



LONDON DEVELOPMENT AGENCY

EUROPEAN SOCIAL FUND

CO-FINANCING PLAN 2011-13



MAYOR OF LONDON

EUROPEAN SOCIAL FUND – ENGLAND & GIBRALTAR 2007-2013 OPERATIONAL PROGRAMME

Co-financing Plan 2011-2013

Region	London
Objective	Regional Competitiveness & Employment

Co-financing Organisation (CFO) details

Name of Organisation	London Development Agency
Address	Palestra 197 Blackfriars Road London SE1 8AA
Contact name and Position	Rachel Dunford Senior Project Manager, Youth
Telephone number	020 7593 8426
Email	racheldunford@lda.gov.uk

Contents

Section 1: Plan overview	5
1.1 The LDA's Investment Strategy	5
1.2 National Context	6
1.3 London's Labour Market	6
1.4 Young Londoners in context	8
1.5 The case for sustained employment	8
1.6 How activity will complement other Co-Financing Organisation (CFO) ESF provision	9
Section 2: Contribution to the Operational Programme and Regional Framework ...	11
2.1 Priority 1.1: Adult employability	11
2.1.1 Complementing mainstream provision	11
2.1.2 Complementing other CFO provision / Co-commissioning	11
2.1.3 Target Audience	14
2.1.4 Sectoral targeting	15
2.1.5 Geographic Targeting	17
2.1.6 Activities to be supported	17
2.1.7 Outcomes (12 months sustained employment)	18
2.2. Priority 1.2: Young people NEET or at risk of becoming NEET	20
2.2.1 Complementing mainstream provision	20
2.2.2 Complementing other CFOs / Co-commissioning	21
2.2.3 Target audience	23
2.2.4 Sectoral Targeting	24
2.2.5 Geographic Targeting	24
2.2.6 Activities to be supported	24
2.2.7 Outcomes – Sustained education and training	26
2.3 Priority 1.3: Community Grants	28
2.4. Priority 2.1 Workplace basic skills	29
2.4.1 Complementing mainstream provision	29
2.4.2 Complementing other CFO provision	29
2.4.3 Target Audience	30
2.4.4 Activities to be supported	31
2.4.5 Outcomes – Career Progression	32
Section 3: Funding and Added Value	33
Section 4: Project selection and tendering arrangements	35
4.1 Procurement process	35
4.1.1 Co-commissioning	37
4.1.2 Commissioning	37
Section 5: Provider funding and monitoring	39
5.1 Contract costs	39
5.2 Quality standards	39
5.3 Monitoring	40
Section 6: Cross cutting themes	41
6.1 Gender Equality and Equal Opportunities	41
6.2 Sustainable Development	41
6.3 Health	43
Declaration	45
Appendix 1: Targets – Outcomes & Results	46
Appendix 2: Finance	49
Appendix 3: Output and Result Profile	50

Appendix 4: Tendering and contracting milestones	53
Appendix 5: Additional detail on Priority 1.2 proposed activities.....	54

Section 1: Plan overview

The London Development Agency (LDA) is the Mayor's agency responsible for driving London's sustainable economic growth. We work to tackle the various barriers to employment and seek to improve and develop the skills of our workforce. The LDA has a vital role to play, therefore, in creating an effective approach to economic development and regeneration in London

This Co-Financing Plan sets out the LDA's intentions for the second half of its ESF programme, and outlines how it will contribute to delivering London's Regional Framework. The plan covers the period from January 2011 until December 2013, and the LDA will commit £39,000,000 of resource during this period in order to draw down the equivalent level of ESF match funding.

There are a number of key strategies that have informed the development of this CFO plan, including:

- The London ESF Regional Framework 2011-13, which has set the context for the next phase of London's ESF programme
- The Mayor's Economic Development Strategy, which the LDA is tasked with delivering, and which seeks to ensure that the opportunities the capital offers are extended to all Londoners.
- The London Skills and Employment Board (LSEB), whose revised strategy: *From Recession to Recovery: The Skills and Employment Strategy for London (2009-2014)*, seeks to support employers better to provide more job and skills opportunities for Londoners; and to support Londoners to improve their skills and job prospects through employment support and training opportunities. It takes into account the impact of the recession and the steps necessary to contribute to recovery.
- The London 14-19 Regional Planning Group, which has been set up in line with the transfer of funding for 16-18 provision from the Learning and Skills Council to Local Authorities, and their *London 14-19 Regional Statement of Priorities: Taking a Lead, Making a Difference* which sets London's priorities for 14-19 year olds and their education and training needs.
- The LDA's Investment Strategy, which sets out the LDA's strategic direction to ensure that the LDA delivers better benefits to Londoners. It is based on the priorities emerging from the Mayor's Economic Development Strategy (EDS) and the new strategic direction of the LDA Board.

Our ESF programme will therefore be aligned with these key strategies.

1.1 The LDA's Investment Strategy

To deliver against the Mayor and LSEB's strategic vision for employment and skills in the capital, the LDA's has developed its investment to complement these important strategies and actors in London's employment and skills architecture.

The LDAs' new direction focuses the Agency's investment on:

- achieving sustained employment outcomes (12 months or more) for workless people (including young people) and progression outcomes for Londoners trapped in low skilled and low paid jobs;
- greater sophistication in identifying and targeting workless Londoners in order to reduce duplication and ensure provision reaches the very hardest to help
- achieving greater efficiency and effectiveness by delivering better value for money and increased performance levels; and
- working in partnership either by co-commissioning with local authorities, sub-regional partnerships and key funders in London or by ensuring our investment better complements the mainstream investment in London's employment and skills system.

As a result, the LDA's ESF Programme for 2011-13 will align to these new priorities.

1.2 National Context

The economic climate in the UK has changed significantly since the publication of the previous Regional Framework (2007-10), from a growing economy to one emerging from recession. The LDA's ESF programme will therefore be developed within this context – seeking to help London to recover and for disadvantaged Londoners to play a part in this recovery.

The global economic downturn has had a significant impact on the labour market. The national employment rate is now at its lowest level for almost a decade at around 72.5 per cent in October 2009 and whilst the UK emerged from the recession during the last quarter there still remains a risk that employment levels continue to fall or that the recovery is 'jobless'.

Similarly, unemployment has risen significantly. By October 2009 there were almost 2.5 million people unemployed in the UK with the unemployment rate having risen by just over 2.5 percentage points to 7.8 per cent. In addition claimant count unemployment (those claiming Jobseeker's Allowance (JSA)) is up by around 850,000 people to 1.64 million: a rise of 2.6 percentage points during the recession.¹ However, despite the growth in unemployment during the recession we have not seen a rise in economic inactivity that was a common feature of the 1980's and 1990's recessions.

1.3 London's Labour Market

London is a global city and power house of the UK economy driving productivity and economic growth, accounting for more than 20 per cent of UK Gross Value Added.² Over the last twenty years London's working age population has grown by almost 15 percent³ and prior to the recent recession, job growth was unabated, resulting in

¹ DWP (2009), *'Building Britain's Recovery: Achieving Full Employment'*

² GLA Economics (2009) *'EDS Draft Economic Evidence Base'*

³ GLA Economics (2008) *The evolution of UK and London employment rates,*

around 800,000 new and replacement jobs between 1996 and 2008⁴ while London's employment rate peaked to 71 per cent over the 2001-2007 period.⁵

However, despite this growth not all Londoners are benefiting from London's status of a leading global city. London has the highest level of income inequality in the UK⁶ and its employment rate has consistently lagged the national average by between three and four percentage points for almost two decades. Today, London's employment rate is 69 per cent and falling as a result of the economic contraction. Independent forecasters believe that the employment rate will not return to pre-recessionary levels until 2018 at the latest.⁷

An even greater challenge for London is the persistently high level of worklessness in the capital. Today almost one in three Londoners or 1.6 million people are workless with slightly more than 1.2 million who are economically inactive.⁸ There are a range of factors driving London's high level of worklessness including a larger concentration of people in groups who often experience greater labour market disadvantage, the cost of working and living in London is higher than in any other region in the UK and the likelihood of Londoners experiencing multiple barriers to employment is some 7 percentage points higher than the UK average.⁹

In addition, London also has a polarised skills profile with an increased proportion of Londoners with high skills and a large proportion of the population with low or no qualifications.¹⁰ Qualifications are often a good indicator of labour market success. For instance, only one in ten high skilled Londoners are out of work compared to almost three in five people with no qualifications.¹¹ But qualifications are not the whole story and competency including basic skills has a significant impact.

In London, levels of basic skills are a considerable challenge. In 2003 the then Department for Education and Skills undertook a Skills for Life audit which found that almost one-fifth of Londoners had literacy levels below that expected of an eleven year old, and more worryingly, almost 1 in 2 adults had numeracy levels below this same level.¹² If we were to use this same survey data and apply the same proportional split observed in 2003 to the population in 2009, we would find that around one million Londoners lack basic literacy skills and approximately 2.4 million Londoners lack basic numeracy skills.¹³

London's employers report the highest rate of skills gaps and shortages in the country – this highlights a further mismatch between labour supply and labour demand and has resulted in London compensating for this skills gap by hiring migrant labour from outside of the capital. However, despite the recession, London's employers continue to hire.

⁴ GLA Economics (2009) '*Borough Employment Projections to 2031*'

⁵ Labour Force Survey 2008, ONS

⁶ The National Equality Panel (2010), *An Anatomy of Economic Inequality in the UK*

⁷ GLA Economics (2009) '*EDS Draft Economic Evidence Base*'

⁸ ONS, January 2010

⁹ HM Treasury (2009) '*Opportunity for all: Tackling worklessness in London*'

¹⁰ ONS, January – December 2008

¹¹ London Skills and Employment Board (2010), '*From Recession to Recovery, The Skills and Employment Strategy for London 2009 – 2014*'

¹² DfES (2003), '*Skills for Life Survey*'

¹³ DfES (2003) '*Skills for Life Survey*' and LDA calculations

1.4 Young Londoners in context

London has a relatively low level of young people NEET, compared with the national picture, with just over 5% of the capital's 16-18 year olds out of education, training or employment. This figure translates to around 10,000 of London's young people.

There are huge variations from borough to borough, however, in terms of the percentage of 16-18 year olds NEET. For example, Southwark and Lambeth both present the highest rates of NEETs, at 9.2%, while Harrow has only 3% NEET. There are nine London boroughs whose NEET levels are higher than the national rate, which suggests that any LDA ESF funded activity to re-engage young people NEET in London needs to be geographically targeted towards the areas of greatest need to some extent.

Despite these relatively low figures, there is still much to be done to support London's young people NEET, in order to help them back into education, training or employment. Furthermore, evidence suggests that during a recession, young people tend to be the hardest hit, and thus it is even more important to provide appropriate support to this cohort in order to ensure that young people are not disproportionately affected by the economic downturn.

Youth unemployment has risen both nationally and in London to levels of 15 years ago. The Labour Force Survey considers anyone between the ages of 18 and 24 to be a young person, and hence cites youth unemployment in London to be at 19.5% (around 100,000), compared to 19.1% nationally. Of those unemployed young people in London, around 28,000 are classified as being long-term unemployed (ILO definition¹⁴).

1.5 The case for sustained employment

The rationale for adopting a 12 month measure of sustainability can be broken down into two arguments: a fiscal case for a longer sustainability measure and the benefits of longer outcomes for individuals.

The fiscal merits of a 12 month outcome are clear. Freud argued that the fiscal gain of a year-long move into employment by a claimant on one of the three main benefits is substantial. For instance, an IB claimant sustaining work could generate £5,900 savings on benefit expenditure, with wider exchequer gains of a further £3,000 a year.¹⁵ If you combine Freud's work on the potential savings with the LDA/Inclusion paper on the benchmarks of getting the long-term workless back into sustained work¹⁶, the Exchequer would only make savings once an individual sustains employment for almost one year.¹⁷

Moreover, these findings are in line with the Social Market Foundation's work on welfare reform. In their seminal paper on the next stages of welfare reform¹⁸, they argue that welfare to work interventions do not break even unless employment is sustained for 52 weeks or more and any back to work programme that does not

¹⁴ ILO definition : those adults unemployed for > 12 months and young people unemployed for > 6 months

¹⁵ Freud/DWP (2007) *'Reducing Dependency, Increasing Opportunity: Options for the future of welfare to work'*.

