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| <b>Committee:</b>  | <b>Date:</b>        |
| Finance Committee  | 23 September 2014   |
| <b>Subject:</b><br>Request for Delegated Authority for Procurement of Central London Forward employability pilot | <b>Public</b>       |
| <b>Report of:</b><br>Director of Economic Development  | <b>For Decision</b> |

### Summary

- i) Central London Forward (CLF) – a partnership of 8 Central London authorities including the City – exists to influence policy and to promote the strategic importance and needs of Central London with a focus on economic development and quality of life.
- ii) The City of London is the Accountable Body for CLF and has now been requested, by CLF partners, to become the Accountable Body for two significant programmes being developed by CLF.
- iii) The precise shape of both of these fast-moving programmes, and the terms and conditions attached to them, are still subject to negotiation but the Government’s aim is that they should commence from April 2015.
- iv) A report was considered by the Policy and Resources Committee at its meeting on 4 September, agreeing that authority be delegated to take the decision as to whether the City Corporation should become Accountable Body once the parameters of the two programmes have become clearer.
- v) The purpose of this report is to seek delegated authority from the Finance Committee for the City Corporation to carry out the procurement of the larger of the two programmes - a Central London element of the “London Growth Deal”. This is currently estimated to be to the value of £10m over 5 years, and will help some 4000 long-term unemployed residents in Central London closer to employment.
- vi) This report does not address the procurement of the smaller of the two programmes – a £2m construction skills and jobs brokerage for Central London – for which suitable delegations already exist under the City Corporation’s normal procurement procedures.
- vii) Meeting the challenging deadlines of the larger procurement within the normal approvals framework will be difficult, therefore delegated authority is sought to be able to take decisions outside of the normal Committee timetable.
- viii) There would be no direct financial implication arising from City involvement in the procurement, although there will be an Officer time implication which

will be assessed prior to delegated approvals being sought.

### **Recommendation(s)**

- ix) The Committee is requested to note the above and agree that authority be delegated to the Town Clerk, in consultation with the Chairman and Deputy Chairman, to take all necessary procurement decisions relating to the CLF 5 year programme, estimated to be in the region of £10m, to help long-term unemployed people move nearer to work, which forms part of the London Growth Deal.

## **Main Report**

### **Background**

1. CLF is a partnership hosted by the City Corporation which comprises the London boroughs of Camden, Islington, Lambeth, Southwark, Wandsworth, the City of London, City of Westminster and the Royal Borough of Kensington and Chelsea. The partnership was established in 2008 and operates under a contractual arrangement which is due to terminate on the 31 March 2015. These arrangements may be extended by agreement (as occurred in 2012). Each authority currently contributes £25, 000 per annum to the costs of CLF's operation.
2. The City of London is the nominated Accountable Body under the "joint venture agreement", employs all staff (in practice primarily the two full time staff) and enters into all contracts relating to the work of the partnership. Costs to, and expenses and liabilities of, the City in undertaking this role are currently met from the annual contributions of the CLF participating authorities.
3. The purposes of CLF are to:
  - (a) Influence policy on majority issues affecting Central London, including making the case for additional resources;
  - (b) Promote the strategic importance and needs of Central London with a focus on sustainable economic development and the improvement of the quality of life of workers, residents and visitors; and
  - (c) Identify and co-operate on areas of mutual interest of the partners.
4. Under the joint venture agreement between the CLF parties, CLF may develop and co-ordinate shared programmes and funding bids for work of mutual interest that will inter alia focus on sustainable economic development and improve the quality of life of workers and residents.

5. CLF has been engaging with HM Government, London Councils, the Greater London Authority (GLA) and the London Enterprise Panel (LEP) regarding two proposals for which the City Corporation has now been requested to become the “Accountable Body”.
  - (a) **A Central London element of the London Growth Deal**, currently estimated to be to the value of **£10m over 5 years** to move some 4000 long-term unemployed residents closer to work.
  - (b) **Cross borough construction jobs brokerage (£2m over 2 years)** to support 1,050 central Londoners into construction jobs in key developments, including in the City itself, and sustain them in work and supporting 50 businesses to recruit pre-trained Central Londoners into employment across 7 key central London developments.

### **Current Position**

6. At its meeting on 4 September 2014, the Policy and Resources Committee agreed a report seeking delegated authority to take a decision on the request to become Accountable Body for these two programmes, including, as Spending Committee, any necessary procurement decisions.
7. This report addresses the decision required of the Finance Committee which relates only to the procurement of the larger programme, the Central London element of the London Growth Deal - which is explained below.
8. No decision is needed from the Finance Committee at this stage on the smaller project as the procurement level is within the existing delegations.

### **The Central London element of the London Growth Deal - £10m over 5 years**

9. The recently announced London Growth Deal – a ground breaking agreement between Government, the London Enterprise Panel, the GLA and London Councils - seeks to demonstrate how decentralising power from central government to London could bring significant benefits to the city and its people, the public purse and the UK economy. The London Growth Deal is perceived to be a step on the way to the sort of more devolved and better joined up services that London needs to tackle its future challenges.
10. Central London is the key driver of the UK economy, providing over half of London’s economic output, and forecasts suggest that one in eight new jobs created nationally by 2023 will be in central London.
11. A CLF Growth Deal agreement follows several months of work by CLF, with London partners, to support the London Growth Deal, with CLF interested particularly in how the fruits of this growth are shared more widely in the capital.
12. The eight Central London boroughs which form CLF have worked, in partnership with London Councils, the Mayor of London, the London Enterprise Panel and Government, to establish a joint project team to develop a time-limited initiative for Employment Support Allowance (ESA, formerly known as Incapacity Benefit) claimants in Central London. This will focus on those who

have been unsuccessful at finding work during two years of intensive support on the Government's flagship Work Programme and will trial an innovative locally led model of delivery.

