

GREATER **LONDON** AUTHORITY

REQUEST FOR MAYORAL DECISION – MD ~~ESF~~ 1537

Title: Youth Innovation Fund

Executive Summary:

The Youth Innovation Fund will pilot projects to support NEET (Not in Employment, Education or Training) young people into sustained education and employment. It will stimulate new entrants into the European Social Fund (ESF) delivery partner market and maximise the GLA's coordination and influencing role.

The Fund will be applied in three phases to coincide with the ESF 2014-2020 delivery period:

- Phase 1 will support two strands, one piloting activity to support Looked after Children (LAC) and the other piloting employer-led delivery models.
- Phase 2 'Getting Back on Track' will pilot a project to support young people that have dropped out of key stage 5 or Higher Education.
- Phase 3 will support further employer-led pilots and pilot a project that supports a cohort of young people that have either not engaged in the Skills Funding Agency commissioned Targeted NEET ESF programme, or have been found to have under-achieved in that project.

Decision:

That the Mayor approves expenditure of £3.5m (£1.75m of GLA funding to be matched by ESF funding) to deliver the three phases of the Youth Innovation Fund (over 2015-16 to 2019-20), subject to the inclusion of appropriate annual break clauses in all funding agreements, and in all contracts awarded.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

11.8.2015

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1. The Youth Innovation Fund (YIF) was approved for recommendation to the Mayor by the Investment and Performance Board meeting on 17 June 2015. The overall cost of the three phases of the programme is £3.5m, £1.5m of which is GLA funding to be matched by ESF.
- 1.2. ESF funding is subject to confirmation. The GLA responded to the Government's call for proposals for ESF funding in April 2015 and has now progressed to the second stage of this two-stage bidding process.
- 1.3. The three phases of the YIF will be composed of:

Phase 1 [2016 - 2018]

- Looked After Children (LAC) pilot: This strand will support LAC and previously LAC who face multiple barriers to education and employment. One-third of previously LAC are not in education, employment or training at age 19. With a robust evaluation in place this strand will help to develop a credible evidence base and test the feasibility of ideas that have the potential to be scaled up to support this key target group.
- Employer-led pilots: This strand is designed to engage employers to directly deliver ESF programmes to help young people increase their chances of accessing sustainable employment. There is much evidence that training informed by employers is the most successful method of supporting NEET into work, however employers rarely lead ESF projects. An employer's knowledge of labour market skills, together with their access to work related experiences can help provide a young person with the right skills needed in the labour market.

Phase 2 [2016 - 2019]

- Getting Back on Track: This will support a group of young people that are open to learning and employment, but have dropped out of Further Education or university.

Phase 3 [2017-2020]

- Targeted NEET Group pilot: This strand will focus on a specific cohort/s, agreed with the Skills Funding Agency and partners delivering the mainstream ESF funded 'Targeted NEET' programme, who would benefit from an alternative and even more targeted project to meet their needs.
- Employer-led pilot: An extension of the Phase 1 employer-led pilots to help young people increase their chances of accessing long-term sustainable employment. Depending on learning from Phase 1, this may focus on developing the model to support harder-to-reach target groups.

- 1.4. The table below provides an indicative financial profile by phase of the Youth Innovation Fund. Education and youth management and administrative responsibilities will be met by current staffing resource. Delivery unit staff costs will be met by the GLA's core budget (50% will be claimed back from ESF management and administration funding).

		2015/16	2016/17	2017/18	2018/19	2019/20	Total
		£,000	£,000	£,000	£,000	£,000	£,000
GLA	Phase 1	125	250	250	125	0	750
	Phase 2	0	42	83	83	42	250
	Phase 3	0	0	250	250	250	750
	Total	125	292	583	458	292	1750

ESF	Phase 1	125	250	250	125	0	750
	Phase 2	0	42	83	83	42	250
	Phase 3	0	0	250	250	250	750
	Total	125	292	583	458	292	1750
Gross		250	584	1166	916	584	3500

2 Objectives and expected outcomes

2.1 Objectives

- To support young people aged 16-24 who are not in education, employment or training (NEET) with activities and training to increase their chances of accessing further education and long-term sustained employment
- To engage and support new entrants into the ESF market and expand the GLA's co-ordinating influence
- To generate a credible evidence base and test the feasibility of ideas that have the potential to be scaled up.