¹⁶ London Development Agency and Inclusion (2008) *'Measuring Success'* (unpublished)

¹⁷ Calculations based on LDA internal analysis

¹⁸ Social Market Foundation (2009) *'Vicious Cycles: the future of welfare reform'*

measure sustainability for at least 12 months runs the risk of being cost negative to the Exchequer.

Whilst the fiscal arguments make economic sense they are more compelling when seen from the individual's perspective. Individuals who are able to sustain employment for 12 months and more are more likely to:

- **Earn more.** Almost everyone is better off in work and the probability of being better off after working for a year is greater than after six months.
- **Have greater labour market security.** Individuals with recent work history tend to be more employable (and the longer the employment spell stretches the better) and better able to adapt to changing labour market demand or unforeseen economic shocks.
- **Be healthier.** People that work and sustain work are healthier and less likely to suffer from extended sickness of mental health related illnesses; and
- **Contribute to greater social mobility.** Children of individuals that worked are themselves more likely to work. And working also reduces the risk of children living in poverty and experiencing inter-generational poverty.

1.6 How activity will complement other Co-Financing Organisation (CFO) ESF provision

The LDA has worked closely with other London CFOs¹⁹ and the London Intermediate Body (the LDA's European Programmes Management Unit (EPMU)) to ensure coherent design of ESF activity in London, in line with the aim of LSEB (supported by the Mayor of London) to create a fully integrated customer-focused skills and employment system. In particular, all CFOs have actively explored potential to co-commission ESF activity where it is strategically appropriate and operationally practicable, in line with the direction sought by LSEB and expressed in the London ESF Regional Framework. This work has resulted in two approaches to co-commissioning across the three priority areas where more than one CFO is operating in London (1.1, 1.2 and 2.1).

- Co-commissioning – CFOs pool their match and ESF funding and procure the provision of ESF-supported projects as one, rather than running separate tendering processes.
- Integrated Commissioning – funding remains with each individual CFO but the benefits of co-commissioning are realised through aligning services and inter-agency working. The following key principles are applied:
 - Close joint working: CFOs will operate through a Steering Group to oversee the ongoing development of activity under the priority, review progress, agree priorities and resolve issues.
 - Achieving value for money: to prevent any overlap of provision or cross-over in targeting the same participants, CFOs will agree a clear split of

¹⁹ The other CFOs for the London region are: DWP/JCP, The Skills Funding Agency, London Councils and the National Offender Management Service.

- responsibility within the priority, including distinct articulation of target audience, activities and project geographical and/or sectoral focus.
- Simplifying the marketplace for providers: CFOs will work together through the development and procurement phases of the relevant priority, aligning timetables and procurement documentation where possible.
- Aligned contract management processes: CFOs work to ensure the management of ESF contracts under the priority is as aligned as possible.

Where co-commissioning does not appear to be possible, we have sought to design a programme of activity that will dovetail with that of the other London CFOs, ensuring no duplication of investment or provision.

We are also exploring with other CFOs, the possibility to align provision across priorities 1 and 2, to provide an integrated employment and skills solution for Londoners.

The LDA will deliver activity under the following areas of the Regional Framework: Priority 1 (1.1; 1.2 and 1.3), and Priority 2 (2.1), as summarised in the table below. Each of these Priorities will be discussed in turn in the next chapter.

Priority		Total £ incl. match
1.1	Improving the employability and skills of the unemployed and economically inactive	£42,000,000
1.2	Employment and Skills activities targeted at young people who are NEET or at risk of becoming NEET	£30,000,000
1.3	Community Grants	£0²⁰
2.1	Workplace basic skills	£6,000,000
	TOTAL PROGRAMME VALUE	£78,000,000

This plan covers the second half of the programming period (2011-13), noting that expenditure is eligible up to the end of 2015, though provision is expected to have completed before then. It is intended that a prospectus will be launched in early autumn 2010, with an expectation that delivery can commence from April 2011.

²⁰ The LDA has reached an agreement to transfer responsibility for Community Grants 2011-13 to London Councils. The LDA therefore has no allocation under this priority of the programme.

Section 2: Contribution to the Operational Programme and Regional Framework

2.1 Priority 1.1: Adult employability

A significant proportion of our investment will contribute to ESF Priority 1.1 with a total of £21,000,000 LDA funding which will be matched by ESF from 2011-2013.

2.1.1 Complementing mainstream provision

The single key driver of the LDA's ESF programme is to complement mainstream provision, be it skills or employment, by focussing on those groups ill-served by current mainstream activity.

Our analysis has identified a large population of workless Londoners out of work for over one year who are not mandated to engage with mainstream programmes. This includes claimants of Incapacity Benefit (IB), Employment Support Allowance (ESA), Income Support (IS) and those out of work but not on benefits. Very few of these clients are in regular contact with mainstream skills and employment services and the longer they stay out of the labour market, the less likely they will move into work in the future.

DWP's mainstream provision tends to currently focus most support on those closest to the labour market and this includes both JSA and new ESA claimants. There are a number of mainstream programmes that are targeted at those out of work for longer than one year which include Jobcentre Plus Support Contracts, Flexible New Deal and Pathways to Work. DWP are currently engaged in a programme of assessment for existing IB claimants with a view to moving clients onto this type of mainstream support.

However, given the volume of long term IB claimants and those in receipt of other benefits in London, and the speed of this transition, it is clear that the LDA can add value to the market by targeting provision towards those who have been out of work for longer periods to support them into sustained employment.

Therefore, the LDA programme will specifically target those who have been out of work for longer than one year who have not yet been or are unlikely to become engaged in mainstream DWP provision.

2.1.2 Complementing other CFO provision / Co-commissioning

Following discussions between all five CFOs operating in Priority 1.1, it has been agreed that ESF activity will be primarily split by target group as follows:

- DWP/JCP provision focused on the unemployed and the economically inactive.
- Skills Funding Agency provision focused primarily on individuals who are unemployed for up to twelve months.
- LDA provision focused primarily on the economically inactive.

- National Offender Management Service (NOMS) provision focused solely on offenders who need additional support to access employment or other CFOs' mainstream and ESF provision.²¹
- London Councils provision focused primarily on the economically inactive and delivered wholly through third sector providers.

It has been agreed that the distinct target groups to be supported by NOMS and London Councils will benefit from progression to ESF or mainstream-funded provision operated by the other three CFOs as well as directly to sustainable employment.

DWP/JCP and the LDA have committed to delivering some of their activity under Priority 1.1 using the principles of **Co-commissioning**. The two CFOs have committed to developing a co-commissioning approach to purchase provision for the Heathrow employment zone and discussion around the terms and mechanics of co-commissioning this activity is underway with West London Working. The proposed activity would:

- Utilise the flexibility of ESF funding to deliver a coherent employability and up-skilling programme to ensure all of London's workless population can access the employment opportunities at Heathrow and progress once in work.
- Ensure that the integrated employment offer is clear and into- and in-work support is coordinated through a single front end.

DWP/JCP, the Skills Funding Agency and the LDA have undertaken further work to align their remaining ESF activity using the principles of **Integrated Commissioning**.

The offer for those unemployed for up to 12 months funded by DWP/JCP and the Skills Funding Agency will be centred on the initial assessment by JCP and/or the Adult Advancement and Careers Service (AACS). It is expected the majority of participants will engage with provision through these two routes and individuals who are not engaged with JCP or AACS should be encouraged by providers to do so to maximise their skills development and employment opportunities. The assessment will establish the level of need required to assist the individual into employment and the individual will then be directed to provision as follows:

- Individuals with low-level needs will be directed to the offer available through the DWP/JCP Support Contract (DWP/JCP match provision).
- Individuals who have skills needs identified as the primary barrier to employment will, with advice from the AACS, be directed to one or more of the offers available through the Skills Funding Agency based on need:
 - Vocational skills training if the primary need is for vocational re-skilling (ESF provision).
 - Basic skills or ESOL provision through the Employability Skills Programme (ESP) or Adult Learner Responsive (ALR) provision (match provision).

²¹ NOMS ESF provision will specifically focus on prisoners subject to statutory supervision by London Probation Trust and prisoners sentenced to short-term custodial sentences.

- Pre-Entry Level ESOL if the primary need is for ESOL at levels below that offered through ESP or ALR (ESF provision).
- Individuals who have multiple needs identified as barriers to employment will be directed to the offer available through the DWP/JCP ESF provision.

The role of JCP and AACS will be instrumental in this process, as they will help to identify the most appropriate provision as well as offering routes for further support after they complete provision if they do not initially gain employment.

The offer for those unemployed for 12 months or more and the economically inactive funded by DWP/JCP and the LDA will similarly be centred on the initial assessment by JCP and/or the AACS but allow for additional entry points to ensure individuals who are not engaged by DWP/JCP are supported. As with the offer for those unemployed for up to 12 months, individuals who are not engaged with JCP or AACS should be encouraged by providers to do so to maximize their skills development and employment opportunities. The LDA's offer to the economically inactive and the long-term unemployed will be targeted at those unlikely to be supported by DWP/JCP or Skills Funding Agency mainstream and ESF provision.

Assessment by JCP, AACS or other parties (including providers) will establish the level of need required to assist the individual into employment and the individual will then be directed to provision as follows:

- Those who are unemployed for 12 months or more will undertake mandatory provision under the DWP/JCP Flexible New Deal (JCP match provision).
- Those who are on Employment and Support Allowance (ESA) and Incapacity Benefit with low-level needs will be directed to the offer available through the DWP/JCP Pathways (JCP match provision).
- Unemployed and recent economically inactive individuals who have multiple needs identified as barriers to employment will be directed to the offer available through the DWP/JCP ESF provision. This will include:
 - Incapacity Benefit (IB) claimants who have been assessed through the ESA assessment process and have transferred to JSA.
 - IB claimants who have been assessed through the ESA assessment process and have transferred to ESA and have been on ESA for up to 12 months.
 - New ESA claimants.
 - Income Support (IS) claimants who have been transferred to JSA.
 - Certain types of IS claimants that are not currently mandated to engage with DWP/JCP mainstream programmes and who have been on IS for up to 12 months (lone parents with children aged under 7)
- Long-term economically inactive individuals who have multiple needs identified as barriers to employment will be directed to the offer available through the LDA ESF provision. This will include:
 - IB claimants not yet assessed through the ESA assessment process.

- IB claimants who have been assessed through the ESA assessment process and have transferred to ESA and have been on ESA for 12 months or more.
- Certain types of IS claimants that are not currently mandated to engage with DWP/JCP mainstream programmes and who have been on IS for 12 months or more (lone parents with children aged under 7)
- Individuals who have been out of work for over 12 months and are not engaged or supported by DWP/JCP mainstream welfare to work programmes (such as women in coupled families whose partner is on a low income)

The coherence of the three CFOs' offer will be articulated through a map showing the customer journey under the three organisations' mainstream and ESF offers. The map will be used by JCP Advisers and the AACs to direct individuals to the most appropriate provision based on their assessment. Agreed wording about the offer will be taken forward for use in each CFO's specifications and procurement advice documents or prospectuses. The map will also be used to advise all CFOs' ESF providers about the integrated offer (including those funded by London Councils and NOMS to ensure they can identify appropriate progression routes from their provision).

DWP/JCP, the Skills Funding Agency and the LDA have further agreed to ensure there is no duplication of provision by agreeing to the following exclusions:

- Sectors – some LDA provision will focus on supporting employment into the low carbon sector and the Skills Funding Agency has agreed that its vocational skills training offer will not offer provision in this sector.
- Geography – LDA will not fund provision in the boroughs covered by the DWP/JCP Personalised Employment Programme pilot (the London Boroughs of Barnet, Enfield and Haringey).

In addition, the Skills Funding Agency and the LDA have agreed that:

- Any Skills Funding Agency provision that will target the economically inactive will be procured and managed in a complementary manner to the principles for supporting this group agreed by the LDA and DWP/JCP.
- Any LDA provision that will target those unemployed for less than 12 months will be procured and managed in a complementary manner to the principles for supporting this group agreed by the Skills Funding Agency and DWP/JCP.

We will also explore how our programme can provide a progression route for groups who have previously benefited from initial engagement and pre-employment support from interventions such as the Personal Best Pre Volunteering programme, and need more intensive employability support to move them into employment. Providers will need to ensure participants are eligible for additional ESF support according to ESF guidelines.

