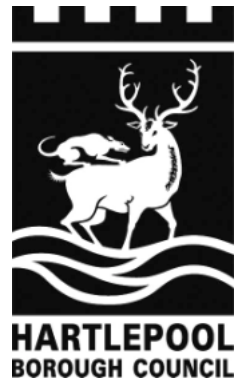


REGENERATION SERVICES COMMITTEE AGENDA



Thursday 24 October 2013

at 9.30am

**in Committee Room B,
Civic Centre, Hartlepool.**

MEMBERS: REGENERATION SERVICES COMMITTEE

Councillors C Akers-Belcher, S Akers-Belcher, Cranney, Dawkins, Fisher, Morris and Payne.

1. APOLOGIES FOR ABSENCE

2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS

3. MINUTES

- 3.1 To receive the minutes of the meeting held on 26 September 2013 (*previously published*)

4. KEY DECISIONS

- 4.1 Carr/Hopps Street Regeneration Area Regeneration Review - *Assistant Director (Regeneration)*

5. OTHER ITEMS REQUIRING DECISION

None.



6. ITEMS FOR INFORMATION

- 6.1 Youth Employment Initiatives - *Assistant Director (Regeneration)*
- 6.2 Strategic Financial Management Report – as at 31st August, 2013 - *Director of Regeneration and Neighbourhoods, Director of Public Health, and Chief Finance Officer*

7. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT

FOR INFORMATION:

Date of next meeting – 12 November 2013 at 9.30 am at the Civic Centre, Hartlepool.



REGENERATION SERVICES COMMITTEE

24th October 2013



Report of: Assistant Director (Regeneration)

Subject: CARR/HOPPS STREET AREA REGENERATION
REVIEW

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key Decision (test (i)) Forward Plan Reference No. RN19/13

2. PURPOSE OF REPORT

2.1 To provide Members with a progress update on the implementation of the Carr/Hopps Street regeneration project plan including progress of acquisition by agreement of privately owned properties and resident relocation on the site. The report will set out the recommended option for the future delivery of the scheme, provide budget implications and seek approval from Committee to implement this preferred option from November 2013.

3. BACKGROUND

3.1 The Carr/Hopps housing regeneration area includes 188 residential terraced properties including 2 properties with a commercial element in the streets of Rodney Street (numbers 17-73 odds and 24-80 evens) Richardson Street, Blake Street (numbers 2-18 evens) Carr Street, Jobson Street, Hopps Street and Hart Lane numbers 31-57 odds). The site is 2.06 hectares in size.

3.2 The issues associated with obsolete terraced properties have been prevalent in the central area of Hartlepool since the late 1990's. Problems such as anti-social behavior, abandonment and sharp decline in owner occupation led to a severe decline in some neighbourhoods and attracted large scale speculation in the property market with buy to let. In response to these issues Hartlepool Borough Council introduced a housing regeneration strategy and collaborated in the Tees Valley partnership to implement a 15 year programme of Housing Market Renewal (HMR). The Hartlepool Housing Regeneration strategy identified an oversupply of terraced properties, approximately 2000, due to housing market failure and changing aspirations. The schemes have delivered multi-million pound new build investment and successfully attracted owner

occupiers back to the central area of town by creating mixed tenure developments, sustainable communities and enhancing localism through community regeneration. To date approximately 1000 properties have been demolished and 462 new homes constructed on HMR sites to date. Development is ongoing on both the Raby Road Corridor and Headway sites.

- 3.3 The Carr/Hopps street regeneration site was located within the New Deal for Communities (NDC) area and was identified as an area for intervention through the NDC Community Housing Plan (CHP) an integrated part of Hartlepool's HMR programme. Following the end of the NDC programme in 2010 the Council became responsible for the delivery of this scheme and it became part of the HMR programme reported to Tees Valley Unlimited (TVU) and Government. The Carr/Hopps Street regeneration area is the last piece in the jigsaw of incremental regeneration and must be concluded to prevent the regeneration successes reversing into a rapid spiral of decline, protect investment made in surrounding areas and to help households trapped in properties that are in very poor condition.
- 3.4 Given that the Carr/Hopps Street area was part of the NDC CHP, significant consultation has taken place over a number of years with local residents. Investment took place in the streets by the NDC programme with an offer which supported and encouraged owner occupiers to take up grants and loans to relocate to the area. This was a choice that few took up and the scheme failed to make an impact against the backdrop of decline in owner occupation and a rapid increase in property purchasing by speculative investors. Properties within the central block of the site were identified for acquisition and clearance to create open space; acquisition by agreement of all the private interests could not be achieved. Further research and consultation was undertaken in 2007 (this included individual visits to all occupants) which highlighted that the area had not improved since the NDC intervention, the area had declined significantly and a more substantial area for intervention was identified. Resident consultation highlighted that 90% wanted more significant intervention with 76% overall supporting the full scheme boundary, this was subsequently approved for intervention.
- 3.5 The approach to HMR programme 2008-12 previously agreed by Council was to focus on three sites within the core HMR areas of West Central and North Central Hartlepool the delivery of which was considered to be achievable within the short to medium term, the Carr/Hopps Street was identified as one of these sites. In selecting these sites Members were aware that, although there was not sufficient resources available within the 4 year funding programme to fully deliver the Carr/Hopps regeneration site, the HMR programme as a 15 year strategy to deal with obsolescence meant there were good prospects of further funding being made available in the period beyond March 2011 to allow this site to be delivered. Therefore acquisition from owner occupiers progressed on this site through to 2012.
- 3.6 The comprehensive spending review of 2011 effectively abolished the HMR programme by the removal of further funding. This was followed by significant pressure and lobbying from the areas affected and subsequently the

Government made available a HMR Transition fund to allow the challenged pathfinders to complete an exit programme for regeneration schemes. Cabinet approved reports on the 1st August 2011 and the 24th January 2012 approving a Hartlepool application to this fund, this application was subsequently successful.

- 3.7 Hartlepool Borough Council was awarded £2million transition funding to 'relocate trapped households and to complete a structured exit from the HMR programme'. On the 19th March 2012 Cabinet approved the HMR Transition Funding project plan which included consultation arrangements, tenant relocation packages, compensation packages for property owners and the timetable and phasing of acquisitions. Acquisition of properties has progressed since the plan was approved in March 2012 and Cabinet was presented with an update report on the 17th December 2012. At this stage the risks to project delivery were set out. These included owners unwillingness to sell and the financial risks associated with the outcome of the Raby Road Corridor Lands Tribunal.
- 3.8 Considerable resident consultation has been taken forward through the duration of the project implementation. Resident and owner consultation took place in April and May 2012. All residents on the site were visited individually and drop in sessions were held on a number of occasions. Non-resident owners were consulted on a phased approach in line with the phasing plan. Fortnightly drop in sessions continue to be held in the Nursery Pub adjacent to the site and the area is inspected on a weekly basis.
- 3.9 Overview of Recent Tees Valley HMR studies
A series of reports have been commissioned recently by Tees Valley Unlimited to advise on the future of regeneration in the Tees Valley in the context of significantly reduced funding and high expectations of property value from owners. These reports reflected a condition of Tees Valley bid for HMR Transition funding which required a structured plan for the future of housing regeneration schemes. In these reports recommendations for future delivery in Hartlepool were put forward. One of these reports the TVU Housing Sites – Urban Design Sketchbook April 2013 stated "a more sensitive approach to regeneration is recommended, rather than widespread demolition" and went on to recommend "subtle interventions to create a more diverse housing stock" for the Carr/Hopps Street area. The Grant Thornton document 'Tees Valley Housing Regeneration Delivery Options' stated that there was "limited demand for future (regeneration) sites from private housebuilders" and presented evidence regarding the lack of viability of the site once acquired. This is directly supported by the DTZ TV Housing Regeneration study which stated that developers currently have the opportunity to 'cherry pick' sites. This study also highlighted the importance of the Hart Lane 'character properties' and opportunities on the site for part refurbishment/part redevelopment. The findings of these studies have been considered when developing options for future delivery of the Carr/Hopps Scheme highlighted below. A copy of these studies will be made available in the Members library.