2.2. The programme's success will be measured against:

- Achievement of sustained outcomes
- Generation of a credible evidence base to scale up delivery through the next phase of Skills Funding Agency (SFA) commissioned ESF programme
- Employers satisfaction in leading ESF projects and their willingness to continue to access this funding.

2.3. The following outputs and outcomes will be commissioned:

- Number of starters
- Number of young people entering education or employment
- Number of young people sustained education or employment for 26 weeks.

Unit prices and unit costs have been informed by the Review of the 2007-2013 ESF programme.

3 Equality comments

- 3.1. The YIF will make positive contributions to the Mayors equal life chances for all Londoners equality framework, by reaching under-served groups. There are around 113,000 young people that are NEET in the London, which makes up 11.5% of 16-24 year olds in the capital. The Youth Innovation Fund will be open to support NEET young people, and provide specific targeted support to looked after children (in phase 1) and other vulnerable groups in phase 2.
- 3.2. The likelihood of looked after young people accessing training, education or employment is lower than average. In 2011, 74% of London's looked after children were in full time education after leaving year 11. This compares with 93% of non-looked after children across England. 56% of Looked After Children in London come from BME or other ethnic groups and 67% have Special Educational Needs (SEN).
- 3.3. Grant agreements will require delivery partners to comply with all applicable existing and future equal opportunities laws, regulations and guidance, and GLA guidance in relation to race, nationality, ethnicity, disability, gender, sexual orientation, age, religion or belief.
- 3.4. The Delivery Unit will monitor projects (including an initial visit to verify that appropriate procedures are in place) to verify that equalities procedures and processes are understood and followed by staff and project participants, and that these policies are being applied, monitored and reviewed.

4 Other considerations

a) Key Risks and Issues

	Risk description	Mitigation / Risk response	Current probability (1-4)	Current impact (1-4)	RAG rating	GLA risk owner
1	A lack of interest from employers in applying for the YIF.	To carryout market warming events to engage employers and provide ongoing support to interested parties.	2	3		E&Y
2	Projects don't have the capacity/ staffing to deliver services	Due diligence on projects to be undertaken and relevant project monitoring systems put in place.	2	2		E&Y
3	Projects fail to achieve target outputs set	Majority of funding to be paid by results	2	3		E&Y
4	Grant awards process is delayed if ESF funding allocation timetable slips.	Milestones and project deliverables adjusted.	2	2		E&Y
5	ESF funding is not approved.	The programme is continued at a reduced scale using approved GLA budget allocations.	2	4		E&Y

b) Links to Mayoral strategies and priorities

The YIF will give young people opportunities to improve their skills and increase their chances of accessing training, education and sustainable employment. This supports policy 4.12 of the London Plan- improving opportunities for all. It does so by tackling unemployment and influencing delivery of skills and employment support for people who work in London, to enhance Londoners' chances of employment and provide a more highly skilled workforce for organisations across the city. Apprenticeships will be promoted by each pilot.

c) Impact assessments

A more targeted intervention is required to work with Looked after Children (LAC) who have poorer educational outcomes than non-looked-after children. A third (33%) of looked after children aged 19 are not in education, training or employment. 54% of young people in care felt that councils are doing poorly or very poorly at helping them prepare to get good jobs in the future. Based on current projections there will be approximately 2,000 young Londoners leaving care in 2015, in-depth support is needed if we are going to produce better outcomes for this group. This pilot will build on the Education and Youth team's work through the London Schools Excellence Fund (LSEF) Round 3 project which aims to improve the ability of foster carers to meaningfully engage with schools and the education of children in their care to raise their educational outcomes.

Employers are rarely involved at a strategic or management level with ESF. Rather their engagement with ESF tends to be undertaken at the level of individual staff contact in supporting ESF participants. The relatively small scale of the YIF, in comparison to the multi million pound contracts to be let by the SFA, will allow employers to pilot leading ESF projects. It will increase the knowledge and experience of employers who are new to this area to be able to manage, monitor and complete an ESF project. The recent Business Backs Education (BBE) campaign supported by the Education and Youth team has generated a good deal of interest and good will from businesses that want to support young people in both education and employment. The GLA wants to capitalise on this good will and provide a means where business can directly run projects.

Just under a quarter of key stage 5 students drop out of their studies before the age of 18. Drop out from level 3 programmes across London has been found to be particularly high at 39 per cent. This drop out was found to be primarily at the end of Year 12, particularly for vocationally focused courses. Drop-out rates in London universities are higher than those across the rest of the country; an average of 6.34 per cent as opposed to 5.7 per cent across England.