2.1.3 Target Audience

Within this offer, the LDA's Priority 1.1 primary target group will be the long term workless Londoners, who are economically inactive. **We propose that 75% of the participants on our programme will be from this group.**

Specifically, we aim to target those that are NOT supported by other CFO provision and will articulate this clearly in the procurement phase of the programme. This aim is to target LDA funding to reach those participants which are unlikely to be supported by DWP and Skills Funding Agency ESF.

Therefore, the main target groups will be:

- **IB Claimants / ESA Claimants** who are currently **not** mandated to engage with DWP/JCP mainstream programmes.
 - IB claimants who have not yet been assessed through the ESA assessment process.
 - IB claimants who have been assessed through the ESA assessment process and transferred to ESA and have been on ESA for 12 months or more.
- **Income Support Claimants**
 - Those on income support for over 1 year, specifically lone parents with children aged under 7
- **Non-claimants**
 - Partners of those on low income who have been out of work for over 1 year, and **not** engaged or supported by the mainstream welfare to work programmes.
 - Partners of workless individuals who have been out of work for over 1 year, and **not** engaged or supported by the mainstream welfare to work programmes.

The secondary target group will be **economically active individuals** who are likely to be more recently unemployed and express an interest in, or are suitable for employment within the low carbon sector in London, but require some re-skilling. **25% of our participants will come from this group.**

The rationale for targeted provision to economically active individuals relates to the immediacy of the skills and employment needs which may emerge for the low carbon sector, and the focus for provision to deliver employer-led activity linked to current vacancies and demand for labour.

The LDA recognises that although its prime focus is in supporting those hardest to reach into employment, a balance needs to be struck between employer and programme requirements and so this element of the LDA ESF provision will allow providers to source potential candidates for the low carbon sector from a wider pool across London to meet emerging employer needs. The programme will however, be looking to support innovative projects to engage those from the economically inactive pool of labour as well as those currently actively seeking a job.

2.1.4 Sectoral targeting

The Mayor has made a commitment to reduce carbon emissions by 60% by 2025, positioning London as a world class, low carbon capital, and in doing so, creating opportunities for London's people and its businesses. It is anticipated that the 'low carbon economy' will be a lever for job creation and economic growth, and potentially

a way to tackle long-term worklessness and reduce the effects of the economic downturn.

Many London companies are already responding to the emerging opportunities themselves, and do not require public support. However, research suggests that in some sectors, even following a recession, there are likely to be skills shortages and without intervention, London may lack the skills to fulfil the jobs being created.

To support the transition to a low carbon London, the LDA is investing in a number of physical infrastructure programmes through its mainstream funding including:

- Home Energy Efficiency Programme (HEEP) to retrofit homes across London,
- Building Energy Efficiency Programme (BEEP) to retrofit public buildings
- Decentralised Energy Programmes
- London Waste and Recycling Board

To complement this investment, the LDA is also developing an overarching Low Carbon Skills and Employment programme which will:

- Determine a sound evidence base for investment via an ongoing research programme, which will not be funded by ESF, but will inform the ESF activities for this sector;
- **Fund a ring-fenced ESF programme to deliver innovative projects and approaches to link the long term workless with the job opportunities arising from the Low Carbon Economy and to progress them in employment.**
- Facilitate the coordination of employment and skills provision via the Low Carbon Skills Forum and the LSEB.

Alignment with other CFOs: We have agreed in principle with the Skills Funding Agency that the LDA will fund Low Carbon employment and skills provision for Priority 1.1 whereas the Skills Funding Agency will fund other sectoral pre-employment training.

Alignment with other Regions: We are working closely with the RDAs in the Greater South East and the East of England to determine a common investment framework for Low Carbon skills and employment. Within the ESF programme, we plan to differentiate provision across the region as follows:-

- **LDA** : support for long term workless and unemployed into work within Low Carbon Economy.
- **EEDA** : support for self employment and higher level skills with the Low Carbon Economy.

The LDA and EEDA plan to have a joint section in our respective prospectuses which will articulate the priorities for each region for the Low Carbon Economy. Delivery Partners will be able to plan provision accordingly, and make approaches to the most relevant CFO.

The LDA will also take account of other key emerging sectors such as New Industry, New Jobs²² and the role this agenda can play by linking the long term unemployed to

²² New Industry, New Jobs, Building Britain's Future, HM Government

the skills and employment opportunities from the emerging sectors, however, at this stage, the intention is that Skills Funding Agency will focus provision on other sectors apart from Low Carbon.

2.1.5 Geographic Targeting

The activities in this plan will be primarily be carried out across the whole of London, with a possible Sub Regional approach to address local labour market issues. We aim to:-

- Develop localised responses to worklessness
- Focus on deprived neighbourhoods and Housing Estates to provide specific support packages to tackle inherent worklessness within local communities
- Build on best practice developed and piloted by City Strategy Pathfinders in West and East London and other initiatives.

We will take into consideration other skills and employment investment which has already taken place, or is planned at a Borough level, to ensure that there is an equitable level of funding based on need and opportunity.

Alignment with other CFOs:

Initial discussions have focussed on the LDA **excluding** provision in the Personalised Employment Programme pilot boroughs (avoiding duplication with planned LDA and DWP co-commissioned provision).

In addition the LDA and DWP have committed to developing a full **co-commissioning approach** for the specific employment zones at Heathrow, which would:

- Utilise the flexibility of ESF funding to deliver a coherent employability and up-skilling programme to ensure that all of London's workless population can access the employment opportunities and progress once in work, and
- Ensure that the Integrated Employment Offer is clear, and into and in work support is coordinated through a single front end.

2.1.6 Activities to be supported

Evidence suggests that there is no universal model of intervention that will help all workless people.²³ Help and support needs to be tailored to the needs of the individual. In response to the research and recommendations, the LDA plans to commission the delivery of bespoke, targeted services which tackle these multiple barriers to employment, demonstrating solutions and addressing failure in mainstream provision.

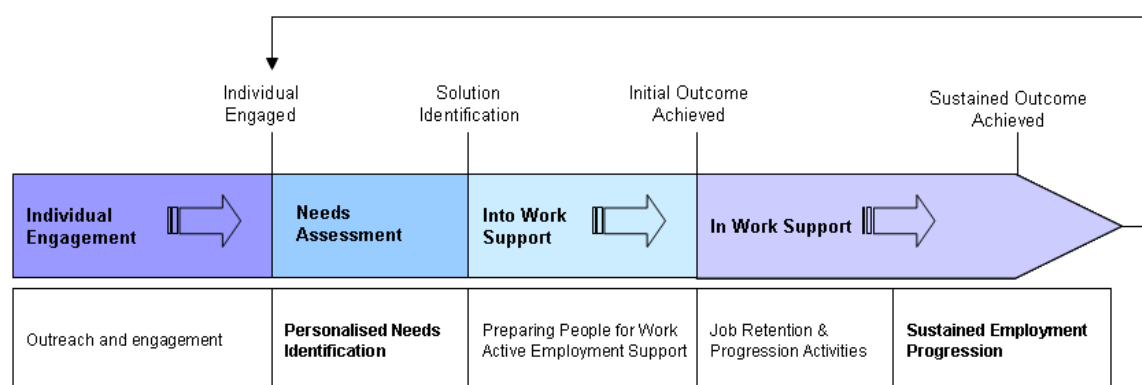
We propose to design a programme of activity under priority 1.1 that delivers both outcomes and expenditure at an acceptable level of risk to both the LDA and the ESF programme as a whole. Key elements of the design of this programme will include:-

- Scale: Larger scale projects:
 - Value of approx. £2m or over

²³ What Works in Tackling Worklessness? LDA 2006

- Delivery timescale of approx. 3 years in order to capture 12 month sustained employment outcomes
- Funding mix of:
 - Tried and tested funding models from previous ESF rounds, focusing on value for money and performance.
 - Testing of innovative funding mechanisms aimed at incentivising providers to work with the hardest to reach groups.
- Activity mix of:
 - Best practice from previous ESF rounds, focusing on the achievement of sustained employment outcomes.
 - Provider specified projects (black box) where the LDA will specify the outcome to be achieved but not the methodology, (assessment of bids will be based on best practice).
 - Innovative pilot projects to test new methods of delivery
 - Employer led / focussed activity (such as Heathrow model)
 - Sector led / focussed activity models (Low Carbon)

Project specifications will not prescribe the specific activities to be supported as with previous ESF rounds. Specifications will be designed to actively encourage providers to tell us how best to help the target groups to find work, and progress in employment. The following diagram articulates the end-to-end client journey which the programme will aim to support:-



As a result, we anticipate that a variety of innovative engagement techniques will be used, according to the needs, priorities and infrastructure of the local communities. The overall mix of the programme will then be created using an effective scoring criteria within the procurement framework, such that a balanced portfolio of projects is achieved. Assessment will be based on best practice of 'what works'.

2.1.7 Outcomes (12 months sustained employment)

As part of our ambition to deliver a lasting change to workless Londoners, the LDA and its Board has agreed to measure the sustainability of employment outcomes over 12 months. The LDA defines sustained employment²⁴ as:

²⁴ Note : this definition is subject to change following a Metrics review currently ongoing by the LDA.

‘employment (not necessarily the same job) that involves a minimum of sixteen hours per week, where the participant is employed for at least 52 weeks out of 64 weeks’

Measuring performance on a 12 month job outcome will increase the sustainability of employment and deliver wider economic and social benefits to London’s workless population.

The current ESF job sustained outcome definition is based on 6 months and the previous LDA employment projects were measured on this basis.

However for the new 2011-13 programme, the LDA will measure jobs sustained outcomes on our extended 12 month definition, but we will continue to report to EPMU the range of outputs and outcomes achieved including job sustained outcomes at 6 months.

2.2. Priority 1.2: Young people NEET or at risk of becoming NEET

The LDA is investing **£15,000,000** in activities to support young people who are NEET over the period 2011-13, to be matched with the equivalent level of ESF funding.

2.2.1 Complementing mainstream provision

The LDA has an important role to play in delivering provision to London's young people: to help them to positively contribute to London's economy, supporting young Londoners into positive activities to develop employability skills and achieving sustained employment, training and education outcomes. The LDA has a focus on those living in the most disadvantaged communities.

The LDA seeks to add value to existing services, and to complement mainstream provision by identifying gaps, and putting in place tailored provision to fill them. The emphasis of the LDA's programmes is on delivering personalised, targeted and local services.

The LDA's programme is complementing the mainstream provision for young people NEET, such as that delivered by the DCSF, Local Authorities and Careers Education, Information, Advice and Guidance services (CEIAG), including Connexions services, in the following ways:

- Adding significant investment to that already being delivered by the agencies listed to tackle London's NEET problem
 - The NEET levels in London are decreasing, year on year, but still there remains over 10,000 young people 16-18 who are NEET in the capital, demonstrating that additional investment from non-mainstream providers is needed to contribute to tackling the problem
- Adding value by offering alternative options to young people who may struggle to engage in mainstream provision
- Focussing investment on the "sustained NEET" target group²⁵
 - Funding additional activity for young people NEET who may be particularly hard to reach; who may face complex and multiple barriers to re-engagement or who find themselves being NEET for longer periods of time
- Delivering 12 month sustained outcomes
 - While the majority of young people leave the NEET group and manage to avoid re-entering it, a significant minority who leave the NEET group for further education or employment find it difficult to sustain their education or job placement, and rejoin the NEET group after short periods – this is known as "churn"
 - The LDA is the only CFO to be investing in longer, more sustained outcomes for its ESF participants, utilising innovative approaches to

²⁵ See section 2.2.3 for a definition of this group and their needs

support young people into sustained education and training destinations, or into sustained employment for 12 months.

- Such an approach will require providers to help young people who may lose their job or fall out of education or training during that 12 month period to re-engage or to find alternative employment.
- This approach is not being delivered elsewhere, and hence the LDA is addressing a gap in market provision, whilst simultaneously working to address the phenomenon of NEET churn

2.2.2 Complementing other CFOs / Co-commissioning

2.2.2.1 The Skills Funding Agency and YPLA

The LDA and the Skills Funding Agency/ Young People's Learning Agency (YPLA) (the only Co-Financing Organisations (CFOs) with an allocation of funding under Priority 1.2) have worked very closely together to ensure that each CFO's proposed programme of activities complements the other, and does not duplicate or overlap in terms of investment proposed.