4. CURRENT POSITION

- 4.1 Acquisition from private owners has been progressing across the site since March 2012. All owners have been written to on a number of occasions informing them of the Council's intention to acquire all properties across the site by agreement. To date Hartlepool Borough Council has purchased 97 properties, a further 16 properties are at agreed sale status and have legal instructions and an additional 4 properties in the 'agreed sale' position pending legal instruction. Since March 2012, 61 valuation reports have been conducted but there are currently 23 properties where no contact has been made with the owner despite numerous attempts. The Council therefore has acquired or agreed to acquire 117 properties or 62% of the full regeneration site.
- 4.2 The current position gives the Council the opportunity to reflect on the future scheme delivery, in order to meet regeneration objectives within the financial parameters in the context of reducing resources. It is important to consider all options moving forward including those outlined within the Tees Valley housing regeneration reports delivered by external consultants.
- 4.3 Since March 2012, 13 households have been relocated from the Carr/Hopps Street regeneration site. These residents were all provided with a home-loss payment, were given band 1A priority on the social housing waiting list and assisted in their move by the Housing Hartlepool regeneration team. Of these households, 8 moved into social rented accommodation, 2 moved into alternative private rented properties and three were owner occupiers who purchased another property in the town. There are 35 properties remaining occupied across the site (including owner occupiers). Of these remaining residents the majority will require 1 bedroom accommodation when relocated.
- 4.4 The condition of properties across the site is deteriorating with many private owners leaving empty properties insecure. Since March 2012 many properties have been left insecure and have required visits from the Council's Private Sector Housing team. In addition to this a number of selective licensing inspections have been completed by Housing Standards Officers. It is generally the case across the site that properties are in a poor state of repair. To date there are a number properties where selective licensing inspections have not been possible due to tenants unwillingness to have an inspection.
- 4.5 The Use of Planning Compulsory Purchase Powers
The Council has been advised that if Planning Compulsory Purchase (CPO) activities were proposed our case would be weak with a high likelihood of failure, and likely not to be approved when considered by an Inspector at Public Inquiry and unlikely to be approved by Secretary of State. There are a number of reasons for this. Firstly, full scheme funding has not been identified and the delivery of the scheme relies on the Council achieving capital receipts from the sale of other land and buildings and delivery of S106 monies for regeneration through the Local Plan. Secondly, there is no identified developer or approved scheme therefore no justification for 'the proper planning of the area' through CPO, it would therefore fail the first 2 key tests

of a planning CPO. No planning approval exists and there is a diminished likelihood that a private developer could be attracted to deliver new build properties on this scheme. These issues were identified within a recent study by DTZ prepared on behalf of Tees Valley Unlimited titled 'Tees Valley Housing Regeneration'. Therefore it is recommended by legal advisers that no large scale planning CPO should be taken forward on this site given the risk implications.

- 4.6 Committee is therefore asked to agree that Compulsory Purchase will not be considered during the implementation of the Carr/Hopps scheme and that acquisition is done by agreement only.

5. FINANCIAL OVERVIEW

- 5.1 The scheme is currently being delivered in line with budget parameters set out within the approved project plan of March 2012 and the Medium Term Financial Strategy. The overall budget for Housing Market Renewal also includes costs in relation to the Perth St/Raby Road Corridor scheme. The majority of outstanding cases for the Perth St/Raby Road Corridor Scheme have now been resolved and the budget position is reflected in the outcome of these agreements. Assumptions have been made for the purposes of budget planning in relation to the cases yet to be agreed and it is assumed that all properties are acquired by agreement.

Table 1: Available Budget

Budget Overview	£000
Future Capital receipts	4,387
Extra HMR grant	21
Section 106 amount	111
Total	<u>4,519</u>

- 5.2 As stated above the Council were successful in securing HMR Transition funding to assist with the completion of this scheme. The transition funding spent to date in Hartlepool is £1,243,539. There is an additional £650,000 committed (property acquisitions where legal has been instructed). The total spend and committed spend is therefore £1,893,539. The Council has made offers on a number of additional properties to the value of £650,000.
- 5.3 The estimated cost of delivering the scheme is underpinned by key financial planning assumptions in relation to property purchase prices, demolition, compensation payments and on-site management expenditure. The ability to complete the project within a fixed budget is extremely challenging given uncertainties about property values and the time taken to complete delivery.
- 5.4 Given the current financial position it is felt that the options for moving the site forward should be explored to ensure delivery of the scheme in budget. It is clear from the proposals detailed below that full scheme acquisition is not financially viable and adjustments to the scheme need to be made to deliver

the scheme in budget. These issues are presented in detail below. A list of the headline assumptions made during the financial planning for the scheme are listed in Table 2.

Table 2: Financial Assumptions

Property Purchase (Hart Lane)
Property Purchase (all other streets)
Home Loss (per occupied dwelling)
Basic Loss (per non-resident owner)
Agents and Legal (sellers)
HBC Legal
Security and Decommissioning
Demolition

6. PROPOSALS

- 6.1 The following options could be explored further in terms of proceeding with regeneration of the Carr/Hopps Street area;
- Full scheme acquisition by agreement
 - Removal of Hart Lane from the redevelopment boundary
 - Selective Demolition
- 6.2 A full financial appraisal has been conducted on these options and assumptions made on scheme costs. An assessment of land value has also been made but this land value could only potentially be realised if the land was sold for development purposes. It is prudent for the financial appraisal not to hold too much weight to the realisation of capital receipts at this stage.
- 6.3 It is clear from detailed financial appraisal of the project that continued implementation of the original project plan to achieve full scheme acquisition by agreement is financially unviable. Table 3 below demonstrates the budget deficit if full scheme acquisition is pursued. In March 2012 Cabinet approved the Carr/Hopps Street regeneration project plan which set out proposals for full scheme acquisition. Acquisition of property and relocation of residents has continued since March 2012. If this option is progressed the acquisition of the remaining privately owned properties by agreement will be taken forward over an undefined time period. The compensation package is as previously approved which is the payment of home loss to tenants, basic loss of 7.5% to non-resident owners, home loss of 10% for owner occupiers and £300+VAT legal and £300+VAT agent fees paid. Given the reasons outlined above it is not considered appropriate to acquire the site using planning Compulsory Purchase powers and therefore the financial appraisal in Table 3 does not include any element of compulsory acquisition. It is unclear how long full scheme acquisition is likely to take on this basis and it would depend on owner's willingness to sell across the site. For the purposes of financial planning it is assumed that the acquisition process will be over a 3 year period. However, it is anticipated that this option could take 6-8 years to

acquire the remaining privately owned properties if a project 'end date' is not identified.

- 6.4 Ongoing scheme management costs must to be taken into consideration which could be a minimum of £20,000 a year to ensure the safety and security of residents of the site and to maintain the condition of the area. If acquisition continues on this basis it is suggested that demolition would be taken forward on a block-by-block basis as and when full streets were acquired. Ongoing consultation with owner occupiers and tenants on the site will be important and Housing Health and Safety Rating System (HHSRS) inspections conducted of occupied properties to ensure they are safe in the long term for occupation.

Table 3: Full Scheme Acquisition Financial Overview

Full Scheme Acquisition	
Full Scheme Costs inclusive of demolition	£5,072,000
Deficit	£553,000

6.5 Risks of continued full scheme acquisition

It is clear from the table above that this option could result in a scheme which could take many years to reach a conclusion and relies on owners willingness to sell to the Council. Despite acquisition progressing well on this basis there are a number of owners unwilling to sell to the Council on the current terms and therefore negotiation could take some considerable time. There is also a risk of house price increases over the scheme delivery period. It is also clear that this option results in a significant unfunded budget deficit which would require the allocation of further resources from the Council. This does not take into consideration the potential of house price increases. The potential land value would only be achieved if the land was sold for development after full scheme acquisition by agreement was achieved, the TVU Grant Thornton Study (Tees Valley Housing Regeneration Delivery Options) has expressed doubt over the ability to obtain a high land value from the sale of this site given current demand amongst private developers. The lack of demand for brownfield development sites was also evident from the level of developer interest during the marketing of the Raby Road Corridor site. Additional compensations packages to encourage owners to sell their properties by agreement to the Council are unaffordable and would result in a even greater budget deficit. 8 owners in total across the site have refused offers on the current basis.

Recommended Option: Removal of Hart Lane from Regeneration Boundary

- 6.6 This option involves the acquisition of properties by agreement across the site with the exception of Hart lane. It is recommended that all properties on Hart Lane (31, 35-57 odds) are excluded from the boundary of the regeneration site. Of these properties four are in the ownership of the Council and have been acquired from private owners over the schemes lifetime to date. Four properties are currently owner occupied, of these owners there is reluctance

to sell their property to the Council and agreements to sell the properties to the Council have not been reached. The properties owned by non-resident owners are all currently tenanted and no agreements to purchase have been made with owners. It is proposed that the four properties acquired by the Council for the purposes of regeneration on Hart Lane are refurbished to a high standard through the Council's Empty Property Purchasing Scheme. The average property cost within this scheme is £55,000 but it anticipated that refurbishment of these properties can be delivered within a £40,000 budget per property. The work required is extensive as all properties have been decommissioned. This option is recommended as it has a number of benefits. Firstly there are 9 properties which would not be acquired, if £45,000 average price per property is assumed plus compensation then an approximate saving of £400,000 to the scheme will be made. The financial options appraisal demonstrated that this option is likely to bring the scheme delivery within the budget. It is recommended that if this option is approved then work commences on a Masterplan of the area to establish the possibilities for redevelopment following acquisition.

Excluding Hart Lane from Regeneration Boundary Risks

- 6.7 In addition to this, the properties on Hart Lane are of different property type. They are larger 3 bed terraces with front boundary enclosures, bay windows and generally have not encountered extensive problems with damp. Due to the nature of the properties there is higher demand and this is reflected in the level of occupancy of the properties in private ownership and the higher property values. If this recommendation is approved each owner occupier and tenant will be visited and informed of the decision and non-resident owners notified in writing. The timescales for refurbishment of the empty Council owned Hart Lane properties will also be provided during these visits. If agreed the properties will be refurbished by March 2014. The owners and residents of Hart Lane would benefit from the demolition and redevelopment of the site at the rear as the area would be uplifted. If this option is implemented it is also considered important to implement a property improvement scheme along Hart Lane to improve the properties visual appearance and assist occupants of these properties to complete property refurbishment in the knowledge their properties will not be demolished. An example of this can be found on the Belle Vue regeneration site. An approximate £100,000 has been assumed necessary to create a grant pot for an improvement scheme. All grant funding allocated would be registered on a charge on the property for a period of 5 years.
- 6.8 As with all options there are risks associated with the acquisition of property across the scheme. By removing Hart Lane from the regeneration boundary this scheme is deliverable in terms of budget position. There is a risk that not all properties can be purchased by agreement across the site. It therefore would be prudent to review the position in October 2014 and then take forward selective demolition based around the Council owned properties across the site, this option is explored further below. Consideration has been given to providing an enhanced compensation package to owners to assist in the acquisition of their properties however a financial analysis of this has concluded that this is not a financially viable option. Making additional

compensation payments would result in a significant unfunded scheme deficit and would take the scheme beyond the current approved budget, creating a budget deficit. It is therefore recommended that the Council acquire on the basis of market value plus the compensation package as previously approved which is the payment of home loss to tenants, basic loss of 7.5% to non-resident owners, home loss of 10% for owner occupiers and £300+VAT legal and £300+VAT agent fees paid.

