in the country. Those that remain NEET are the most vulnerable young people with the most acute needs. This particular programme will aim to eliminate NEET which remain in the county (circa 400) by providing specialist support which will be underpinned by a personal budget. The support provided will go beyond the traditional key worker model, where a specialist team of professionals will work with young people to overcome acute needs and move them from 'NEET to PETE'.
2. YEF is a £16.04m national programme that will work to reduce the number of young people who become NEET (not in education, employment or training) using social impact bonds (SIBs)<sup>1</sup>. The Fund will support disadvantaged young people, including those already NEET, and those at risk of disadvantage aged 14 to 17 years of age in England. The YEF opened for initial applications on 3 July 2014.
3. The Youth Engagement Fund has four key objectives:
  - **Objective 1** – Deliver support to help young people aged 14-17 who are disadvantaged, or at risk of disadvantage, to enable them to participate and succeed in education or training, improving their employability, thereby reducing their longer term dependency on benefits and reducing their likelihood of offending.
  - **Objective 2** – Enable schools, academies, local authorities, colleges and others to use their resources more effectively to support disadvantaged young people and reduce the number of young people who become NEET.
  - **Objective 3** – Test the extent to which a payment by results approach involving social investors can drive improved outcomes for young people and generate benefit savings, as well as other wider fiscal and social benefits.
  - **Objective 4** - Support the development of the social investment market, build the capacity of social sector organisations and contribute to the evidence base for social impact bonds.
4. This programme adds value to current provision as it will deliver specialist support to young people who have disengaged and to those that we are not currently supporting in Years 9 and 10 of secondary school. The programme will support young people at risk of becoming NEET in Years 9 to 12 and those that are NEET where other interventions have not been successful in Years 11 and 12.

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<sup>1</sup> Further information on SIBs can be found at [www.gov.uk/social-impact-bonds](http://www.gov.uk/social-impact-bonds)

5. This additional resource, subject to approval, will be invested at a time when the council faces significant financial challenges and could reduce the impact of planned service cuts.
6. The role of the DWP is to commission the programme centrally and pay the investor for results, based on a fixed price tariff, as they are delivered. The role of the investor is to fund 100% of the delivery costs, paying the delivery agent to do the work with the young people. The delivery agent in this application is Catch 22. Catch 22 is a national social business with a track record of delivering outcomes young people.
7. The investor will receive a return on investment linked to the successful delivery of outcomes linked to the progress of young people. The maximum outcomes payment is £4.35 million (excluding VAT) of which the local authority will provide a maximum of £0.25 million upfront, with the rest provided by DWP YEF funding.

#### **CONSULTATION:**

8. The Associate Cabinet Member for Children’s Schools and Families has been consulted, as have the Leader of the Council and the Chief Executive. The council’s partner in this initiative Catch 22 has also been consulted.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

9. The risks to the council associated with this proposal are minimal. The investment of £0.25m by SCC is not new money and will be money redirected from with the Services for Young People budget, over three years, but will be required to be paid upfront at the beginning of the programme. The financial risk rests primarily with the investor who provides £2.36m for delivery of services and will be paid back on a payment by results basis. If the bid to DWP is unsuccessful the £0.25m contribution by SCC will not be required.
10. Surrey’s performance in this area is already the best in England; this additional investment could help us create even more opportunities for young people. Therefore the delivery risks are also minimal.

#### **Financial and Value for Money Implications**

11. The cost of the proposed action is set out in the table below; it will be funded predominantly by an investor yet to be determined. The SCC contribution is a one off payment of £0.25m, money redirected from the Services for Young People agreed revenue budget.
12. Total maximum investment for the achievement of outcomes:

	<b>Total paid for outcomes across three years (excluding VAT)</b>
<b>Central government contribution (DWP)</b>	£4,099,600
<b>Local contribution (SCC)</b>	£250,000
<b>Total:</b>	£4,349,600

The local contribution will be funded from the Individual Prevention Grants budget, which will not be required for the three years of this programme.

Cost to investors for delivery:

	2015/16	2016/17	2017/18	Total
<b>Investor</b>	£803,290	£778,290	£778,290	£2,359,870

13. A maximum outcome payment of £4,349,600 is available to the investor (to be paid by DWP and SCC) over the three years, if all possible outcomes are delivered. The maximum outcome payment by SCC is limited to £250,000.

#### **Section 151 Officer Commentary**

14. The Surrey County Council financial commitment is likely to be £250,000 and the bid will outline that this is the maximum contribution we will make. This will be funded from existing Services for Young People budgets, but if successful it will bring in additional investment from social investors which will improve outcomes for Young People.

#### **Legal Implications – Monitoring Officer**

15. The Council has a statutory duty to promote the wellbeing of young people, and the proposal outlined in this report will, if successful, assist in meeting that duty and enhance the services available to young people in Surrey.
16. The bid for the additional funding will need to include details of the contractual relationships and governance structures agreed locally between the partners. As these are finalised, Legal Services should be asked to advise to ensure an ongoing role for the Council in securing appropriate outcomes for young people.

#### **Equalities and Diversity**

17. If implemented this programme would have a significant impact on vulnerable groups of young people. Looked after children, young people from the Gypsy, Roma Traveller community, young people on free school meals, young people with special educational needs and disabilities are at greater risk of being NEET at 16 and would be targeted for support through YEF.
18. If successful YEF will see additional resources secured for vulnerable young people in Surrey, the proposal will have a positive impact on these groups.

#### **Corporate Parenting/Looked After Children implications**

19. Looked after children are significantly more likely to be NEET at 16, this programme if implemented would improve performance in relation to this at risk group.

#### **Safeguarding responsibilities for vulnerable children and adults implications**

20. Non-engagement with education and being NEET can increase young people's exposure to risk in the community; this programme if implemented would give greater protection to vulnerable young people.

### **Public Health implications**

21. Being NEET is a significant predictor of poor health later in life, this programme if implemented would reduce that risk.

### **WHAT HAPPENS NEXT:**

- The application will be submitted by Catch 22 on 28 November 2014.
- DWP will notify applicants of their decision early in the New Year.
- No further decisions are required by Cabinet.
- The decision by DWP will be communicated at CSF Members' Briefing.

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#### **Contact Officer:**

Garath Symonds, Assistant Director for Young People, Tel: 020 8541 9023

#### **Consulted:**

David Hodge, Leader of Surrey County Council  
Clare Curran, Cabinet Associate for Children, Schools and Families  
David McNulty, Chief Executive, Surrey County Council  
Nick Wilson, Strategic Director for Children, Schools and Families  
Tracey Pepper, Director for Education, Catch 22

#### **Annexes:**

None

#### **Sources/background papers:**

None

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