Given the stated desire of the London Skills and Employment Board to see ESF provision being co-commissioned, the two CFOs have worked together to try and find a way to make this happen. Various scenarios have been considered, and the option outlined below articulates the agreement which has been reached between the two CFOs.

Priority 1.2 will be delivered using Integrated Commissioning – funding will remain with each individual CFO, but the benefits of co-commissioning will be realised through aligning services and inter-agency working. The following key principles are applied:

Achieving value for money: in order to prevent there being any overlap of provision, or any cross-over in targeting the same participants, there will be a clear split of responsibility within the priority, including distinct articulation of target audience, activities and project geographical and/or sectoral focus. This approach has been agreed and endorsed by RPG.

The Skills Funding Agency will act as a CFO in Priority 1.2 for all activity supporting 16-19 Apprenticeships. This activity will support both young people who are NEET and those who are at risk of becoming NEET.

Beyond this, the split will work as follows:

- The LDA will fund activity targeted at young people who are NEET – young people aged between 16 and 18/19 who are not in education, employment or training
- The RPG/YPLA activity (managed on their behalf by the Skills Funding Agency) will fund activity targeted at young people who are “at risk of becoming NEET” – young people aged 14-19 (unless stated otherwise below) who are recorded on Connexions Client Caseload Information System (CCIS) under the following categories:
 - Young people who are refugees or asylum seekers.

- Young people who are LLDD (with or without a Statement of Special Educational Needs).
- Young people who are looked after or in care (aged up to 16).
- Young people who are care leavers (aged 16-19).
- Young people who are pregnant.
- Teenage parents.
- Young people with health issues.
- Young people who are substance mis-users.
- Young people who have been suspended or excluded from education.
- Young people supervised by Youth Offender Teams (YOT).
- Young carers.
- Young people who require 'intensive' support, but who are not NEET.

Close joint working: CFOs will operate through a Steering Group to oversee the ongoing development of activity under the priority, review progress, agree priorities and resolve issues.

Simplifying the marketplace for providers: CFOs will work together through the development and procurement phases, aligning timetables and procurement documentation, where possible.

Aligned contract management processes: CFOs work to ensure the management of ESF contracts under the priority is as aligned as possible.

2.2.2.2 The LDA and the National Offender Management Service

Although the National Offender Management Service (NOMS) is a Co-Financing Organisation for ESF, it does not have an allocation of funding under Priority 1.2. Indeed, NOMS has no jurisdiction over anyone under the age of 18 years old. Therefore, young offenders eligible for ESF provision who are aged between 14 and 17/18 will be supported via Skills Funding Agency/YPLA ESF provision or through the LDA's ESF youth programme. Young offenders who are aged 18 or 19 will be supported either via the LDA's ESF programme or via NOMS ESF provision.

The LDA and NOMS have agreed how young offenders will be provided for in practice through the ESF 2011-13 programme, we have come to the following agreement:

Where a young offender is aged 14 or 15, they cannot be deemed to be NEET, as this only applies to someone aged 16 or over. Therefore, should a young offender aged 14 or 15 require support because they are at risk of becoming NEET, they will be directed to Skills Funding Agency/YPLA funded ESF provision, as it has been agreed that the Skills Funding Agency will focus their investment on the "at risk" group, and therefore at the younger end of the 14-19 age group.

Where a young offender aged 16 or 17 is NEET, and presents themselves as a potential participant for LDA ESF activity, the young person will be eligible to benefit from that provision, as there will not be any other ESF provision available to them. However, it is not proposed that the LDA will purchase a whole project which solely targets young offenders, but rather that the LDA's provision will be available to this

potential customer group, as well as others (see the target audience section for more detail).

Where a young offender is NEET and is aged 18 or 19, and presents themselves as a potential participant of LDA-funded ESF activity, it is proposed by NOMS and the LDA that the provider should establish whether that young person is subject to statutory supervision or if they have an Offender Manager (OM). Should the answer to either of these questions be yes, it is proposed that the provider seeks the permission of the young person to liaise with their OM to determine exactly whose provision is most likely to be appropriate for that individual. This is because NOMS ESF provision will be available to young offenders aged 18 or 19, as will that of the LDA. An judgement will be required to determine whether the young person in question will require something tailored specifically to offenders, or whether they require more generic support in re-engaging in education, training or employment, and hence if they could benefit from LDA provision.

In order to ensure that the needs of young offenders are properly represented in the development of LDA ESF provision, the LDA and NOMS will work closely together on the development of specifications and throughout the procurement process.

2.2.3 Target audience

As discussed, the LDA will focus its investment on young people aged 16-18/19 who are NEET.

Some interventions will be targeted at specific categories of young people NEET, including but not limited to:

- Young people who fall into the “sustained” NEET category: i.e. those who are likely to find it hardest to re-engage in EET and who may have been NEET for some time
 - 38% of young people NEET fall into the “sustained NEET” category, equating to approximately 4,500 young people
 - They can be described as having had negative experiences of school, with higher levels of truancy and exclusion and a lack of educational attainment.
 - They are more likely to have parents who are not employed, and may also have a disability or health problem.
 - These young people are most likely to remain NEET in the medium term.
- Young people with learning difficulties and disabilities (LLDD) (equivalent to ESF category of participants with disabilities/health conditions)
- Looked after children (i.e. young people subject to care orders or voluntarily accommodated by the Local Authority)
- Teenage parents and parents to be (equivalent to ESF category of participants who are lone parents)
- Young offenders (the precise details of delivery to this group will be discussed closely with NOMS)
- Homeless young people

The LDA and ESF guidelines also set pre-defined targets for reaching the following groups, which will be reflected in LDA ESF provision:

- Women
- Black and Minority Ethnic groups

Furthermore, it will be important for providers to ensure that those boroughs where the percentage of 16-18 year olds NEET is significantly higher than the England average receive support to contribute to bringing those levels down.

2.2.4 Sectoral Targeting

The LDA will also take account of other key emerging sectors such as New Industry, New Jobs²⁶ and the role this agenda can play by linking young people to the skills and employment opportunities from the emerging sectors.

2.2.5 Geographic Targeting

The LDA's Priority 1.2 programme will provide support across the whole of London.

It is widely recognised that numbers and proportions of young people NEET vary across London's boroughs, demonstrated by the figures below²⁷:

LA	16-18 NEET actual no.	LA	16-18 NEET %
Croydon	639	Barking and Dagenham	8.0%
Barking & Dagenham	508	Lambeth	7.5%
Enfield	448	Hackney	7.3%
Newham	443	Croydon	6.9%
Hillingdon	439	Greenwich	6.8%
Bromley	420	Southwark	6.8%
Lewisham	420	Haringey	6.7%
Greenwich	393	Islington	6.7%
Havering	390	Tower Hamlets	6.0%
Barnet	355	Newham	5.9%

It is important to recognise that those boroughs with the highest number of individual 16-18 year olds NEET are not always the boroughs with the highest percentage of NEETs, and acknowledgement of this is necessary when considering how to deliver provision. The LDA will therefore design this into the procurement and approvals stages of its Priority 1.2 programme.

2.2.6 Activities to be supported

The LDA does not intend to prescribe the precise activities to be supported as with previous ESF rounds. Instead, specifications will be designed to actively encourage providers to tell us how best to help our target groups to re-engage and remain in education, training and employment. Innovation will be encouraged, and providers will be required to deliver tailored support using proven interventions.

²⁶ New Industry, New Jobs, Building Britain's Future, HM Government

²⁷ Data supplied by Connexions

Activities will be consistent with London's regional priorities relating to 14-19 provision, as set out in the RPG's regional statement: *Taking the Lead, Making a Difference*.

In designing its Priority 1.2 programme, the LDA is not suggesting that provision for London's NEET population does not exist, but rather that the LDA seeks to add capacity to existing provision. This will enable a greater volume of young people NEET to receive bespoke and targeted support, of increased quality and duration, designed to provide longer and sustained engagement. This approach will go some way to reducing the levels of churn within the NEET group, reducing the chance of an individual from leaving the NEET group, only to return to it some short time later.

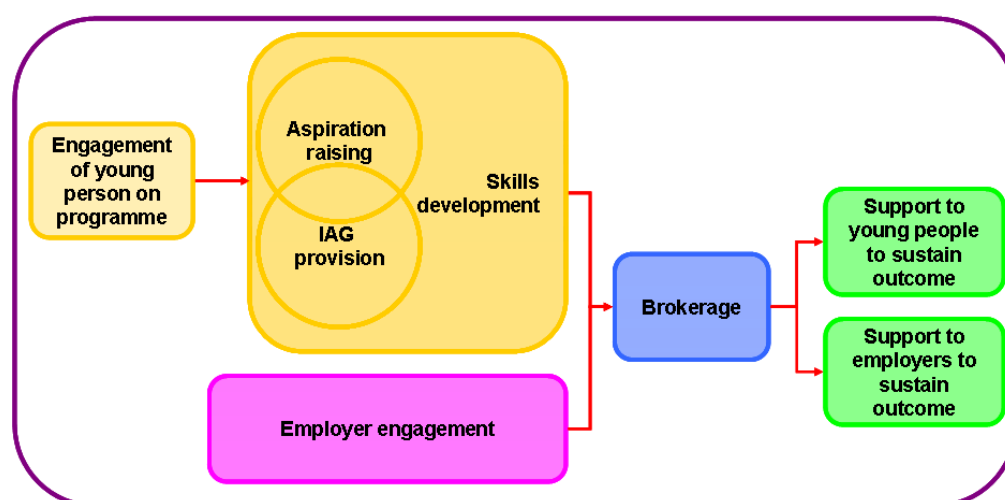
The LDA will be looking to purchase a comprehensive and targeted programme of support to re-engage young people who are NEET in the region. The programme will seek to achieve both sustained education and training outcomes, and sustained employment outcomes, depending on which is most appropriate for each participant.

In addition, providers will be paid using an outcome-based funding model, designed to incentivise successful delivery of sustained outcomes for all participants. Providers will be expected to support young people should they lose their job, or disengage again, in order to help them to achieve the sustained outcome. Payments will be weighted towards the end of the defined sustained period, in order to encourage increased rates of successful delivery.

The LDA wishes to invest in an aligned and congruent set of activities which enable a NEET customer to move from the point of initial engagement, right through to the successful completion of a sustained education, training or employment outcome. The LDA will be looking to commission provision, moving towards fewer, but larger-scale contracts which encourage provider organisations to work together in partnership and consortia to bring together the relevant skills and services to deliver.

The diagram below sets out the proposed components to the LDA's ESF Youth Programme:

The LDA's 2011-13 ESF Youth Programme



Though the LDA will not stipulate exactly how the provision is delivered, it is likely that there will be a number of proposed components to the LDA's ESF programme. Each component is described briefly below, and a fuller articulation of this diagram can be found in Appendix 5.

1. Engagement of a young person on the programme: finding, accessing and motivating young people who are NEET to engage with the programme; assessing their needs; agreeing an action plan

2. Aspiration raising: motivating the young person to aspire to their next destination, whether that is further or higher education; a job with training or self employment

3. IAG provision: helping the young person to be informed about the range of choices they have available and the implications of each one; supporting them to make the right decision; engaging young people NEET's families to help to make decision-making and aspiration-raising possible

4. Skills development: bespoke provision, depending on a young person's needs, but potentially including: learning how to learn; pre-work support (helping a young person to be job ready); support to enable young people to overcome barriers they face in getting employment (including tackling discrimination); job readiness activities (such as careers advice, interview or application support and work experience)

5. Employer engagement: drawing on the LDA's role as a strategic influencer, and its existing strong business links, encouraging employers to offer work experience, internships, diploma placements and other forms of work-based learning to young people NEET and encouraging the creation of jobs for young people in response to the economic downturn.