- 6.9 The recommended option is likely to result in a site suitable for redevelopment and a good frontage through a refurbished block of properties at Hart Lane. The risk remains that property prices increase or that owners still fail to agree a sale with the Council and selective demolition leads to poor quality private owned terrace properties being left in situ where the Council has been unable to agree sale by agreement. By removing Hart Lane from the redevelopment boundary there is a risk that residents are unsupportive of this option, the grant scheme for improvement works is therefore important to provide residents with reassurance about the future of their properties and assist in improving property standards on the street.

6.10 Selective Demolition Post October 2014.

If acquisition by agreement cannot be achieved by October 2014 the option for selective demolition should be considered. At this point, where suitable and appropriate, properties owned by the Council could be demolished. Where private interests remain, the site will be demolished around these properties, usually in blocks of 4/6 houses and suitable remediation work carried out to ensure private properties are protected, secure and stable. This includes the rebuilding of gable ends to all exposed properties. An indicative price for this work of £17,000 per gable has been provided by the Council's Building Consultancy team. This cost allows for a new foundation, brick skin to the main gable and single storey offshoot, and new roof details to the main gable and offshoot. This cost also includes for Preliminaries (scaffolding etc) Overheads and Profit and Contingencies. It is important to note that the financial implications of this option will depend on the Council's progress in acquisition up until October 2014 the budget would be strictly monitored throughout the acquisition process, if this is the chosen option.

- 6.11 The option of selective demolition has been put forward as an appropriate alternative by independent consultants delivering the Tees Valley housing regeneration studies. Options for redevelopment would be more limited however it would be possible to design a scheme which could transform the area whilst retaining some of the properties across the site. This is demonstrated by the Gillespies TVU Housing Sites Urban Design Sketchbook April 2013 which provides sketch layouts for a possible redevelopment scheme.

6.13 Selective Demolition Risks

If the Council fails to acquire all properties across the site and selective demolition is taken forward this is likely to result in a favorable variance in terms of the budget position. It does however result in a more complex redevelopment site with some existing terraced properties remaining pepper

potted across the site. This site is unlikely to be popular with developers and would require the Council to take forward an infill redevelopment scheme either directly or in partnership in the future. Work with remaining private owners across the site would be required to improve the remaining property conditions and enforcement action taken if required to improve the standard and visual appearance of properties. As with all options there is a risk of house price increase on the project.

7. EQUALITY AND DIVERSITY CONSIDERATIONS

7.1 There are no equality or diversity implications.

8. SECTION 17 OF THE CRIME AND DISORDER ACT 1998 CONSIDERATIONS

8.1 There are no Section 17 Implications.

9. RECOMMENDATIONS

9.1 Considering the positives and negatives of each of the potential options and the detailed financial appraisal it is recommended that the option to remove Hart Lane from the regeneration boundary be taken forward and implemented from the decision date.

9.2 Committee is therefore requested to:

- 1) Endorse the position in respect of compulsory purchase powers and activity on the Carr/Hopps Street regeneration site and agree that Compulsory Purchase powers through the Planning and Compulsory Purchase act will not be used to achieve full scheme acquisition.
- 2) Note the contents of the report and in particular the budget position and potential delivery options presented.
- 3) Agree the recommended option to remove Hart Lane from regeneration boundary set out in paragraph 6.6-6.9 and agree to:
 - a) Exclude properties on Hart Lane from the demolition boundary and agree that no further acquisition of property (excluding current agreed sales) will be taken forward from decision date.
 - b) Include the four properties owned by the Council on Hart Lane into the Empty Property Purchasing Scheme and refurbish by March 2014.
 - c) Explore further and implement a grant refurbishment programme for the privately owned properties on Hart Lane.
 - d) Approve selective demolition to be progressed as blocks of properties are acquired through the duration of the scheme delivery.

- e) Continue to acquire properties by agreement in Rodney Street (numbers 17-73 odds and 24-80 evens) Richardson Street, Blake Street (numbers 2-18 evens) Carr Street, Jobson Street and Hopps Street by agreement on the basis of market value plus 7.5% basic loss payment, 10% loss payment for owner occupiers with contribution of £300+VAT for legal fees and £300+VAT agent fees.
 - f) Continue to make home loss payments to the value of £4,700 per household following household relocation provided they have been in occupation for a minimum 12 months on site.
- 4) Agree for work to commence on a Masterplan for the area based around the redevelopment boundary excluding Hart Lane.
 - 5) Agree to review acquisition progress in October 2014 and consider proposals for selective demolition of Council owned property.

10. REASONS FOR RECOMMENDATIONS

- 10.1 This option is a balance between financial viability and does not compromise the regeneration objectives of the scheme. This option is likely to be delivered within the current budget parameters and therefore does not create further budget pressures on the Council. The recommendation provides a solution to the exclusion of the Hart Lane properties through refurbishment. It also provides more certainty to local residents and owners regarding the future of the area.

11. BACKGROUND PAPERS

- 11.1 Cabinet Report and decision record of 19th March 2012 and 17th December 2012 available at www.hartlepool.gov.uk

12. CONTACT OFFICER

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REGENERATION SERVICES COMMITTEE

24th October 2013



Report of: Assistant Director (Regeneration)

Subject: YOUTH EMPLOYMENT INITIATIVES

1. TYPE OF DECISION/APPLICABLE CATEGORY

Non-Key Decision

2. PURPOSE OF REPORT

- 2.1 The purpose of this report is to inform members of the youth employment initiatives that are being delivered by the Council.

3. BACKGROUND

- 3.1 A number of reports have previously been submitted to the Regeneration Services Committee relating to projects that are being delivered by the Council to support young people who are not in education, employment or training (NEET). At a Regeneration Services Committee meeting on the 29th August 2013, the Chair requested a further report be submitted to members:

- Describing key NEET reduction and youth employment projects and activities which the Council delivers and;
- Clarification on how these projects are strategically linked to prevent duplication and to add value to each other.

- 3.2 Firstly, it is important to note that increasing the number of young people in education, employment or training remains a key priority for the Council. Currently, Hartlepool's youth unemployment rate is the highest in the Tees Valley and the second highest in Great Britain.

- 3.3 14.6% or 1,225 young people in the town aged 18 to 24 years are unemployed which is higher than the Tees Valley rate of 12%, the North East rate of 9.3% and the Great Britain rate of 6.1%.

- 3.4 Alongside this, the last key reporting period showing the number of young people aged 16-19 years in Hartlepool who are either NEET or Not Known was November 2012 to January 2013 which outlines that:
- 7.7% are NEET (Which equates to 263 young people), and;
 - 4.2% are currently classified as Not Known (Which equates to 241 young people).
- 3.5 Non-participation by young people in education, employment or training after compulsory education – being NEET – is a major predictor of future unemployment, low income, teenage parenthood, depression and poor physical health. Furthermore, educational attainment and engagement in learning remain central to breaking long term cycles of deprivation and child poverty.
- 3.6 From 2013, all young people in this country will be required to stay in some form of education or training until the age of 17, and from 2015 until the age of 18. Under the Education and Skills Act 2008, the Council has a statutory duty for implementing the Raising the Participation Age (RPA) Strategy and is supported by the 11-19 Partnership to deliver this duty. In addition, the partnership continues to coordinate a wide array of education and training options alongside support to ensure that more young people than ever are staying on in learning or employment (with training) in Hartlepool.
- 3.7 To ensure that the RPA Strategy is achieved, the Council works proactively with key partners such as schools, colleges and work-based learning providers to identify suitable education, employment and training opportunities for all young people, including identifying bespoke packages of support for those who are NEET or at risk of becoming NEET.

4. HARTLEPOOL YOUTH INVESTMENT PROJECT

- 4.1 Hartlepool's Youth Investment Project (HYIP) is the over-arching Council project which brings together all youth employment initiatives that are delivered by the Council and its partners.
- 4.2 The implementation of the HYIP was approved by Cabinet on 1st October 2012 and it aims:
- 'To improve the employability and entrepreneurial skills of young people aged 14-24 years so that they are prepared for the world of work and enterprise through improved collaborative working between schools, colleges, post-16 providers, universities and employers.'***
- 4.3 This is a two year project and a launch event of the HYIP has been arranged by the Council for Thursday 3rd October 2013 which will be attended by key partners, such as Jobcentre Plus, National Apprenticeship Service and critically employers. The main purpose of the event is to raise awareness of youth unemployment in Hartlepool and to encourage partners to work

collaboratively to provide further opportunities for young people in areas such as traineeships, apprenticeships and work trials.