The SFA ESF/YEI targeted NEET ESF programme will be addressing a range of needs simultaneously. Although delivery partners will endeavour to engage all groups it is expected that some members of the targeted NEET eligible group may prove harder to engage and be under-represented. Other groups may be found to be consistently underachieving when accessing the support available through the targeted NEET provision.

d) Consultations

The GLA has consulted with the ESF Youth Programme Working group which is made up of London Councils, Skills Funding Agency, DWP, London Voluntary Services Council, The Big Lottery and the European Programme Management Unit. Further consultation has been undertaken with the Association of Colleges, UKCES (regarding their employer ownership pilots - EOP), and the Mayors Fund for London (re their delivery of an EOP and their employer links). Internally we have worked closely with the ESF Delivery Unit. We have also consulted with Economic Business Policy Unit and briefed Team London.

We will undertake further consultations with young people, key stakeholders and experienced delivery organisations to inform specification development.

5 Financial comments

- 5.1 The estimated gross cost of this proposal is £3.5m and the net cost to the GLA will be up to £1.75m for the period between 2015/16 and 2019/20. The balance of £1.75m will be match funded by the European Social Fund (ESF), subject to ESF funding being secured. The GLA submitted a bid for ESF funding as part of the 2014-20 Programme by the advertised deadline of 24 April 2015 (as previously approved by IPB). An estimated expenditure budget as provided by the Education & Youth Team is summarised below:

	2015-16	2016-17	2017-18	2018-19	2019-20	Total
	£000	£000	£000	£000	£000	£000
Gross Expenditure	250	584	1,166	916	584	3,500
Income - Matched ESF	-125	-292	-583	-458	-292	-1,750
Net Cost to GLA	125	292	583	458	292	1,750

- 5.2 With regards to the GLA net cost; £125,000 has been allocated for this programme in both 2015/16 and 2016/17 (approved as part of the 2015/16 budget process), with an additional £167,000 being

re-directed from the Supplementary Schools Programme budget in 2016/17; thus meaning the GLA are able to match fund the ESF funding in both of these financial years.

- 5.3 It should be noted, however, that GLA budget provision has not been allocated beyond the 2016/17 financial-year and future years' budget allocations (from 2017/18) will be subject to the Authority's budget setting and business planning process. For this specific project, the budget required from 2017/18 until the end of the programme in 2019/20 totals £1.333m (phased as per 5.1). Given that there is no certainty on budget allocations beyond the 2016/17 financial-year and it will be the last budget set by the current Mayor, annual break clauses will need to be included into funding agreements and contracts that are awarded via this programme to ensure that the GLA is not committed to expenditure beyond the approved 2-year budget cycle and also to provide flexibility to increase or decrease budget provision as required.
- 5.4 With regards to the ESF funding; it is important to note, that while a submission of a bid for ESF Funding does not commit the GLA into any expenditure at this stage, match funding has to be secured prior to commencing a project.
- 5.5 Any changes to this proposal, including budgetary implications will be subject to further approval via the Authority's decision-making process. All appropriate budget adjustments will be made.
- 5.6 The Education & Youth Team in liaison with the ESF Delivery Unit will be responsible for managing this Programme and ensuring that all project activity and associated expenditure adheres to the Authority's Financial Regulations, Contracts & Funding Code, and Expenses & Benefits Framework.

6 Legal comments

- 6.1 Section 30 of the Greater London Authority Act 1999 (the 'Act') allows the Mayor, acting on behalf of the Authority, and after appropriate consultation, to do anything which the Mayor considers will further the promotion of economic and social development and wealth creation in Greater London. Education is relevant to economic and social development and wealth creation and the GLA's provision of the Youth Innovation Fund and the associated initiatives described in this MD fall within the scope of the Mayor's powers.
- 6.2 Section 31(3)(b) of the Act prohibits the GLA from incurring expenditure in providing any educational services which could be provided by a borough council or other public body. However, the Mayor is not prevented from incurring expenditure in co-operating with, facilitating or co-ordinating the activities of a borough council or other public body. The Youth Innovation Fund does not constitute the provision of an education service by the GLA but instead has as its aim supporting 'Not in Education, Employment or Training' (NEET) young people. The role of the GLA in respect of schools and employers is a co-operative, facilitative and co-ordinating one and is, therefore, permitted under the Act
- 6.3 Any works or services required must be procured by Transport for London Procurement who will determine the detail of the procurement strategy to be adopted in accordance with the GLA's Contracts and Funding Code.