6. Brokerage: bringing each young person together with the right opportunity in the workplace or in further education or training

7. Support to young people to sustain outcome: providing appropriate activities for the individual to enable them to remain in their chosen destination, using techniques such as coaching or mentoring for example

8. Support to employers to sustain outcome: providing support to employers to keep the young person engaged in their organisation

2.2.7 Outcomes – Sustained education and training

The LDA's ESF NEET programme will seek to achieve three high level outcomes²⁸, as defined below:

Sustained education and training: the number of young people achieving sustained learning

²⁸ The detailed definitions of these outcomes are currently under review and are due to be finalised outside of the timescales for publishing our final CFO plan draft. Should they change after this plan is published, an update will be made to this document.

- The number of young people continuing in education or training for a time period appropriate to the individual participant or until the completion of a current course (whichever is most appropriate)²⁹
- The number of young people moving into education or training and remaining engaged for a time period appropriate to the individual participant or until the completion of a current course (whichever is most appropriate)

Sustained employment: the number of young people staying employed (not necessarily in the same job) for 12 months

- The number of young people placed into work, or finding work within 6 weeks of leaving LDA provision, who remain employed (not necessarily in the same job) for 52 out of 64 weeks
- Job entry is counted from the job start date, and a sustained outcome is only achieved if the participant stays employed for 52 weeks out of 64
- Employment is defined as a minimum of 8 hours of paid work per week or more (for the purposes of ESF)
- Jobs should be accompanied by accredited training³⁰

Progression for young people: the number of 14-19 year olds who, progress into further or higher learning, or progress from a job into a job with accredited training.

Combined outcomes: It is recognised that it is legitimate for a young person to move between employment and education as long as they sustain engagement over the course of the 12 months. For example, a young person may enter employment following an intervention but then move into education once a full-time course starts later in the same 12 months. The combined duration of this engagement should result in a sustained outcome and the final destination of the young person should be reported.

²⁹ This definition applies to young people at risk of becoming NEET, so is not relevant for our ESF programme, but is included for completeness

³⁰ Wherever possible, the LDA will seek to place young people in a job with accredited training. This may not always be possible nor appropriate, however, so it would still be a successful outcome if a young person successfully sustains a job without this training for the 12 month period.

2.3 Priority 1.3: Community Grants

The LDA is currently responsible for implementing Community Grants in the region (2007-10), and has appointed Greater Enterprise Council (GLE), as the grant co-ordinating body to manage and administer the programme on its behalf. Given the overall strategic direction of the London Development Agency and outcome requirements, the current model and design of the Community Grants programme does not fit naturally with our future investment strategy and commissioning approach.

Within the overall funding landscape of London, it is clear that the principle and concept of the Community Grants programme is more closely aligned to the overall aims and objectives of London Councils than those of the LDA. This is primarily due to the localised, specific nature of the projects and organisations funded and the links to Local Authority priorities for tackling worklessness in London and London Council's strengths in its ability to work effectively with the voluntary and community sector (VCS).

Therefore, the LDA does not propose to co-finance Community Grants in the 2011-13 round of the ESF programme and has negotiated with London Councils to assume responsibility for the programme for 2011-13. A proposal has been put to the London Councils Grants Committee which has been approved in principle and will be subject to further development.

The LDA will continue to work closely with London Councils officers and the GLE to provide support on the forward strategy for the programme. However, it should be noted that irrespective of the outcome of this process, the LDA will not be funding a Community Grants programme within the 2011-13 ESF programme.

2.4. Priority 2.1 Workplace basic skills

The LDA has allocated £3m of its investment which will contribute to ESF Priority 2.1 to be matched by ESF from 2011-2013.

2.4.1 Complementing mainstream provision

There is significant need for basic skills training in London, particularly literacy and numeracy with an estimated 2.4 million Londoners lacking basic numeracy skills.³¹ This has significant impact on pay and job prospects and projections suggest that, while current patterns of provision will reduce the problem by 2020; significant numbers will still lack functional literacy and numeracy.

Support for mainstream workplace Skills for Life is delivered by the Skills Funding Agency through the Train to Gain Programme. However, given the potential scale of the challenge to meet the need in London, particularly for numeracy, the LDA and Skills Funding Agency have committed to work together to provide a joint response for London. This joint response will maximise possible funding from the LDA's Single Programme budget in addition to ESF Priority 2.1 funding.

By adding additional funding to the current mainstream provision, the LDA and Skills Funding Agency can seek to support more Londoners to access basic skills to meet the challenging numbers outlined. Both organisations will seek new and innovative means of raising demand and delivery to meet employer needs.

2.4.2 Complementing other CFO provision

Discussion between the LDA and Skills Funding Agency is currently around ESF activity under Priority 2.1 being delivered using the principles of Co-commissioning. Both organisations have committed to using ESF to increase demand and supply of workplace skills for life in London, with a specific focus on numeracy provision, building on a planned initial pilot programme.

The planned pilot would involve the Skills Funding Agency co-commissioning LDA core funding in 2010/11 to test new and innovative approaches to increase the take up of workplace numeracy provision. The pilot will provide an integrated package of support for employers, delivered as part of the Skills Funding Agency's Train to Gain programme.

Discussions around the terms and mechanics of co-commissioning this pilot activity are underway. The outcome of these discussions will subsequently inform the likelihood of Priority 2.1 ESF activity being delivered using the principles of Co-commissioning. If it goes ahead, the pilot will allow both CFOs to test commissioning arrangements and will inform arrangements for possible co-commissioning of Priority 2.1 ESF activity from 2011 to 2013.

³¹ DfES Skills for Life Survey and LDA calculations

The proposed activity will complement mainstream provision by building demand for and supply of numeracy provision, in line with the need identified to particularly focus on numeracy highlighted in the *Skills Investment Strategy* and by UKCES.³²

The pilot may also seek to test development and delivery of LDA's priority focus on retention and progression in the workplace.

Co-commissioning of the Full ESF 2.1 Budget

If the pilot is agreed, the LDA will enter into a grant agreement with the Skills Funding Agency by September 2010. If the pilot is successful in going forward, the two organisations will build on the development and partnership work to co-commission ESF activity under Priority 2.1, under which the LDA would transfer its ESF and its match to the Skills Funding Agency.

If it is subsequently agreed not to deliver either the pilot activity or Priority 2.1 ESF activity using the principles of Co-commissioning, the Skills Funding Agency and the LDA have agreed that ESF activity under Priority 2.1 will be delivered using the principles of Integrated Commissioning.

2.4.3 Target Audience

In 2009, the LDA commissioned a report on employment retention and progression in London.³³ The report highlights that there are 470,000 low paid Londoners who are working below the London Living Wage. The LDA is committed to supporting these individuals to progress and cut in-work poverty.

The LDA is therefore seeking to ensure the added value of its funding focuses on in-work retention and progression. Specific activities will include coaching and mentoring and will build on the good practice developed through the *Integrated Employment & Skills In Work Trial* which was delivered by the LDA and the LSC. At this stage, it is envisaged a separate evaluation would be commissioned in order to look at the LDA's progression outcomes for the period of the pilot. This evaluation would inform discussion around including such a progression outcome as a part of co-commissioning of Priority 2.1 ESF activity.

Part of discussions around developing the pilot activity will involve both organisations working on ways in which the needs of certain target groups (such as those who have recently entered employment from mainstream and ESF Priority 1.1 provision) can be met within the wider Train to Gain employer offer.

Discussions with JCP, have identified a particular need to provide in work support to those who have recently entered employment through mainstream provision such as FND or Pathways and to provide in work support beyond the 6 months provided by mainstream programmes. The LDA will work with both JCP and Skills Funding Agency to identify how best we can service this target group within the employer led provision in this area, and what measures need to be put in place to implement referral mechanisms and maximise opportunities for work place progression.

³² *Ambition 2020: World Class Skills and Jobs for the UK* (May 2009).
³³ Staying In, Moving Up: Employment Retention and Progression in London, Cfe

Therefore, the main target groups for support under Priority 2 brought to the co-commissioning approach by LDA will be:

- those with pre-entry Skills for Life needs
- those in low paid jobs with no or little opportunities for progression.
- recent entrants to the labour market from mainstream FND, Pathways programmes who are at risk of cycling between low pay and no pay³⁴.

Linking to Train To Gain – Skills Funding Agency Priority

In addition to this joint activity with the LDA, the Skills Funding Agency will use ESF to fund basic skills qualification achievement as part of the wider Train to Gain offer funded through ESF under Priority 2.2 and Priority 2.3. As such, activity will be focussed on the priority sectors described for Level 2 and 3 provision in the Skills Funding Agency's 2011-13 CFO Plan. All individuals engaged under the offer through their employer will undertake an assessment to identify any basic skills needs. The offer will then allow individuals to undertake Skills for Life qualifications from Entry Level to Level 2 in literacy, numeracy and ESOL while they undertake Level 2 or Level 3 provision.

2.4.4 Activities to be supported

Design of the activity mix that will be supported by any joint provision between LDA and Skills Funding Agency is still under discussion and will be informed by Skills for Work pilot activity planned for 2010/11. However, the design of this element of the programme will need to include:-

- Agreement on funding models appropriate to both LDA and Skills Funding Agency:
 - Tried and tested funding models from previous ESF rounds, focusing on value for money and performance.
 - Testing of innovative funding mechanisms aimed at incentivising providers to work with the hardest to reach groups.
- Agreement on activity which may include:
 - Best practice from previous ESF rounds from both LDA and Skills Funding Agency provision, focusing on the achievement of progression outcomes;
 - Models to increase the demand for numeracy provision – a particular focus will be on entry level 3 for numeracy, the functional level.
 - New and innovative approaches to engage learners and employers, and change attitudes towards SfL to increase take up of the qualifications, particularly numeracy and literacy.
 - Employer led / focussed activity such as embedded and contextualised programmes designed to be delivered in the working environment and combined with skills such as food hygiene, cleaning, retail and customer service.
 - Integrated models of skills, business and individualised support and to ensure skills are delivered flexibly (in terms of the timing of courses and delivery models and places). Evidence has

³⁴ One in two people leaving benefits are unemployed again within 6 months, which results in a group of entrenched working poor in London, trapped in a low pay, no pay cycle.

shown that these workplace-based models can have a much bigger impact and success rate³⁵.

- Business models such as trouble shooting as a possible solution to highlight the numeracy and other relevant needs relevant for the business and approaches to embed the numeracy training as part of the corporate improvement programmes linked to business productivity.
- In work support such as mentoring, advice and guidance, confidence building. to increase progression opportunities
- Capacity building of the supplier base to ensure adequate levels and good quality provision.

2.4.5 Outcomes – Career Progression

There will be a focus on individual progression in the labour market to improve job prospects and pay. The LDA has developed an outcome indicator to measure workplace progression where success is judged by individuals achieving a wage increase (at least a 4% rise in wages) or improved employment prospects such as moving from temporary to permanent employment or part-time to full-time work over a defined period of time.

However, as co-commissioning discussions progress with the Skills Funding Agency, agreement will be sought on an appropriate methodology for measuring this outcome as part of any joint programme and this may well also include the achievement of a qualification as part of the indicator suite agreed.

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³⁵ What works in tackling worklessness? LDA 2006

Section 3: Funding and Added Value

The resources for the LDA Co-financing Programme will be drawn from the LDA's core Learning and Skills programme budgets. LDA match funding will be provided to support 50% of the cost of individual projects and programme administration costs.

For an indicative breakdown of how match funding and ESF funds will be profiled for the programme, please refer to Appendix 2.

The LDA is uniquely placed to innovate and improve the way employment and skills programmes are developed in the capital because it is not tied to national programmes or rigid delivery and procurement models. As a result, the LDA can develop projects that can demonstrate best practice and improve the evidence base around what works.

The LDA ESF programme will target those groups in the Regional Framework that face particular disadvantage and are furthest from the labour market. ESF support will allow for additional and holistic support which evidence suggests is required to tackle the complex and multiple problems faced by these groups.

ESF funding will provide the opportunity for the LDA to develop a range of pilot projects and innovative approaches to delivery which can complement core funded activities and provide an evidence base for mainstreaming of future provision. It will allow providers to build capacity in the delivery of sustainable employment outcomes. In particular, ESF will enable better provision of participant support measures to support in work retention and progression – thus ensuring equal access to support for the key target participant groups within the overall Framework.