4.4 To date, the following key outputs have been achieved through the HYIP:

- 1,050 young people aged 14-16 years now have access to vocational training;
- 101 young people aged 14-16 years have accessed work-related learning;
- 270 young people aged 16-18 years have accessed an internship;
- 138 young people aged 14-19 years who are at risk of becoming NEET or are NEET have accessed a mentoring project, and;
- 113 young people aged 16-24 years have entered into employment.

5. YOUTH EMPLOYMENT INITIATIVES

5.1 Across the Council, there are a wide range of youth employment initiatives and activities that are being delivered under the umbrella of the HYIP to support young people who are NEET or at risk of becoming NEET to help them progress into sustained education, employment or training.

5.2 The key sections of the Council who deliver on youth employment activities are Youth Support Service, Adult Education and Economic Regeneration Team.

5.3 The Council's Youth Support Service plays a pivotal role in the reduction of the numbers of young people locally who are NEET. The service actively supports young people to make informed choices about staying on in learning and securing employment. It also equips them with information, advice and support to make safe and sensible decisions about their health, relationships and risk taking behaviour's.

5.4 This is currently achieved through the provision of a central young people's One Stop Shop facility and the deployment of seven Family Support Workers.

5.5 The One Stop Shop facility is based centrally in Victory Square. It offers open access for young people; alongside information, advice and support. In addition to the services provided within the One Stop Shop facility, the services team of Family Support Workers carry out direct work with young people (16 – 19 years and up to 25 where the young person has a learning difficulty/disability) who are identified as being at risk of or who are NEET.

5.6 Young people who access the One Stop Shop for support present with a wide range of issues such as, homelessness, unemployment, family problems, relationship issues, sexual health concerns, money problems, teenage pregnancy, drug and alcohol issues and safeguarding issues.

- 5.7 Each Family Support Worker holds an active caseload of between 45-60 NEET young people whilst monitoring a further caseload of young people who are accessing short term training provision.
- 5.8 A further function of the service is the requirement to monitor the learning and employment activity of all of the towns 16 – 19 year olds, approximately 3,500 young people (and up to 25 where the young person has a learning difficulty/disability) to enable the Council to report accurately on the numbers of young people NEET and to limit the numbers of young people whose activity is 'Not Known'.
- 5.9 The One Stop Shop Team and 11-19 Team work in partnership with schools, colleges and work-based learning providers to ensure that the Council successfully implements the Government's September Guarantee scheme, which offers all young people aged 16 and 17 years an education or training placement. The September Guarantee contributes towards the implementation of the RPA; however, there will still be young people who remain NEET due to personal circumstances such as being a teenage parent or due to individuals refusing to participate in education or training.
- 5.10 As part of The One Stop Shop Team's duties, they will naturally refer young people to the Council's key NEET reduction and youth employment initiatives which are shown below:
- Connect2Work delivered by Economic Regeneration Team;
 - Youth Contract delivered by Economic Regeneration Team;
 - Going Forward Together NEET Reduction project which will cease in December 2013 and be replaced by the YES project in January 2014 (Delivered by Economic Regeneration Team);
 - Adult Education's Foundation Study Programmes (Skills for Work and Life);
 - Adult Education Apprenticeship Scheme for 16-18 year olds, and;
 - Adult Education Traineeship Scheme.
- 5.11 The One Stop Shop Team has excellent working relationships with the leads of the above projects and Council Officers work collaboratively to ensure that young people access the most appropriate project.
- 5.12 It is the responsibility of each lead Officer to raise awareness to the One Stop Shop Team of their relevant project so that they can then inform young people who are NEET or at risk of becoming NEET, as part of an impartial Advice session. As well as being referred to the projects by the One Stop Shop Team, young people can also self-refer.
- 5.13 In July 2013, the Council received confirmation that it had successfully secured €250,000 of funding from the European Commission through an open and competitive tendering process. The funding is to be used to support 250 young people (Year 11 Pupils) classified as high risk of becoming NEET to progress them into education, employment or training within 4 months of leaving school. The Council is still awaiting a copy of the

contract and on receipt will submit a further report to the Regeneration Services Committee **(See Appendix 1 for details of the Council's key NEET projects as outlined within 5.10 and 5.13).**

- 5.14 The Council also provides opportunities for young people through the Council's Apprenticeship Scheme (in partnership with Hartlepool College of Further Education). Approximately, 12 young people enter onto the Council's Apprenticeship Scheme each year. This is alongside initiatives that have been developed by the Council, in partnership with Hartlepool College of Further Education, JCP, NAS and Vela to increase the number of Apprenticeships such as the Environmental Apprenticeship Scheme.
- 5.15 There are also wider initiatives that are led by the Council to support 18 to 24 year olds who are unemployed to enter into employment and training. This includes the Core Offer to Employers group which was established in June 2012 and consists of the Council, Job Centre Plus and National Apprenticeship Service working closely together to increase engagement with employers to promote the support that is available to companies, including Wage Incentive Schemes.

6. LINKS BETWEEN EACH PROJECT

- 6.1 Many of the young people who are currently NEET require long term solutions through personalised and intensive support packages to ensure they sustain in their preferred education, employment or training routeway.
- 6.2 The Council's projects outlined in paragraph 5.10 complement and add value to each other as they provide; where applicable, a seamless transition from one initiative to another, enabling a young person to receive longer term support to progress them into their chosen career. For example, a young person could register onto the Youth Contract or YES project where they would initially receive intensive support to prepare them for mainstream activities such as the Foundation Study Programme. Once on the FS Programme, they would access work experience, vocational training and support with Maths and English. Once the young person is ready, they could then access a Traineeship or Apprenticeship delivered by the Council.
- 6.3 In the current climate, there is a need to have these projects which provide additional capacity to support young people.

7. YOUTH GUARANTEE WORKING GROUP

- 7.1 As part of the Youth Guarantee funding, the Council has committed to developing a Youth Guarantee Working Group in early 2014 which will bring together key partners from the public, private and voluntary and community sector to:

- Successfully deliver the Youth Guarantee Scheme;

- Deliver the Hartlepool Youth Investment Project;
- Monitor the progress of Council NEET reduction projects such as YES and Youth Contract to ensure that they target priority groups, such as young carers;
- Identify future funding opportunities to reduce the number of NEETs, and;
- Ensure NEET reduction projects add value to each other and complement the wider RPA, Early Intervention Strategy and Economic Regeneration Strategy.

7.2 The Youth Guarantee Working Group will be managed by the Council and will report back every six months on its progress to the Regeneration Services Committee, Children's Service Committee, 11-19 Partnership and Economic Regeneration Forum.

8. LONGER TERM CHALLENGES AND OPPORTUNITIES

8.1 Young people are one of the most disadvantaged cohorts within the labour market and whilst there remains a low density of job opportunities within a local area, 16-24 year olds are more susceptible to remaining unemployed.

8.2 Hartlepool's NEET and youth unemployment rate is unlikely to significantly improve in the short to medium term. Therefore, it is imperative that the Council continues to collaborate with all partners and critically employers to prepare young people for the world of work and support more young people into employment through initiatives such as HYIP and the initiatives outlined within **Appendix 1**.

8.3 In addition, to achieve the Council's overall ambition of reducing the NEET and youth unemployment rates, it will require the Council to continuously source and secure external funding which will help with the development of future initiatives. The Council has an excellent track record of securing external funding through joint working with key partners from the public, private and third sector.

8.4 In the longer term there is positive news with Tees Valley notionally allocated £104.08m of European Regional Development Fund (ERDF) and £69.39m of European Social Fund (ESF). The funding covers the period 2014-2020 and the ESF allocation of £69.39m is split within the 3 EU Thematic Objectives as shown below:

- Employment (£32.05m)
- Social Inclusion (£13.88m)
- Skills (£23.46m)

8.5 Tees Valley Unlimited will be accountable for this funding and are working with the five local authorities and key partners to agree how the funding should be utilised to meet the economic aims of the sub-region.

- 8.6 There have already been a number of themed workshops to review the funding allocation which was attended by Council Officers and following on from this, the next stage will be for TVU to develop a proposal which will outline its key priorities on the use of the European Funding. A first draft of the European Structural and Investment Fund Strategy (SIFS) will be submitted to Government by 7th October 2013. Once Government approve this Strategy, then the above funding will be made available which will support key activities including business infrastructure, business support, workforce development, support for the unemployed and NEET reduction projects.
- 8.7 It is clear that this funding provides longer term opportunities to develop local NEET reduction projects and to also design early intervention activities to target those young people aged 14-16 years old who are identified as being high risk of becoming NEET on leaving school.

9. IMPACT ON CHILD / FAMILY POVERTY

- 9.1 The NEET projects outlined positively contribute to tackling the longer term causes and consequences of child and family poverty by preventing young people from becoming long term NEET by providing individuals with access to provision that enables them to reach their aspirational goals and become economically active.

10. SECTION 17 OF THE CRIME AND DISORDER ACT 1998 CONSIDERATIONS

- 10.1 These projects positively contribute to Section 17 by improving employment routeways for young people. They also provide early interventions to intensive support programmes for individuals who may have been identified as high risk of offending.

11. EQUALITY AND DIVERSITY CONSIDERATIONS

- 11.1 These projects support young people, regardless of their background, to achieve their career aspirational goals, particularly amongst vulnerable groups such as the seven priority groups shown below:
- Looked after children and care leavers;
 - Young offenders (including those leaving the secure estate);
 - Teenage parents;
 - Young carers;
 - Young people with specific learning difficulties and/or disabilities (SLDD);
 - Young people with mental health issues; and;
 - Young people with drug and alcohol misuse issues.