Officers must ensure that appropriate contract documentation is put in place and executed by the successful bidder(s) and the GLA before the commencement of the works or services.

- 6.4 Where any payments are to be made to third parties as grant funding, the GLA must ensure that the funding is distributed fairly, transparently, and in accordance with the GLA's equalities obligations. The GLA must also demonstrate value for money in the allocation of the funding and relevant funding agreements should be put in place between the GLA and the recipient before any payment is made.

- 6.5 Officers should ensure that an appropriate agreement is put in place and executed between the GLA and ESF, before any reliance is placed on the funding.

7 Investment & Performance Board

The Youth Innovation Fund was approved in principle at the 17 June Investment and Programme Board.

8 Planned delivery approach and next steps

- 8.1 The GLA Delivery Unit will oversee the day to day project management of grants. The Delivery Unit has extensive experience of managing the London Development Agency (LDA) and GLA's £57m 2007-13 ESF Co-Financing Programmes. The Education and Youth team will provide strategic management and advice on the overall direction of the project, communicating with external stakeholders and presenting the progress to key policy makers.
- 8.2 The Education and Youth team will develop grant specifications and lead market warming events. The Delivery Unit will ensure the grants awards process is compliant with ESF procurement regulations, financial and outcome monitoring and evidence requirements, and audit processes.
- 8.3 Grant payments will be made on an outcome based model; this reduces the risk of overpayment to the grant holder. Delivery will be regularly reviewed and action taken to reduce or cease delivery if the project is not performing. Clauses in the GLA's ESF grant agreement regarding ESF evidence, audit and claw-back will be mirrored in project grant agreements; e.g. if delivery partners cannot provide audit evidence they will be required to payback associated funding.
- 8.4 When commissioning the grants the GLA is likely to use a 'Minimum Offer Level' (MOL) approach, below which bids are not accepted, together with an 'expected performance offer' to guide bidders about the level of performance we believe is achievable in the future. This is in line with the recommendations made in the Review of the 2007-2013 ESF programme commissioned by the LEP and the European Programme Management Unit published in January 2015.
- 8.5 Given that there is no certainty on budget allocations beyond the 2016/17 financial-year, break clauses will be inserted into any funding agreements and contracts that are awarded via this programme to ensure that the GLA is not committed to expenditure beyond the approved 2 year budget cycle.

	Milestones, deliverables and promotional activity	GLA lead	Planned date
1.	Youth Innovation Fund MD	E&Y Team	July 2015
2.	Phase 1 specification development <ul style="list-style-type: none"> • Consultation with LAC key stakeholders • Consultation with employers 	E&Y Team	Jun-Sep 2015
3.	Market warming events	E&Y Team	Sep 2015
4.	Phase 1 - Issue prospectus and award grants	E&Y Team	Oct - Dec 2015
5.	Procurement of programme evaluator	E&Y Team	Sep-Dec 2015
6.	Phase 1 - Delivery Start Date	Delivery Unit	Jan 2016
7.	Phase 2 specification development and market warming	E&Y Team	Jan - Mar 2016
8.	Phase 2 - Issue prospectus and award grants	E&Y	Apr - Jun 2016
9.	Phase 2 - Delivery Start Date	Delivery Unit	Sep 2016
10.	Evaluation interim report	E&Y Team	Oct 2016
11.	Phase 3 specification development	E&Y Team	Oct-Dec 2016

12.	Phase 3 - Issue prospectus and award grants	E&Y Team	Jan - Mar 2017
13.	Phase 3 - Delivery Start Date	Delivery Unit	April 2017
14.	Phase 1 - Project closure	E&Y Team	January 2019
15.	Phase 2 - Project closure	E&Y Team	August 2019
16.	Phase 3 - Project closure	E&Y Team	March 2020
17.	Evaluation Final report	E&Y Team	May 2020

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form -NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Mahad Ali has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

Assistant Director/Head of Service:

Amanda Coyle has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Sponsoring Director:

Jeff Jacobs has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Munira Mirza has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

M. D. Ali

Date

10.8.15

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

Edmund M. L. -

Date

11:08:2015