The ESF programme will add value to the range of core LDA welfare to work and in work support planned for development and delivery throughout 2011-13 by:

- Adult worklessness –
 - o providing opportunities to target additional provision at those not currently supported by mainstream provision (such as groups of IB clients)
 - o testing models of co-commissioning and integrated support with other CFOs (such as Heathrow initiative)
 - o testing new approaches to delivery (such as low carbon initiative)
 - o The LDA is leading the way to pilot new and innovative delivery mechanisms to achieve a sustained 12 month job outcome measure. This could potentially add value to the other CFOs who are currently aligned at a job outcome measured at 6 months, whilst also proving the case to move to 12 months
- NEET young people –
 - o adding significant investment to existing YPLA / Skills Funding Agency provision
 - o providing alternatives to mainstream provision
- Adult low skilled –
 - o Adding significant investment to Skills Funding Agency provision
 - o Testing new approaches to delivery

The management and administration costs for the period of the co-financed programme have been set at 5% - that is, **£3,900,000** over the lifetime of the programme.

This funding will be utilised to support salaries, costs associated with open and competitive tendering including marketing, scoring and moderation, additional marketing costs as appropriate and final programme evaluation.

The LDA is currently reviewing its strategy with respect to future management and administration of the programme and therefore for the purposes of financial profiling, a quarterly fee has been applied across the lifetime of the programme. However, once a detailed programme administration plan has been agreed, the LDA will profile the actual management and administration costs accordingly. Should the LDA choose to use a Managing Agent, associated costs would be funded from within the M & A budget.

Section 4: Project selection and tendering arrangements

4.1 Procurement process

Where elements of the 2011-13 LDA ESF programme are to be procured independently of any co-commissioning with other CFOs, the process to be followed is set out below:

The LDA has recently revised its procurement procedures to address issues in responsible procurement, procurement best practice, health and safety and EU Regulatory changes. The LDA also took on board views expressed by internal and external stakeholders regarding the simplification of its procurement process. This included looking at how to make it easier for third sector organisations, small and medium-sized enterprises (SMEs) and minority-owned or led businesses to engage with us. The LDA developed a consortium model in order to do this, which enables multiple providers, including smaller organisations who may not otherwise be able to deliver larger-scale contracts alone, to work together in a consortium to bid for contracts. The consortium must nominate a lead partner who will take responsibility for receiving grant monies; distributing the money amongst the consortium; taking overall control for the management of the project and maintaining direct contact with the LDA.

The LDA will constantly review its procedures and processes to ensure that best practice which reflects current thinking concerning procurement is adopted. In addition, the LDA's procurement process will comply with national tendering requirements (SI 2006/5).

Further detailed information on our procurement processes can be found in our Procurement Code which is available at www.lda.gov.uk.

The LDA's proposed open and competitive procurement process is outlined in brief below:

All procurement will be carried out using the LDA's e-procurement site, *CompeteFor*, where all opportunities will be publicised. *CompeteFor* is an online service accessed via the following address: www.competefor.com which provides the business community with access to LDA-funded opportunities, acting as a brokerage service between the LDA and potential suppliers.

In order to simplify the marketplace for providers, and in order to help all CFOs to get best value for money, it is an aim of the LDA, within the ESF programme 2011-13, to publish any ESF opportunities jointly with other CFOs wherever possible, via jointly branded prospectuses (or the equivalent thereof). The details of how this happens will be agreed with other CFOs in due course.

The LDA will be using *CompeteFor* to issue a pre-qualification questionnaire (PQQ) to shortlist suppliers who express an interest in any ESF opportunities. The PQQ will include questions about potential suppliers' equalities and health and safety policies,

their capability to deliver the sorts of project the LDA is seeking to purchase, and will also be the mechanism for carrying out due diligence checks on their financial health.

Suppliers will be able to ask questions during this time, the answers to which will be made available to all candidates. All suppliers, whether successful or unsuccessful, will be contacted electronically through the *CompeteFor* system after the shortlisting has been completed.

Once evaluation of PQQs has completed, an Invitation to Tender (ITT) will be issued to those suppliers who have been successful. The LDA's procurement rules require that a minimum of five bidders are invited to tender, and that a minimum of three bidders provide returns. Should this scenario not happen, it may be necessary to re-tender.

The ITT letter will include the award criteria and associated weightings, and will be accompanied by the specification for the services required and the LDA's Terms and Conditions. Proposals will be evaluated and moderated by at least two scorers, using the criteria set out in the ITT.

The LDA *may* choose to use interviews as a secondary clarification on proposals but this will be defined as part of the procurement development work-stream over the next 2 months.

The proposed list of projects to be supported will be ratified by the LDA Investment Programme Board and Investment Committee (or appointed representative/s) as well as being subject to external moderation.

Recommendations will be subject to final approval by an external moderation panel including (but not necessarily limited to) officers from all Co-Financing Organisations and the European Secretariat, and will be chaired by the LDA. We will determine the membership of this panel once the final details of co-commissioning have been agreed.

Applications will be assessed against objective criteria based on the following:

- Understanding of the target group and extent to which proposed delivery meets the needs of the target groups in terms of access and delivery
- Quality and achievability of the provision and outcomes
- Value for money
- Contribution to equal opportunities, sustainable development and health
- Links and complementing of other programmes and projects, including those of other co-financers
- Awareness of employer needs and the labour market
- Evidence of effective collaborative working and intention to work in partnership
- Innovation and added value
- Ability to implement, manage and monitor the project to ESF requirements (based on track record and current capacity, but not excluding new initiatives)
- Clarity of outputs & outcomes from the project

Successful and unsuccessful suppliers will be informed by letter, and written debriefs will be provided on request. The LDA will publish its appeals process, and applicants will have the right to appeal.

4.1.1 Co-commissioning

Priority 1.1 will be co-commissioned with DWP/ JCP and Skills Funding Agency using the integrated co-commissioning option, using a common procurement process for elements of this priority (such as Heathrow employment project) where appropriate (See section 2.1).

Priority 1.2 will be co-commissioned with the Skills Funding Agency/YPLA using the integrated co-commissioning option (see section 2.2). It is planned that there will be a common procurement process for suppliers bidding to deliver elements of this priority.

Priority 2.1 will be co-commissioned with the Skills Funding Agency using the principles of full co-commissioning, whereby the LDA will pass its funding and match to the Skills Funding Agency and the programme will be procured using Skills Funding Agency processes (see section 2.4).

Current plans are that all LDA-funded activity, unless specified elsewhere, will be procured through a single stream, combining LDA match and ESF funding.

4.1.2 Commissioning

The LDA proposes to commission large-scale projects, in some instances following a 'black box' approach where the project design does not prescribe a specific method of delivery. This anticipates that a variety of innovative engagement techniques will be used, according to the needs, priorities and infrastructure of the local communities.

The LDA will work with delivery partners who can demonstrate a flexible and personalised approach to the way that clients are engaged, services are offered to them, and clients are supported once in employment or education or training. Payments will be tied closely to outputs and outcomes.

The LDA is currently evaluating projects funded in round 1 and 2 of the ESF 2007-10 programme, and the findings of this report will further expand our knowledge on best practice. Lessons will be built into the black box commissioning approach, focusing on achievement of sustained outcomes. Providers will be able to specify what works to deliver innovative, personalised community based support without a "one-size-fits-all" approach.

The success of the programme will be based on strong partnerships/ consortia of providers who can reach the target audience and deliver the package of support required. This includes effective engagement with the voluntary and third sector as potential delivery partners. This approach to commissioning will be central together with an assessment of: value for money, sustainable outcomes, innovation and added value.

Finally, the LDA proposes to tender all activity in one round of procurement, in order to let contracts with providers which are as long as possible, thereby offering them as much time as possible in which to deliver 12 month sustained employment outcomes. It is likely that the LDA will make use of contract ranges in order to allow flexibility to manage contract performance and where appropriate to extend high performing contracts.

Section 5: Provider funding and monitoring

Any specific changes to the LDA's proposed provider funding and monitoring arrangements have been listed below where they are different from the arrangements set out in the 2007-10 CFO plan.

Delivery of the plan will take place between January 2011 and December 2015, though it is our intention that delivery will have finished before then. Project delivery anticipated to commence around April 2011.

5.1 Contract costs

Providers will be paid based on a revised outcome-based funding model, reflecting the LDA's learning from previous ESF tendering rounds, which will be developed and sent to providers with the prospectus. This model will be seeking to deliver sustained outcomes of 12 months.

However, we recognise that our shift to a 12 month sustainability measure makes our funding models unique in the UK and potentially more challenging to deliver for providers. In order to enable us to deliver outcome based contracting for 12 months, we plan to use a conservative model that combines up-front payments and service fees for ongoing contract delivery, with output related payments at key milestones in addition to the sustained job payment at 12 months. Where possible, we will look to limit the amount weighted to the final payment in order to ensure that providers are able to run sustainable business models and we can meet our commitments as part of this plan.

Moreover, we also recognise that flat-fee based funding models can incentivise providers to 'park' the most challenging client groups. Therefore, as part of this plan we aim to test one or two new and innovative funding models to see if we can incentivise provider behaviour differently and achieve greater efficiency and effectiveness.

5.2 Quality standards

An integral part of the contract management project manager's role will be to review the delivery plan for each delivery organisation, supported by the LDA's internal processes which seek to ensure that the LDA receives the best value for the money it invests. Progress against the delivery plan will be monitored on a quarterly basis.

The LDA will expect all providers to make use of West London Working's Performance Rating Framework for measuring skills and employment service providers' performance. Additionally, the LDA will include all 2011-13 P1.1 ESF contracts on the new ESF/WLW projects directory, which will be developed later this year.

Where a LDA-funded provider is delivering training as part of the 2011-13 ESF programme, that provision will be subject to the OFSTED and Common Inspection Frameworks. This is monitored both through the initial application process, where

providers are requested to submit copies of their most recent inspection reports, and through the monitoring visits process. At the initial monitoring visit, providers are requested to share their OFSTED reports (or equivalent) and where there are recommendations arising from that report, provide evidence as to how they will address and resolve those issues identified.

5.3 Monitoring

Projects will receive a minimum of two monitoring visits per year, although the LDA reserves the right to increase monitoring where it is deemed necessary and appropriate.

Managing Agent

The LDA is currently assessing the way it manages all of its contracts, and as part of that, the potential role of a Managing Agent (MA). A decision is expected concerning the way a MA may be used for ESF, and for all of the LDA's contracts, by September 2010.

Management Information

The LDA is planning to use a new, secure, web-based MI system as a means of improving its current management information arrangements. Providers will be required to update this, rather than to provide monthly reports to the LDA on their delivery.

Section 6: Cross cutting themes

6.1 Gender Equality and Equal Opportunities

The LDA works to achieve the Mayor of London's overall vision: to make London a sustainable and socially inclusive world city driven by healthy economic growth and equal opportunity.

The LDA's focus on promoting equality includes work across the six equality strands of race, gender, age, faith, sexual orientation and disability as well as a focus on refugees, asylum seekers, migrant workers and community cohesion.

The Agency recognises that addressing inequality of opportunities is crucial in its work and is committed to promoting equality for all Londoners. There is a clear evidentiary link between social inequality and economic inequality; the LDA aims to address this inequality by raising the economic participation rates of disadvantaged groups. In order to achieve this, all Londoners need to be given the opportunity to take part in London's economic success, access sustainable employment and progress in their careers.

Every LDA project will have its own set of equality targets, set on a project-by-project basis thus reflecting the specific diversity of the local labour market or community the project takes place in. This will ensure that realistic but stretching targets are set for our projects. This mainstreaming of equality requires a systematic process of identifying issues and integrating equality and diversity into all aspects of planning, implementation, monitoring and evaluation. It involves identifying lessons learned, promoting and disseminating good practice and creating a culture of continuous improvement.

Promoting equality plays a fundamental role across this programme; all policies, programmes and services will be designed, developed and monitored with London's diversity in mind, and will proactively tackle barriers to economic participation and success.

In addition, all LDA ESF projects will be required to meet the prescribed ESF equalities targets. Providers will be asked questions about their equal opportunities policies, how they promote equalities, tackle discrimination in their work and during the Prequalification stage of our procurement process.

6.2 Sustainable Development

Sustainable Development is one of the cross-cutting themes for the Mayor of London in the revised draft Economic Development Strategy. The Mayor is committed to ensuring that all his strategies contribute to the quality of the everyday environment of Londoners and promote economically, socially and physically sustainable forms of development. His vision is that over the years to 2031 and beyond, London should excel among global cities, expanding opportunities for all its people and enterprises, achieving the highest environmental standards and quality of life, and leading the world in its approach to tackling the urban challenges of the 21st century, particularly that of climate change.