12. CONTRIBUTION TO OTHER COUNCIL PROGRAMMES AND PERFORMANCE INDICATORS

12.1 These projects work in partnership and benefit other Council employment initiatives, such as the ESF Families with Multiple Problems and Think Families, Think Communities. Also, the programmes positively contribute to the following indicators:

- Improving the Overall Employment Rate;
- Improving the Overall Youth Employment Rate;
- Reducing the Youth Unemployment Rate, and;
- Reducing the number of young people who are NEET.

13. CONCLUSION

13.1 Youth unemployment remains a key priority for the Council and this report outlines the key projects and activities that are being successfully delivered to support young people. Whilst the projects do complement each other and provide additional support to the Youth Support Service to reduce the number of NEETs in Hartlepool, there is an ongoing need to:

- Drive forward key activities such as HYIP.
- Implement the Youth Guarantee Working Group; and;
- Secure additional external funding to deliver NEET projects which target priority groups.

14. RECOMMENDATIONS

14.1 Members are recommended to note the contents of this report.

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Current Youth Employment Initiatives

APPENDIX 1

Activity	Project Description	Eligibility	Outputs	Duration of Project	Contract Value
Hartlepool Youth Investment Project	<p>To improve the employability and entrepreneurial skills of young people so that they are prepared for the world of work and enterprise through improved collaborative working between schools, colleges, post-16 providers, universities and employers.</p> <p>Managed by Economic Regeneration.</p>	16-24 year olds who are not in education, employment or training (NEET) or at risk of becoming NEET.	<ul style="list-style-type: none"> • 1,000 – Vocational Training • 1,000 – Work-related Learning • 500 – Internships • 200 – NEET Young People Receiving Mentoring and Re-engagement Support • 500 – Employers Engaged • 150 – Young People into Employment 	September 2012 to September 2014	£0
16 – 18 Provision Adult Education Apprenticeships	Apprenticeships funded through the Skills Funding Agency to support employed status young people in local businesses.	16-18 year olds	<ul style="list-style-type: none"> • 3 Apprenticeships 	Ongoing	£10,000 (indicative allocation for 13/14)

Adult Education Foundation Study Programmes	To support vulnerable young people to achieve a vocational qualification as well as English and Maths. It is a full time training course lasting approx 1 year.	16-18 year old NEET's	<ul style="list-style-type: none"> • 13 Places 	Ongoing	Funded through the Adult Skills Budget
Adult Education Traineeships	To provide vocational training, work experience and English and Maths to young people not ready for employment. Delivered as part of the 'Move in 2 work' course lasting six months.	16-18 year old NEET's	<ul style="list-style-type: none"> • (Numbers dependant on demand) 	Ongoing	Funded through the Adult Skills Budget
ESF Tees Valley NEET (YES Project)	<p>To increase the number of vulnerable young people aged 14 to 19 participating in education, employment or training (particularly those classified as 'high risk' of becoming NEET). This will be achieved by providing locally delivered interventions such as early engagement with those young people identified as at risk.</p> <p>Delivered by Economic Regeneration.</p>	Hartlepool will target 16-19 year old NEET's	<ul style="list-style-type: none"> • 79 – Starts • 12 – Progressions into FE / Other Training • 48 – Progression into Employment • 3 – Progressing into Volunteering 	October 2013 to March 2016	£169,000

<p>Youth Contract</p>	<p>To support disengaged 16 to 17 year olds to move into education, training or employment with training. This will help to support the Government's overall commitment to achieve full participation in education, employment or training for all 17 year olds by 2013 and 18 year olds by 2015.</p> <p>Delivered by Economic Regeneration.</p>	<p>16-17 year olds who have 1 GCSE grade A-C or Care Leaver / Youth Offender with any amount of GCSE's.</p>	<ul style="list-style-type: none"> • 90 – Starts • 68 – Re-engaged in Education, Employment or Training (EET) • 45 – Sustained in EET 	<p>September 2013 to March 2015</p>	<p>£82,785</p>
<p>European Commission Youth Guarantee</p>	<p>To improve the employability and entrepreneurial skills of all young people so that they are prepared for the world of work by strengthening cooperation and increasing collaborative working between schools, career guidance services, voluntary and community sector organisations, employment services, colleges, work-based learning providers and employers.</p> <p>Managed by Economic Regeneration.</p>	<p>Year 11 pupils</p>	<ul style="list-style-type: none"> • 250 Year 11 pupils at risk of becoming NEET to enter into education, employment or training within four months of leaving school 	<p>October 2013 to September 2014</p>	<p>€250,000</p>

Connect2Work	<p>To offer intensive mentoring support and deliver pre-employability programmes to progress young people in to employment.</p> <p>Delivered by Economic Regeneration.</p>	16-24 year old NEET's	This project supports the YES project and the Youth Contract.	Ongoing	N/A
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REGENERATION SERVICES COMMITTEE REPORT

24 October 2013



Report of: Director of Regeneration and Neighbourhoods, Director of Public Health, and Chief Finance Officer

Subject: STRATEGIC FINANCIAL MANAGEMENT REPORT – AS AT 31ST AUGUST, 2013

1. TYPE OF DECISION/APPLICABLE CATEGORY

For Information

2. PURPOSE OF REPORT

- 2.1 The purpose of the report is to inform Members of the 2013/14 Forecast General Fund Outturn; 2013/14 Capital Programme Monitoring, and provide details for the specific budget areas that this Committee is responsible for.

3. BACKGROUND AND REPORTING ARRANGEMENTS 2013/14

- 3.1 The availability and reporting of accurate and up to date financial information will become increasingly important as future budget cuts are implemented and one-off resources are used up.
- 3.2 The Finance and Policy Committee will continue to receive regular reports which will provide a comprehensive analysis of departmental and corporate forecast outturns, including an explanation of the significant budget variances. This will enable the Finance and Policy Committee to approve a strategy for addressing the financial issues and challenges facing the Council.
- 3.3 To enable a wider number of Members to understand the financial position of the Council and their service specific areas each Policy Committee will receive a separate bi-monthly report providing:
- 3.4
- A brief summary of the overall financial position of the Council as reported to the Finance and Policy Committee;
 - The specific budget areas for their Committee; and
 - The total departmental budget where this is split across more than one Committee. This information will ensure Members can see the whole position for the departmental budget.

- 3.5 The latest report submitted to the Finance and Policy Committee on 18th October 2013 advised Members that there will be an overall underspend in the current year. The report also advised Members that this position reflects action taken by the Corporate Management Team to achieve underspends to help address the significant financial challenges facing the Council over the next few years and to fund one-off commitments not provided for in the approved 2013/14 budget as these items were not known at the time. The Corporate Management Team will seek to achieve budget underspends through a combination of robust management actions, including;
- holding posts vacant, which will help reduce the number of compulsory redundancies required to balance the 2014/15 budget;
 - achieving planned 2014/15 savings earlier;
 - careful management of budgets to avoid expenditure where this does not have an adverse impact on services; and
 - savings in interest costs by taking advantage of current interest rates structures. As reported previously a comprehensive review of this area has been completed which secured a permanent budget saving of £1m from 2014/15 in interest and loan repayment costs.
- 3.6 The report advised Members that there is a net forecast uncommitted underspend at the year end of between £807,000 and £1,482,000. As previously reported the forecast underspend range reflects seasonal and demand led budgets, which will not be certain until later in the year. Therefore it was previously recommended that these forecast resources should not be committed until the position is more certain.
- 3.7 In addition, Finance and Policy have previously determined that a decision will not be taken on the use of these forecast resources until the actual grant cuts for 2014/15 and 2015/16 are known. Consultation proposal issued by the Government over the summer indicated the grant cuts for 2014/15 and 2015/16 will be higher than indicated in the 2013 Spending Review and higher than the planning assumptions included in the Medium Term Financial Strategy, particularly for 2015/16. The availability of one-off resources from the 2013/14 outturn will not provide a permanent solution to higher grant cuts over the next two years. However, they will provide temporary funding and therefore provide a longer lead time to address higher grant cuts, if as expected these are confirmed by the Government in the Local Government Finance Settlement for the next two years, which is expected in November/December 2013.
- 4. 2013/14 FORECAST GENERAL FUND OUTTURN – Regeneration Services Committee**
- 4.1 The Regeneration Services Committee has responsibility for services managed by the Director of Regeneration and Neighbourhoods and the Director of Public Health. Budgets are managed at a Departmental level and therefore a summary of the Departmental position for both Directors areas of responsibility are provided below. The tables set out the overall budget position for each Department broken down by Committee, together with a brief comment on the reasons for the forecast outturn.