This objective supports efforts to make the transition to a low carbon economy and in so doing to adapt to, as well as mitigate, the effects of climate change. This will be essential if London is to remain competitive on the global stage and continue to be a place where people wish to live, work and invest. It aims to ensure that London is well placed to exploit the enormous economic opportunities represented by the transition to a low carbon economy.

A key objective of the LDA's ESF programmes is to drive the Mayor's ambitions for a Sustainable London and we will design our ESF programme by integrating and embedding social, environmental and economic considerations equally into the implementation and delivery of the programme.

Protecting the environment and careful use of natural resources

All projects will be asked to state in their application what environmental impact their projects may have and in operation will be encouraged to ensure that all positive opportunities are taken in the use of resources and protection of the environment.

As part of the contractual process, applicants will have to review their environmental performance and then develop an environmental policy and action plan for implementation.

Projects will also be encouraged to look at how they could integrate relevant aspects of sustainable development into the courses they run and/or use the environment as a medium for training delivery. This theme will be monitored as part of the regular monitoring process that is undertaken on projects.

Progress which recognises the needs of everyone

The nature of the activities to be funded under the programme will contribute to sustainable development principally by achieving progress which recognises the needs of everyone and assists individuals towards social inclusion and independent living through employment.

Projects will be designed to promote innovative delivery methods to tackle the multiple barriers faced by our target groups and provide personalised support to move people into sustainable jobs. By measuring sustainable jobs at 12 months, the LDA is challenging providers to change attitudes and behaviour. Providers will need to provide innovative and flexible programmes and demonstrate how they will work to tackle inherent long term worklessness in London.

We will seek to incentivise providers with funding models to work with those with multiple barriers to employment. This will bring about increased sustainability to the economy, better health benefits to the individual whilst improving equality in the workplace.

Maintaining high and steady levels of economic growth and employment

Our programme will maximise benefits across a range of objectives, for example, by addressing skill shortages, especially Skills for Life numeracy which has a positive benefit on work place progression and business productivity.

Our programme has a special focus on London's transition to a low carbon economy and will maximise the economic and employment opportunities for unemployed people which are likely to emerge in sub sectors including energy efficiency and building technologies, renewable energy and waste management. This will have a positive impact on the economy by stimulating the demand for this sector and increasing the capacity of employers to provide a range of services.

6.3 Health

There is now clear evidence that³⁶ⁱ 'good health should improve an individual's chances of finding and staying in work and of enjoying the consequent financial and social advantages. There is also compelling evidence that work has an inherently beneficial impact on an individual's state of health. Work is known to be 'good for mental health and to aid recovery even for those with the most severe of conditions. Unemployment is known to be bad for mental health and the longer people are out of the workplace the harder they find it to return and the greater the impact on their health and well-being'.^{37 ii}

Certain people are more likely to experience health inequalities and access into paid employment and will need particular additional support to enable them to access the opportunities for health and well-being that work can offer. People such as Young People with substance misuse issues; Older women; Carers; Women offenders with children; Women in general are more vulnerable to poverty and unemployment; Men are more vulnerable to completed suicide, drug and alcohol abuse, crime and violence.

Factors about the type of work that contribute to health and well-being include:

- Work that is healthy and safe, and access to support such as health, housing, transport services is made easy for individuals to maintain their jobs
- Work that is appropriate to a persons ability to perform in the job – this could be their health (including mental health) needs, as well as appropriate skills development
- Work where an individual feels a sense of some influence over how they work
- Work where an individual has a sense of self worth.

The new Health Performance Management Framework aims to enable ESF providers to gain and consolidate an understanding of the links between their work and the benefits to health and well-being for their clients. It is specifically designed to enable ESF Providers to:

- identify how their projects are impacting on health and well-being at the planning and early delivery stage
- identify actions that they could take to improve the potential positive impacts and make arrangements to reduce any unintended negative impacts
- identify deliverables that can be monitored throughout the lifetime of the project to measure impacts on health and well-being
- use as a means of evaluating their performance on health and well-being.

³⁶ *Working for a Healthier Tomorrow* (Black, C. et al, 2008).

³⁷ National Mental Health Development Unit (2010) Employment and mental health, Briefing two. London: Dept. of Health

The evidence on health and employment suggests that ESF Providers, as a minimum will need to be promoting:

- **Economic security** e.g. access to secure and appropriate employment (paid and unpaid), good working conditions, meaningful work and volunteering opportunities
- **Support to enable sustained quality employment for a person placed in work** e.g. flexible or shorter working hours, childcare
- **Access to education and skills development to enable access into work** e.g. skills at completing a CV, being interviewed, skills for the job
- **Transport access and options** e.g. help with costs to attend interviews, training, clothing
- **Information about healthy lifestyles and services** to clients
- **One-to-one support** to some clients to enable them to access health and other services to improve their health in preparation to be fit for work and to maintain work.

Mental health is a particular issue in London and has been identified as a Mayoral priority. London has a higher than average prevalence of common mental health problems, the second highest rate of common mental health problems in England after the North West region and the highest rate of depressive disorder in England. Mental health is a major contributor to worklessness and social exclusion.

ESF providers for the LDA's programme will be required to demonstrate how they will promote the health theme through their delivery and will be asked about this during the procurement process. Furthermore, LDA projects will reach participants who face health related barriers to employment, and young people with learning difficulties and disabilities.

The LDA's equal opportunities and sustainable development policies are reviewed regularly.

Declaration

I confirm that this Co-Financing Organisation intends to deliver the activities, outcomes and results set out in the plan set out above and has the required match funding as set out in Appendix 2.

Signature

Name

Stephen Evans

Official Position

Director of Skills of Employment

Date

6th April 2010

When you have completed this form you should send it to the ESF managing authority at the Government Office in your region, or in London to the London Development Agency European Programmes Management Unit.

Appendix 1: Targets – Outcomes & Results

The following tables detail the minimum proposed outputs and results achievable by this plan.

As discussions are ongoing with other CFOs regarding co-commissioning and opportunities for fine-tuning added value, these figures may be subject to change. This is particularly relevant where alignment on target participant groups could impact on potential total numbers available to support. Any changes will be discussed and agreed with EPMU.

In addition, as specifications are developed in collaboration with other CFOs, detailed cost and output modelling will produce the actual target figures for contracting purposes. These are likely to improve on either the volume or value for money assumptions made below.

Priority 1	LDA Adult	LDA Youth	LDA Quantification	Assumptions
Outputs				
1.1 Total number of participants	32,000	8,000	40,000	Adult participants based on performance factor required to achieve sustained outcomes at benchmark unit cost. Youth participants - based on 40% of total 20,000 target NEETs in London between 2011-13.
1.2 Number and % of participants who are unemployed (a)	8,000		8,000	Adult - 25% of adult participants - to allow for provision to support Low Carbon Sector.
(b)	25%		20%	% of total participants
1.3 Number and % of participants who are inactive (a)	24,000		24,000	Adult - 75% of adult participants - agreed focus on economically inactive through CFO discussions
(b)	75%		60%	% of total participants
1.4 Number and % of participants aged 14 to 19 who are NEET or at risk of becoming NEET (a)	0	8,000	8,000	Youth participants
(b)		100%	20%	% of total participants
1.5 % of participants with disabilities or health conditions			22%	
1.6 % of participants who are lone parents			12%	
1.7 % of participants aged 50 or over			18%	
1.8 % of participants from ethnic minorities			56%	
1.9 % of female participants			51%	

Results				
1.10 Number and % of participants in work on leaving (a)	8,960	2,400	11,360	Adult job entry - assumes 28% into job starts - appropriate for EI target market. Youth job entry - 30% into job starts - appropriate for target group.
(b)	28%	30%	28%	% of total participants
1.11 Number and % of participants in work six months after leaving (a)	N/A			
(b)				
1.12 Number and % of economically inactive participants engaged in job search activity or further learning (a)	11,232	n/a	11,232	Of the EI participants, 46% achieve a job search or training outcome.
(b)	46%		46%	% of economically inactive participants
1.13 Number and % of 14 to 19 year old NEETs or at risk, in education, employment or training on leaving (a)	n/a	4,080	4,080	Of the Youth participants, 30% into work on leaving, 21% into EET therefore total into EET = 51%
(b)		51%	10%	% of 14-19 NEET participants
1.14 (Regional Target) Number of participants remaining in work for a period of 6 month (a)	3,584	1,642	5,226	Adult - assumes 40% of job starts achieve 6 month sustained employment, Youth - assumes 40% of job starts achieve 6 month sustained outcomes
(b)	11%	21%	13%	% of total participants

Priority 2	LDA Quantification	Assumptions
Outputs		
2.1 Total number of participants	5,000	
2.2 Number and % of participants with basic skills needs (a)	5,000	Total no of participants based on performance factor required to achieve skills outcomes at benchmark unit cost.
(b)	100%	
2.3 Number and % of participants without level 2 qualifications (a)		
(b)		
2.4 Number and % of participants without level 3 qualifications (a)		
(b)		
2.5 % of participants with disabilities or health conditions	15%	
2.6 % of participants aged 50 and over	20%	
2.7 % of participants from ethnic	37%	

minorities		
2.8 % of female participants	50%	
Results		
2.9 Number and % of participants gaining basic skills (a)	3,200	Performance rating equivalent to Skills Funding Agency for this priority - as planning to co-commission.
(b)	64%	
2.10 Number and % of participants gaining level 2 qualifications (a)		
(b)		
2.11 Number and % of participants gaining level 3 qualifications (a)		
(b)		

Appendix 2: Finance

The following tables show the indicative breakdown of LDA public to ESF funding for each year of the programme, compiled from an outcome-based funding model for each priority.

The actual profiling of the programme will be dependent on detailed specification design and further iterations of this model will be developed over the coming months prior to specification agreement.

Priority 1	Public Match	ESF	Total
2011	£ 1,536,365	£ 1,536,365	£ 3,072,730
2012	£ 9,280,442	£ 9,280,442	£ 18,560,884
2013	£ 19,305,457	£ 19,305,457	£ 38,610,914
2014	£ 5,446,226	£ 5,446,226	£ 10,892,452
2015	£ 431,510	£ 431,510	£ 863,020
	£ 36,000,000	£ 36,000,000	£ 72,000,000

Priority 2	Public Match	ESF	Total
2011	£ 129,758	£ 129,758	£ 259,516
2012	£ 520,250	£ 520,250	£ 1,040,500
2013	£ 1,688,750	£ 1,688,750	£ 3,377,500
2014	£ 624,104	£ 624,104	£ 1,248,208
2015	£ 37,138	£ 37,138	£ 74,276
	£ 3,000,000	£ 3,000,000	£ 6,000,000

Total	Public Match	ESF	Total
2011	£ 1,666,123	£ 1,666,123	£ 3,332,246
2012	£ 9,800,692	£ 9,800,692	£ 19,601,384
2013	£ 20,994,207	£ 20,994,207	£ 41,988,414
2014	£ 6,070,330	£ 6,070,330	£ 12,140,660
2015	£ 468,648	£ 468,648	£ 937,296
	£ 39,000,000	£ 39,000,000	£ 78,000,000

Appendix 3: Output and Result Profile

The detailed starts and results profile will be dependent on a number of inputs:-

1. Programme design elements including funding models and activity type.
2. Overall programme portfolio mix (ie combination of 'black box' versus more specific pilot activity.)
3. Co-commissioning options including procurement timetable alignment and activities procured.

The LDA has created an output and outcome profiling model which profiles the delivery as follows in the table below. As specifications are developed, this will be refined to reflect planned programme bundles for procurement.

Total Priority 1 Cumulative	2011				2012				2013				2014				2015	Total All years
	Jan- Mar	Apr- Jun	Jul- Sept	Oct- Dec	Jan- Mar	Apr- Jun	Jul- Sept	Oct- Dec	Jan- Mar	Apr- Jun	Jul- Sept	Oct- Dec	Jan-Mar	Apr- Jun	Jul- Sept	Oct-Dec	Jan- Mar	
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	
Total Participant starts		31	375	1,500	6,375	16,500	27,375	36,375	39,250	39,875	39,981	40,000						40,000
Number of participants who are unemployed		6	75	300	1,275	3,300	5,475	7,275	7,850	7,975	7,996	8,000						8,000
Number of participants who are inactive		19	225	900	3,825	9,900	16,425	21,825	23,550	23,925	23,989	24,000						24,000
Number participants aged 14 to 19 who are NEET or at risk of becoming NEET		6	75	300	1,275	3,300	5,475	7,275	7,850	7,975	7,996	8,000						8,000
Number of participants in work on leaving			21	178	675	2,698	5,716	8,733	10,757	11,254	11,342	11,360						11,360
Number and % of participants in work six months after leaving					9	76	293	1,174	2,547	3,940	4,909	5,168	5,216	5,226				5,226
Number and % of participants in work 12 months after leaving							7	63	243	976	2,117	3,273	4,078	4,293	4,333	4,341		4,341
Number and % of economically inactive participants engaged in job search activity or further learning			21	176	667	2,668	5,651	8,635	10,635	11,127	11,214	11,232						11,232
Number and % of 14 to 19 year old NEETs or at risk, in education, employment or training on leaving			8	64	242	969	2,053	3,137	3,863	4,042	4,074	4,080						4,080

Total Priority 2	2011				2012				2013				2014				2015	
	Jan-Mar	Apr-Jun	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sept	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sept	Oct-Dec	Jan-Mar	
Priority 2 Cumulative	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Total All years
Skills Development(st arts)		20	118	462	1,562	2,992	4,302	4,852	4,966	4,993	5,000							5,000
Basic skills achievement				13	76	296	1,000	1,915	2,753	3,105	3,178	3,196	3,200					3,200

Appendix 4: Tendering and contracting milestones

The following plan shows the indicative timeline for the Programme.

Subject to ongoing discussions regarding co-commissioning, various elements of the programme, and the timing of the impending general election, this may well change. The key milestones should be agreed by April 2010.

Apr-10	CFO plan approval
May-10	Co-commissioning activity negotiations complete
May-10	Align prospectus content and timing
Jun-10 – Sept 10	Provider workshops
Aug-10	PQQs and specifications shared with EPMU and CFO group for comment
Sept-10	Prospectus(es), PQQ & ITT launched ³⁸
Sep-Dec 10	Procurement process
Dec - 10	Successful providers notified
Mar-11	Issue of contracts
Apr-11	Delivery starts
June-11	Baseline evaluation completed
Jul-11	Programme official launch
Jul-11	First output payments defrayed
April-12	First outcome payments defrayed

³⁸ Indicative plans are for the PQQ to be issued at the start of the month: ITTs will be issued to successful providers at the end of September.

Appendix 5: Additional detail on Priority 1.2 proposed activities

Component	LDA's definition	Justification of need	Rationale for LDA intervention	Related legislation, research and policy
Engagement	<ul style="list-style-type: none"> - Finding, accessing and motivating young people who are NEET to engage with the programme - Assessing their needs - Agreeing an action plan 	<ul style="list-style-type: none"> - Young people who spend an extended period NEET between the ages of 16–18 are significantly more likely to experience unemployment, low income, depression and poor physical health in later life. Around 75% of teenage mothers are NEET and 30% of the NEET cohort are learners with learning difficulties and/or disabilities. - Disengaged young people cost the London economy significant resources: - Welfare claims³⁹ - a recent review on reducing welfare dependency estimated that the fiscal gain of a year-long move into employment by a claimant on one of the three main benefits is substantial: e.g for an average Job Seeker Allowance claimant it is estimated that a saving of £4,100 in gross costs and £8,100 to the exchequer respectively is made by moving into work. - Teen pregnancies⁴⁰ - Estimated to cost £10m+ to NHS in London (£69 million to NHS nationally). Time spent in custody⁴¹ – the average bill for each of around 6500 juveniles (including custody and the cost of their crimes) totals around £78,040 each - more than £507.2 million a year for all serial young offenders 	<ul style="list-style-type: none"> - Young people NEET are the hardest to re-engage and require intensive support in order to do so. - Mainstream provision is often difficult for these young people to access due to their complex needs. - The LDA, with its pan-London remit, and its focus on those living in disadvantaged communities, is well placed to support the re-engagement of these young people by offering alternative provision. 	<p><i>Reducing the number of young people not in education, employment or training (NEET) - The Strategy, DCSF, 2008</i></p> <p><i>What works in preventing and re-engaging young people NEET in London, Mayor of London, 2007</i></p> <p><i>The Cost of Exclusion - Counting the cost of youth disadvantage in the UK, The Prince's Trust, 2007</i></p>

Aspiration raising	<ul style="list-style-type: none"> - Motivating the young person to aspire to their next destination, whether that is further or higher education; a job with training or self employment 	<ul style="list-style-type: none"> - A recent government report stated that social mobility has not improved in UK over last 50 years, despite the number of young people in further education. - In an additional recent report, The Mobility Manifesto (The Sutton Trust, 2010) it is estimated that improving levels of social mobility for future generations in the UK would boost the economy by up to £140 billion a year by 2050 in today's prices – or an additional 4% of Gross Domestic Product (GDP) over and above any other growth. - The Government's drive to Raise the Participation Age (RPA) to 18 by 2015 will improve social mobility for young Londoners, and inequality - the main barrier to social mobility - would be reduced by encouraging young people to stay in education or find a job with training. - Aspiration raising is therefore a key mechanism to help to deliver the RPA legislation 	<ul style="list-style-type: none"> - The creation of programmes that can provide a better trained workforce to future London employers and help to address the social deprivation and lack of social mobility that exist across much of London today are essential for a cohesive and prosperous society: LDA is ideally placed to deliver these. 	<p><i>Unleashing Aspiration: The Final Report of the Panel on Fair Access to the Professions</i>, Cabinet Office, 2009</p> <p>- <i>The State of Equality in London Report</i> , July 2009</p> <p><i>Anatomy of Economic Inequality in the UK - Report of the National Equality Panel</i>, 2010</p> <p><i>Raising the Participation Age Legislation</i>, DCSF, 2009</p> <p><i>Economic Evidence Base October 2009 - London Plan, the Transport Strategy and the Economic Development Strategy</i></p> <p><i>The Cost of Exclusion - Counting the cost</i></p>
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				<i>of youth disadvantage in the UK, The Prince's Trust ,2007</i>
IAG provision	<ul style="list-style-type: none"> - Helping the young person to be informed about the range of choices they have available and the implications of each one - Supporting them to make the right decision - Providing IAG to young people NEET's parents, carers and influencers to help to make decision-making and aspiration-raising possible 	<ul style="list-style-type: none"> - IAG policy, nationally, is being overhauled (including the role of Connexions) as it currently does not meet the needs of young people. - Good quality, appropriate and timely advice can help young people to make the right decisions for their future and avoid periods of being NEET - can help re-engage a young person in education, employment or training. - IAG is an essential tool in supporting young people in making the transition from NEET to ETE. - It may also increase social mobility among YP by opening up careers and study/training paths that may otherwise have remained inaccessible. 	<ul style="list-style-type: none"> - Delivery of IAG is currently inconsistent, and the LDA is well placed to fund additional and complementary provision across London which is tailored to the needs of those young people in the sustained NEET category. 	<p><i>Quality Standards for young people's information, advice and guidance, DCSF, April 2008</i></p> <p><i>Quality choice and Aspiration – A strategy for young peoples information, advice and guidance, DCSF, 2009</i></p> <p><i>Reducing the number of young people not in education, employment or training (NEET) - The Strategy, DCSF, 2008</i></p> <p><i>What works in preventing and re-engaging young people NEET in London, Mayor of London, 2007</i></p>
Skills development	<ul style="list-style-type: none"> - Bespoke provision, depending on a young person's needs, but potentially including: 	<ul style="list-style-type: none"> - All young people need support when commencing their career; but young people NEET have much greater needs for additional skills development activities to make them job or 	<ul style="list-style-type: none"> - The LDA has a wealth of experience creating skills development programmes for 	<i>LDA Investment Strategy, 2009-2013</i>

	<ul style="list-style-type: none"> - Learning how to learn - Pre-Apprenticeship support (enabling young people to meet the entry criteria) - Support to enable young people to overcome barriers they face in getting employment (including tackling discrimination) - Job readiness activities (such as careers advice, interview or application support and work experience) 	<p>training ready.</p> <ul style="list-style-type: none"> - Employers constantly cite that young people entering employment lack a range of soft skills, such as communication skills, conflict resolution, time management – this need is greater among young people NEET. 	Londoners	<p><i>Staying in, Moving Up – Employment retention and progression in London</i>, LDA, 2009</p> <p><i>Leitch Review of Skills - Prosperity for all in the global economy - world class skills</i> DIUS/DCSF, 2006</p>
Employer engagement	<ul style="list-style-type: none"> - Drawing on the LDA's role as a strategic influencer, and its existing strong business links - Encourage employers to offer work experience, internships, diploma placements, apprenticeships and other forms of work-based learning to young people NEET - Encouraging the creation of jobs for young people in 	<ul style="list-style-type: none"> - Work-based learning is a central platform of the 14-19 reform programme being implemented by the DCSF, and is resulting in increased need for active employer engagement in providing appropriate opportunities for young people. - London entered recession with high rates of worklessness among young people, and this rate has risen further through the recession. - Today, one in five young people (those aged 16-24) is out of work, the highest rate in the country. - The evidence shows that a period of unemployment while young has a permanent scarring effect on young people's lifetime pay and job prospects. 	<ul style="list-style-type: none"> - LDA has extensive business links with small, medium and large London-based organisations/ companies, via mechanisms such as the London Employer Accord, which works to assist unemployed London residents back into work. - The LDA has a key role to play in influencing employers to the benefit of young people. 	<p><i>14-19 Reform Program</i>, DCSF</p> <p><i>Backing Young Britain</i>, BIS</p> <p><i>Future Jobs Fund</i>, DWP</p>

	response to the economic downturn			
Brokerage	<ul style="list-style-type: none"> - Bringing each young person together with the right opportunity in the workplace or in further education or training 	<ul style="list-style-type: none"> - Lessons learned from previous initiatives show that it is important to ensure there is some element of brokerage (i.e. the appropriate matching of young people to work-based opportunities) in order to be successful in delivering sustainable outcomes 	<ul style="list-style-type: none"> - In order to deliver the sustained outcomes that the LDA is seeking to purchase, there needs to be an element of brokerage provided. 	<i>Unleashing Aspiration: The Final Report of the Panel on Fair Access to the Professions</i> , Cabinet Office, 2009
Support to sustain outcomes - young people	<ul style="list-style-type: none"> - Providing appropriate activities for the individual to enable them to remain in their chosen destination, using techniques such as coaching or mentoring for example 	<ul style="list-style-type: none"> - A recent (LDA) report on retention and progression in London stated that one-in-two benefit claimants return to benefits within 6 months of leaving. In order to break this cycle, it is essential to provide effective and appropriate in-work support, particularly for young people NEET, to help them to retain and progress within their chosen career. - Similar support for young people who re-engage in further education may also be required in order to enable them to achieve their full potential, in the context of their personal circumstances which are often very challenging. 	<ul style="list-style-type: none"> - Ongoing support for the young person is an essential element in delivering sustained employment and education or training outcomes. 	<i>Staying In, Moving Up: Employment Retention and Progression in London</i> , LDA, 2009
Support to sustain outcomes - employers	<ul style="list-style-type: none"> - Providing support to employers to keep the young person engaged in their organisation 	<ul style="list-style-type: none"> - There are wide-ranging benefits to employers of retaining young people in their organisations. - However, employers may need additional support in keeping a young person who was NEET in their organisation, specifically if the young person has particularly complex needs. 	<ul style="list-style-type: none"> - Ongoing support for employers is an essential element in delivering sustained employment and education or training outcomes. 	<i>Staying In, Moving Up: Employment Retention and Progression in London</i> , LDA, 2009 <i>Unleashing Aspiration: The Final Report of the Panel on Fair Access to the Professions</i> , Cabinet Office, 2009

ⁱ Black,C. et al (2008) *Working for a healthier tomorrow* London:TSO

ⁱⁱ National Mental Health Development Unit (2010) *Employment and mental health, Briefing two*. London: Dept. of Health