Budgets Managed by the Director of Regeneration and Neighbourhoods

Budget £'000	Description of Expenditure	August Projected Outturn Adverse/ (Favourable) Worst Case £'000	August Projected Outturn Adverse/ (Favourable) Best Case £'000	Comments
1,862	Finance & Policy Committee	10	10	This area includes adverse variances of £140k on the Functions Catering Trading Account and £50k on Building Maintenance. This is being offset by favourable variances on Logistics of £80k and underspends on Departmental Staffing budgets of £100k.
3,914	Regeneration Committee	(250)	(270)	Favourable variance of £120k relates to the planned contribution to the Major Repairs Reserve on Social Housing. Also included is a £240k surplus on the 'Going Forward' project following successful completion of outcomes. The proposal is to use this surplus to create a reserve to extend existing economic development schemes to March 2016. An adverse variance of £90k on Cultural Services relates to a shortfall in income at the Maritime Experience and Borough Hall. Building Control and Development Control are projecting an adverse variance on income of between £100k and £260k but this will be covered by the existing income risk reserve.
17,661	Neighbourhoods Committee	(180)	(270)	This includes a favourable variance on Waste Management of £200k owing to recycling income and falling tonnages, and the renegotiation of Concessionary Fares has resulted in a favourable variance of £150k. A surplus is expected in Engineering Services of £100k and approval is being sought to create a reserve for this amount to support future Coastal Protection works on the Headland. A favourable variance is also forecast on Passenger Transport of £70k relating to additional grant income received. An adverse variance is expected on Car Parking of £120k and this relates to an increase in Rates and shortfall in income. Grounds Maintenance is expected to have an adverse variance of £100k and this relates to the cost of additional works required in the Summer and a reduction in Trading Income. Also included is an adverse variance of between £70k - £120k on Street Lighting which reflects a projected increase in energy prices and the cost of the LED pilot £50k which will result in lower future operating costs.
23,437	Total Regeneration & Neighbourhoods	(420)	(530)	
Creation of Reserves				
0	Social Housing - Creation of Reserve	120	120	Contribution to the Major Repairs Fund in line with the approved business model for the Empty Homes Project.
0	Economic Regeneration - External Funding	240	240	Creation of Reserve to support future Economic Regeneration Schemes.
0	Engineering/Coastal Protection - Headland Project	100	100	Creation of Reserve to fund future Coastal Protection schemes on the Headland.
0	Creation of Reserves Total	460	460	
23,437	Total Regeneration & Neighbourhood - Net of Reserves	40	(70)	

Budgets Managed by the Director of Public Health

Budget	Description of Expenditure	August Projected Outturn Adverse/ (Favourable) Worst Case	August Projected Outturn Adverse/ (Favourable) Best Case	Comments
£'000		£'000	£'000	
1,488	Finance & Policy Committee	15	(5)	The adverse variance relates to an income shortfall on Markets of £60k.
(83)	Regeneration Committee	60	60	
1,405	Total Public Health	75	55	

4.2 Further details of the specific budget areas this Committee is responsible for are provided in **Appendix A**.

5. CREATION OF DEPARTMENTAL RESERVES

5.1 The outturn projections detailed in the previous section reflects the ongoing assessment of financial risks and/or one-off expenditure commitments and the recommendation that specific reserves are created to manage these issues. This approach will protect the Council's medium term financial position and avoid having to make higher in-year budget cuts when these issues need to be funded.

5.2 The following table provides details of the reserves which it is recommended are created for this Committee, and in broad terms these cover the following issues:

- Reserves to fund the phasing of income and expenditure between financial years; or
- Reserves to meet unavoidable one-off financial commitments

<u>Reported in Q1 Strategic Financial Monitoring Report -Regeneration & Neighbourhoods -Social Housing Major Repairs Reserve</u>	£'000
In line with the approved business case for this project, annual contributions need to be made to this reserve to fund future planned repairs to these properties to ensure houses remain in a good state of repair and the Council does not face unbudgeted repair costs in future years. Thereby, avoiding the repeat of underfunding of maintenance issues under the former HRA system.	120
<u>Additional Recommended Reserves</u>	
<u>Regeneration & Neighbourhoods - Economic Regeneration Schemes</u>	
The 'Going Forward Project' is projected to generate a surplus this year as it is expected to over deliver on outcomes. It is proposed to use this surplus to create a reserve to fund other projects designed to reduce youth unemployment across Hartlepool and the Tees Valley sub-region. This will include funding contract extensions and additional hours for staff employed on the Tees Valley Works project until March 2016	240
Total Recommended Reserves	360

6. CAPITAL MONITORING 2013/14

- 6.1 The 2013/14 MTFS set out planned capital expenditure for the period 2013/14 to 2015/16.
- 6.2 Expenditure against budget to the 30th August, 2013 for this Committee can be summarised in the table below and further details are provided in **Appendix B**.

Department	2013/14 Budget £'000	2013/14 Actual to 31/08/13 £'000	2013/14 Remaining Expenditure £'000	2014/15 Re-phased Expenditure £'000	2013/14 Variance from Budget Adverse/ (Favourable) £'000
Regeneration and Neighbourhoods	10,150	686	9,464	0	0
Public Health	315	53	212	50	0
Total	10,465	739	9,676	50	0

- 6.3 As indicated in previous reports there is a longer lead in time for capital schemes and therefore it is not unusual for expenditure to be low in the first few months of the year, as the profile of expenditure for many of the schemes is in the second half of the year.

7. RECOMMENDATIONS

- 7.1 It is recommended that Members note the report.

8. REASONS FOR RECOMMENDATIONS

- 8.1 To update the Members on the Committees forecast 2013/14 General Fund Revenue budget outturn and provide an update on the Capital Programme for 2013/14..

9. APPENDICES AVAILABLE ON REQUEST, IN THE MEMBERS LIBRARY AND ON-LINE

Appendix A attached.
Appendix B attached.

10. BACKGROUND PAPERS

Medium Term Financial Strategy Report referred to Finance and Policy Committee 31st May 2013 and 2nd August 2013.

Strategic Financial Management Report referred to Finance and Policy Committee 18TH October 2013.

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GENERAL FUND REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2013/14 as at 31st AUGUST 2013

BUDGETS MANAGED BY THE DIRECTOR OF REGENERATION AND NEIGHBOURHOODS

Approved 2013/2014 Budget	Description of Service Area	AUGUST		Director's Explanation of Variance
		Projected Outturn Variance - Adverse/ (Favourable) Worst Case	Projected Outturn Variance - Adverse/ (Favourable) Best Case	
£'000		£'000	£'000	
Regeneration Committee				
Regeneration & Neighbourhoods				
22	Archaeology Services	0	0	
115	Community Centres	(5)	(5)	
478	Cultural Services	92	92	Adverse variance relates to a shortfall on Income at the Maritime Experience and Borough Hall.
6	Grants to Community & Voluntary Organisations	0	0	
1,245	Libraries	0	0	
0	Renaissance in Regions	3	3	
(68)	Building Control	150	100	Projections still indicate that there is likely to be up to a £150k shortfall as the income budget is too high in this area. This budget is less affected by large scale developments and small scale or domestic work is reducing. Any variance is expected to be covered by the Income Shortfall Reserve in 13/14 (see reserves below).
0	Building Control - release of Corporate Income Shortfall Reserve as per the MTFS	(150)	(100)	Reserve to fund shortfall on Building Control Income as per the MTFS.
392	Planning Services	110	0	This variance relates to Development Control income. Best case estimate is that we will achieve the budgeted level of income, however if some developments don't go ahead there could be a shortfall of up to £110k. This is a volatile area and will be monitored closely each month. Any variance is expected to be covered by the Income Shortfall reserve in 13/14 (see reserves below).
0	Planning - release of Corporate Income Shortfall Reserve as per the MTFS	(90)	0	Reserve to fund shortfall on Planning Income above as per the MTFS.
637	Housing Services	0	0	
0	Social Housing	(120)	(120)	This variance relates to a saving on borrowing costs and rental income from the Community Housing project. Some of the permanent savings have been earmarked to fund the future borrowing costs associated with the Empty Homes project. In 2013/14 this variance will be transferred into the Major Repairs Reserve in line with the approved Business model for this scheme.
82	CADCAM	0	0	
1,005	Economic Regeneration	0	0	
0	Economic Regeneration - External Funding	(240)	(240)	£240k of this variance relates to a surplus generated on the 'Going Forward' project which is due to end in March 2014. This project has over delivered on outcomes and is therefore expected to generate a surplus at year end. The proposal is to create a reserve and earmark this funding to support other projects designed to support youth unemployment across Hartlepool and the Tees Valley sub-region. This will include £140k to cover the cost of extending the contracts of the Tees Valley Works Project Co-ordinator and Project Assistant for a further 2 years and increase the hours of a Connect2Work Project Officer. The remaining £100,000 will be available to fund other initiatives in the future.
3,914	Regeneration Total (before Creation of	(250)	(270)	

REGENERATION COMMITTEE**GENERAL FUND REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2013/14 as at 31st AUGUST 2013**

Creation of Reserves - Regeneration and Neighbourhoods				
	0 Social Housing - Creation of Reserve	120	120	Contribution to the Major Repairs Fund in line with the approved business model for the Empty Homes Project.
	0 Economic Regeneration - External Funding	240	240	Creation of Reserve to support future Economic Regeneration Schemes.
	0 Creation of Reserves Total	360	360	
3,914	Regeneration Total - Net of Reserves	110	90	

PLANNED USE OF RESERVES

The above figures include the 2013/2014 approved budget along with the planned use of Departmental Reserves created in previous years.

The details below provide a breakdown of these reserves

Approved 2013/2014 Budget £'000	Description of Service Area	Planned Usage 2013/2014 £'000	Variance Over/ (Under) £'000	Director's Explanation of Variance
	Regeneration Committee			
	Regeneration & Neighbourhoods			
39	Cadcam	39	0	
23	Connect to Work	23	0	
4	Job Smart Test Centre	4	0	
200	Seaside Grant	200	0	
27	Baden Street	27	0	
94	High Street Innovation Fund	94	0	
25	Furniture Project	25	0	
10	Worksmart	10	0	
93	Selective Licensing	93	0	
51	Housing Public Health	51	0	
17	Community Pool	17	0	
15	Specialist Domestic Violence	15	0	
19	Team Around Household	19	0	
20	Ward Profiles/Rural Plan	20	0	
637	Total	637	0	

REGENERATION COMMITTEE**GENERAL FUND REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2013/14 as at 31st AUGUST 2013****BUDGETS MANAGED BY THE DIRECTOR OF PUBLIC HEALTH**

Approved 2013/2014 Budget		August		Director's Explanation of Variance
		Projected Outturn Variance - Adverse/ (Favourable) Worst Case	Projected Outturn Variance - Adverse/ (Favourable) Best Case	
£'000		£'000	£'000	
Regeneration Committee				
Public Health				
(85)	Environmental Standards	60	60	This adverse variance relates to the Markets income shortfall which is expected to be in line with previous years.
2	Environmental Protection	0	0	
(83)	Regeneration Total	60	60	

PLANNED USE OF RESERVES

The above figures include the 2013/2014 approved budget along with the planned use of Departmental Reserves created in previous years.
The details below provide a breakdown of these reserves

Approved 2013/2014 Budget £'000	Description of Service Area	Planned Usage 2012/2013 £'000	Variance Over/ (Under) £'000	Director's Explanation of Variance
Regeneration Committee				
Public Health				
15	Physical Activity - Sports & Leisure	15	0	
15	Total	15	0	

BUDGETS MANAGED BY THE DIRECTOR OF REGENERATION & NEIGHBOURHOOD SERVICES

Project Code	A	EXPENDITURE IN CURRENT YEAR							2013/2014 COMMENTS
			C	D	E	F	G	H	
		2013/2014 Budget £'000	2013/2014 Actual as at 31/08/13 £'000	2013/2014 Expenditure Remaining £'000	Expenditure Rephased into 2014/15 £'000	C+D+E 2013/2014 Total Expenditure £'000	F-B 2013/2014 Variance from budget £'000	Type of financing	
Regeneration Committee									
7218	Disabled Facility Grants	596	174	422	0	596	0	MIX	A report is currently being prepared to present options to members for the future strategy for property acquisition and demolition.
7220	Private Sector Housing Grants	20	5	15	0	20	0	GRANT	
7230	Housing Market Renewal - Carr Hopps	2,473	351	2,122	0	2,473	0	MIX	
7895	Industrial & Commercial Grants to Businesses	41	0	41	0	41	0	UCPB	
8155	Preventing Repossession	43	5	38	0	43	0	GRANT	
8210	Key Vacant Buildings Grant Scheme	64	0	64	0	64	0	UCPB	
8326	Baden Street Project	156	30	126	0	156	0	MIX	
8387	Empty Homes - loan and lease scheme	248	0	248	0	248	0	GRANT	
8446	Empty Property Purchasing Scheme	4,245	57	4,188	0	4,245	0	MIX	
8578	South Management Unit Study	64	64	0	0	64	0	GRANT	
8587	Seaton Carew Coastal Defence	1,800	0	1,800	0	1,800	0	GRANT	
8588	Town Wall Coastal Defence	280	0	280	0	280	0	GRANT	
8589	Headland Structures Coastal Defence	80	0	80	0	80	0	GRANT	
8590	Block Sands Coastal Defence	40	0	40	0	40	0	GRANT	
	Regeneration Committee Sub Total	10,150	686	9,464	0	10,150	0		
	Regeneration & Neighbourhoods Total	10,150	686	9,464	0	10,150	0		

BUDGETS MANAGED BY THE DIRECTOR OF PUBLIC HEALTH

Project Code	A Scheme Title	EXPENDITURE IN CURRENT YEAR							2013/2014 COMMENTS
		B	C	D	E	F	G	H	
		2013/14 Budget £'000	2013/14 Actual as at 31/08/13 £'000	2013/14 Expenditure Remaining £'000	Expenditure Rephased 2014/15 £'000	C+D+E 2013/14 Total Expenditure £'000	F-B 2013/14 Variance from budget £'000	Type of financing	
Regeneration Committee									
7531	Adult Education - Office Accommodation	21	0	21	0	21	0	GRANT	
8429	Adult Education - Replace IT Equipment	11	0	11	0	11	0	GRANT	
8394	Community Centres & Libraries improvements	70	0	70	0	70	0	MIX	
8408	Equipment Purchase	16	10	6	0	16	0	MIX	
7992	Junior Football Facilities	26	0	26	0	26	0	MIX	
8409	Sport and Youth Improvement Work	50	0	0	50	50	0	MIX	Funding is being carried forward to use as match funding in attracting additional grant income where opportunities are identified.
8419	Works to BMX Track	11	1	10	0	11	0	MIX	
8439	Brierton Site Development	38	31	7	0	38	0	MIX	
8536	Theatre Booking System	12	11	1	0	12	0	RCCO	
8103	Swimming Scheme	60	0	60	0	60	0	GRANT	
	Regeneration Committee Sub Total	315	53	212	50	315	0		
	Public Health Total	315	53	212	50	315	0		

Key		
RCCO	Revenue Contribution towards Capital	Grant Funded
MIX	Combination of Funding Types	Capital Receipt
UCPB	Unsupported Corporate Prudential Borrowing	Unsupported Departmental Prudential Borrowing
SCE	Supported Capital Expenditure (Revenue)	Supported Prudential Borrowing

REGENERATION SERVICES COMMITTEE

24th October 2013



Report of: Assistant Director (Regeneration)

Subject: EUROPEAN COMMISSION 'YOUTH GUARANTEE SCHEME'

1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key Decision (test (i)/(ii)) Forward Plan Reference No. RN 35/12.

2. PURPOSE OF REPORT

2.1 The purpose of this report is to inform members of the successful application for the European Commission's Youth Guarantee Scheme funding and to seek approval for the Council to be the accountable body for this contract.

3. BACKGROUND

3.1 In August 2012, the European Commission announced a €4million call for proposals to develop a Youth Guarantee Scheme in local, regional or national areas where youth unemployment is above 22.7%. This will build on existing Youth Guarantee approaches in some Member States (particularly Austria, Finland, the Netherlands and Sweden) as well as analytical work undertaken in 2011 by the EU network of Public Employment Services (PES).

3.2 The European youth (15-24) unemployment rate has jumped rapidly from 15% in February 2008 to more than 21% in the beginning of 2010 and has again risen to an unprecedented high level of 22.4% at the beginning of 2012. The largest increases between 2010 and 2011 occurred in Cyprus, Estonia, Greece, Portugal and Spain. Young people are particularly at risk of longer unemployment spells in the current climate which will have a more permanent scarring effect in their adult life, with an increased risk of marginalisation, poverty and social exclusion.

3.3 In Hartlepool, the most recent data reinforces the challenges of supporting these young people to become economically active. As of September 2013,

Hartlepool had the third highest rate of youth unemployment in the Country for 18-24 year olds. The rate of 14.7% equates to 1,215 young people and is significantly higher than both the North East and national average which is 10.4% and 7.3% respectively. The figures quoted relate to the number of young people unemployed as a proportion of the overall unemployment rate, however 29.8% of young people are currently unemployed.

- 3.4 Whilst significant progress has already been made at a local level through enhanced partnership working and the implementation of key strategies to reduce the number of young people aged 16-18 years who are NEET, there is still further work to do. The most up to date NEET figure for Hartlepool is 7.7% and equates to 263 young people which means that supporting young people into education, training and employment will continue to be challenging due to the economic climate.

4. TENDER OUTLINE

- 4.1 Within the tender outline, the Commission called for proposals that will aim to *'ensure that all young are in a job, further education or activation measures within four months of leaving school and to provide this as a 'Youth Guarantee'.*
- 4.2 The programme has four overarching objectives which will build up partnership based approaches that are meant to: -
1. Bridge the gap and strengthen cooperation between employment/career guidance services and schools to ensure that young people can make informed decisions about future educational or professional steps and are aware of the services available to them when leaving school.
 2. Empower relevant labour market advisors, in particular employment services, municipalities and other youth services to develop partnerships with employers aimed at boosting employment opportunities, apprenticeships and traineeship schemes for young people, whilst ensuring better alignment of active labour market policies with labour demand.
 3. Develop partnerships between public and private employment services, as well as other specialised youth services (e.g. clubs, associations) that help to smooth transitions from both unemployment and education into work.
 4. Ensure the involvement of representatives of youth and/or youth organisations in the design and the implementation of youth guarantee schemes to better tailor services to the needs of beneficiaries and to have them act as multipliers in awareness raising activities.

- 4.3 The European Commission has identified three activities which it would like to see tested. The activity which Hartlepool will base its proposal on will be:

‘Programmes at national, regional or local level for young people at risk of leaving education too early: to develop their skills and, in this context, put a special focus on the networking between all relevant stakeholders (such as companies, schools/vocational training centres, youth welfare services, employment services, etc.) as an important measure to improve the integration of young people into the labour market’.

- 4.4 The European Commission identified €4million for the Youth Guarantee Scheme however, €400,000 has been earmarked for the evaluation of the programme along with the Evaluation Conference originally set for the end of 2013 to present the results to other Member States. However, this timescale will now have to be pushed back.
- 4.5 The Commission expects to finance at least 15 proposals across the European Union providing they reach at least 70 out of the maximum 100 awarded points. The EU considers that the amount of grant needed to implement the programme will be between €100,000 and €250,000 with organisations only able to bid for 95% of the funding required. All proposals are expected to start within six months of the application submission with each project expected to last no longer than 12 months.
- 4.6 The Council’s application was submitted to the European Commission in Brussels, Belgium by the deadline of 22nd October 2012. It was originally announced by the European Commission that organisations were to be notified of the results of their application by the end of January 2013.

5. NOTIFICATION OF SUCCESSFUL APPLICATION

- 5.1 On 5th July 2013, the Council received notification that its application had been successful and that it had secured European Commission funding of €248,140.82. However, the Council did not receive the grant offer until Monday 21st October 2013. Within the offer letter, the Council has until Friday 1st November in which to return the signed contract to the European Commission.

6. HARTLEPOOL COMPACT

- 6.1 As part of the Hartlepool Compact, voluntary and community sector (VCS) organisations were informed of this funding opportunity and were invited to submit a letter of support for the Council’s application, stating what services they could deliver to help a young person enter into post-16 learning.
- 6.2 To help VCS organisations consider how they could support this bid, a meeting was arranged on Monday 15th October 2012 to provide more detailed information on the proposed delivery model.

- 6.3 Organisations were informed that submitting a letter of support was not a guarantee that they will become a delivery partner.

7. PROPOSED HARTLEPOOL DELIVERY MODEL

- 7.1 Hartlepool's Youth Guarantee Scheme delivery model will complement and add value to existing NEET reduction strategies and local initiatives and support the delivery of the Hartlepool Youth Investment Project.
- 7.2 It is proposed that the Council will be the accountable body for this 'Youth Guarantee Scheme' and it will be supported by key partners such as Jobcentre Plus and National Apprenticeship Service.
- 7.3 To deliver the European Commission's Youth Guarantee scheme, the overall aim of Hartlepool's proposal will be:

'To improve the employability and entrepreneurial skills of all young people so that they are prepared for the world of work by strengthening cooperation and increasing collaborative working between schools, career guidance services, voluntary and community sector organisations, employment services, colleges, work-based learning providers and employers'.

- 7.4 To accomplish the overall aim and to meet the contractual requirements, there will be a number of key actions needed to be delivered within the Hartlepool scheme including:
- Establish a Youth Guarantee Working Group to include membership from key partners such as the Council, schools, employers, Job Centre Plus (JCP) and National Apprenticeship Service (NAS);
 - Delivering tailored mentoring and re-engagement programmes for 250 (Year 11 pupils) classified as 'high risk' of becoming NEET to progress them into sustained education, employment or training within four months of leaving school.
 - Developing improved links between schools, work-based learning providers and employers to provide 15-16 year olds with access to work-related learning, including work experience, seminars on occupations, growth sectors and key industries and sessions on *preparing for the world of work and how to become your own boss*.
 - Developing *Compacts* between schools, work-based providers and employers to ensure that there are improved routeways to Apprenticeships and employment (with training) for young people leaving school.

- 7.5 As part of the application process, the Council had to submit a Work (Implementation) Plan to the European Commission (**See Appendix 1 for details**).

8. LEGAL CONSIDERATIONS

- 8.1 A meeting has been arranged with Finance and Legal on Tuesday 22nd October 2013 to review the contents of this contract. However, on first review of the document, it is not expected that any significant legal issues will be raised from managing this project. An update will be provided to members at the Regeneration Services Committee meeting.

9. FINANCIAL CONSIDERATIONS

- 9.1 As stated, the overall European funding offered is €248,140.82. The payment schedule states that the Council will receive payment for 60% (€148,884.49) of the grant amount within 45 days of the agreement being signed by both parties. The remaining 40% will be paid at the end of the action following the final technical implementation report and financial statement being submitted.
- 9.2 Within the overall project, there is funding to support the delivery of tailored mentoring and re-engagement programmes for 250 (Year 11 pupils) classified as 'high risk' of becoming NEET to progress them into sustained education, employment or training within four months of leaving school. If approval is given, the Council will commence a tendering process to invite partners to deliver this element of the scheme. This mentoring activity will need to start as early as January 2014.

10. STAFF CONSIDERATIONS

- 10.1 It is proposed that the existing staff within the Council's Economic Regeneration Team manage this scheme.

11. RISK IMPLICATIONS OF DELIVERING THE SCHEME

- 11.1 The key risk is that all 250 young people will not progress into a positive outcome within four months of leaving school. To prevent this, the Council will only contract with those providers who have a track record of successfully delivering mentoring programmes and progressing Year 11 pupils into a positive outcome.
- 11.2 All partners will need to work closely with the schools and Youth Support Services to deliver any mentoring programme for Year 11 pupils and this will be outlined within the tender proposal.

- 11.3 If the Council does not deliver this scheme then clawback of funding may occur. However, based on the Council's track record of successfully managing similar schemes then this risk will be minimal. To further prevent financial risk to the Council, a payment structure will be established, for example, payment in arrears, when evidence is shown that outputs have been delivered.

12. NEXT STEPS

- 12.1 If the scheme is approved then the following actions will be undertaken forthwith:

- Raise awareness to partners of this scheme;
- Establish a Youth Guarantee Working Group;
- Identify young people within the schools who would benefit from this additional support, and;
- Work with the Council's Procurement Team to tender out for a 'Mentoring Programme'.

13. IMPACT ON CHILD / FAMILY POVERTY

- 13.1 This scheme will positively contribute to tackling the longer term causes and consequences of child and family poverty by preventing young people from becoming long term NEET by providing individuals with access to provision that will enable them to reach their aspirational goals and become economically active.

14. SECTION 17

- 14.1 This scheme will positively contribute to Section 17 by improving education and employment routeways for young people. This will include providing early interventions to intensive support programmes for individuals who have been identified as high risk of offending.

15. EQUALITY AND DIVERSITY CONSIDERATIONS

- 15.1 This scheme is aimed at supporting young people, regardless of their background, to achieve their career aspirational goals, particularly amongst vulnerable groups such as the seven priority groups shown below:

- Looked after children and care leavers;
- Young offenders (including those leaving the secure estate);
- Teenage parents;
- Young carers;
- Young people with specific learning difficulties and/or disabilities (SLDD);

- Young people with mental health issues; and;
- Young people with drug and alcohol misuse issues.

16. CONTRIBUTION TO OTHER COUNCIL PROGRAMMES AND PERFORMANCE INDICATORS

16.1 This scheme will work in partnership and benefit other Council employment initiatives, such as Hartlepool Youth Investment Project and Think Families, Think Communities. Also, the scheme positively contributes to the following indicators:

- Improving the Overall Employment Rate;
- Improving the Overall Youth Employment Rate;
- Reducing the Youth Unemployment Rate, and;
- Reducing the number of young people who are NEET.

17. RECOMMENDATIONS

17.1 Members are requested to approve that the Council can be the accountable body for this scheme and that the contract can be signed by the Council and returned to the European Commission by 1st November 2013.

18. REASON FOR RECOMMENDATIONS

18.1 If approved, Hartlepool's Youth Guarantee Scheme would provide additional capacity to:

- Help deliver the Hartlepool Youth Investment Project;
- Support with the successful implementation of the Youth Guarantee Working Group;
- Support 250 (Year 11 Pupils) to progress into education, employment or training within four months of leaving school, and;
- Reduce the number of young people who are NEET.

19. BACKGROUND PAPERS

19.1 Cabinet Report on 29th October 2012.

19.2 Background information on the European Commission's 'Youth Guarantee Scheme' is available from:

<http://ec.europa.eu/social/main.jsp?catId=630&langId=en&callId=362&furtherCalls=yes>

20. CONTACT OFFICER

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Appendix 1 – Work Plan

A work plan has been agreed by partners who will ensure actions and objectives can be delivered effectively. The responsible body is HBC and the location of delivery is within schools and provider premises.

October to December 2013

- Establish a YGP, first meeting November 2013. Members agree terms of reference, strategic framework and sign partnership agreement;
- YGP monthly meetings;
- Set up reporting procedures to YGP and set up sub-groups;
- Set up subcontracting agreements with providers;
- Quality Assurance Framework systems and procedures implemented for providers;
- Implementation of early identification system across schools, post-16 providers and statutory agencies;
- Employers Choices Events for Year 11;
- Consult young people and partners on delivery, and;
- Marketing Strategy produced and implemented including Awareness raising event for partners on overall project activity and how referrals can be made.

January to July 2014

- Identification and recruitment of young people to programme through review of partner databases;
- 15 year olds identified as high risk of leaving education early offered mentoring to maintain them in school and to progress them into post-16 learning or employment;
- Pre-employment programmes commence for 18-24 year old NEETs;
- Monthly reviews with clients;
- Monthly Contract monitoring reviews;
- Monthly Provider Support Network Meetings;
- COMPACTs signed between schools and employers;
- Awareness Raising Events delivered by industry experts within schools;
- Delivery of vocational training programmes for Key Stage 4;
- Interim evaluation of the project, findings reported back to YGP and review of progress of including introduction of Leamer, provider, partners and employer focus groups, and;
- Celebration of Achievement Awards ceremony.

August to September 2014

- Detailed external evaluation to include outcomes and value for money, and;
- Share good practice event with stakeholders on the findings of the evaluation and how it can be replicated in other areas.