13. Deadlines have been extraordinarily tight and CLF officers and partner agencies have had to move rapidly to develop a new programme of this scale over the last couple of months. Ministers will be asked to approve the model in October.
14. The precise terms of the pilot are still a matter of negotiation with Central Government (with decision expected in late September on the final detail) but the current proposition being discussed is for a £10m pilot, to be delivered over 5 years, to help some 4000 long-term unemployed residents in Central London to overcome barriers and move towards work. The model includes a network of caseworkers who will provide a hand-holding service for individual clients and signposting to local provision such as housing, health, drug and alcohol services within the local boroughs. The case workers, though employed centrally (probably by a single, expert, agency, on behalf of CLF), will be embedded in the boroughs and capable of being moved between boroughs to meet changes in local demands. Each client will be on the programme for up to eighteen months.
15. The services will work with any eligible ESA claimants resident in the City, though at present the numbers are hard to establish in view of the way they are currently collected by JobcentrePlus.
16. Early success, against standards agreed jointly with Government and assessed independently, will see London working directly with Government to help design the next generation of employment support services, applying the lessons learnt from this initiative to shaping a more financially sustainable and integrated approach.
17. As CLF is not a legal entity, the partnership bid requires one Local Authority to take the lead and act as the "accountable" – or "contracting" – body, though all bid coordination and ultimately policy management will be undertaken by CLF.
18. The proposed London Growth Deal programme is of significant size and duration, consequently the City of London was asked by fellow CLF partners whether it was willing to become the Accountable Body for the £10m Government-funded programme. It is currently proposed that the funding is to be made available by Government through the new 2014-2020 European Structural and Investment Fund. This would mean that the City Corporation would, consistent with its current role for CLF as Accountable (or Contracting) Body:-
  - (a) receive, account for and be audited on correct application of the funds for the pilot on behalf of all of the CLF boroughs;
  - (b) procure and contract for all the services to be delivered through the external provider(s) through our City of London Procurement Service;
  - (c) contract with the CLF partners to ensure that risks are shared equitably ;

- (d) retain all records for a period yet to specified; and
  - (e) take on all responsibility in the event of CLF closure before the end of the five year period.
19. However, at the time of writing there are a number of significant issues which are still subject to agreement in negotiation with Government, the LEP, the GLA and London Councils. These include -
- (a) the final outputs in terms of size of cohort, funds allocated per client and total numbers worked with over the 5 year period; and
  - (b) the value of, and the monitoring and reporting conditions attached to, the funds which will be received from the Department for Work and Pensions (DWP), and which are likely to be drawn from the European Social Fund (ESF) requirements including whether any penalty or claw-back provisions will apply in certain circumstances as is usually the case with this type of Government funding. As this is a pilot it is possible that this will not apply.
  - (c) The timing of the release of the grant funding when agreed.
20. Alongside this, it is anticipated that the CLF boroughs (including the City Corporation) will agree to extend their Joint Venture Agreement for a further 5 years from the 31 March 2015 for the life of the CLF Growth Deal programme.
21. As this project is somewhat larger than, and will differ from, those delivered previously by CLF, it may be appropriate that additional terms are agreed with fellow CLF partners to ensure that risks to the City are properly shared and mitigated.

### **Options**

22. If delegated authority is not approved by the Finance Committee, this may mean that this ground-breaking and high profile pilot, which could be a national model for future, more effective, provision fails to go ahead unless another Accountable Body can be found from among the CLF partners within a very short timescale. It would also be inconsistent with the current commitment given by the City to support the work of CLF in acting as the Contracting (or Accountable) Body for CLF work programmes.

### **Proposals**

23. The proposal has been moving fast over the summer, and decisions may be needed in between Committees to meet funder deadlines, but at present there is insufficient clarity or agreement on some of the major issues which are required to form the basis of the decisions required prior to procurement commencing.
24. Should the Policy and Resources Committee agree to take on the Accountable Body role, we will need the flexibility to proceed with the procurement rapidly without being constrained by Committee deadlines, in order to be able to commence delivery early in the next financial year.

25. We therefore recommend that delegated authority be given to the Town Clerk in consultation with the Chairman and Deputy Chairman to make all necessary procurement decisions as matters become clearer.

### **Implications**

26. The procurement is likely to involve the engagement of a single, expert, service provider, which will be appointed to employ the case workers to be based in the local boroughs.
27. City Procurement has evaluated the procurement options in order to deliver the programme within the tight deadlines laid down. Research has been undertaken to identify possible public sector framework options but, for a number of reasons, these have not proved to be workable. Therefore it is suggested that an EU restricted procedure be used in order to procure the services.
28. This procurement would be subject to the Contracts Letting procedures for non-projects procurement as set out in Regulation 10.4. As the value of this procurement is over £4 million and assuming a Restricted Procedure is followed it would require the involvement of the Finance Committee, as well as of the Policy and Resources Committee (the Spending Committee) and the Court of Common Council, as follows :-
  - Stage (1)** the Spending Committee agrees the high level evaluation criteria to be applied in the selection process;
  - Stage (2)** the Spending Committee receives a 'for information' update following supplier short-listing;
  - Stage (3)** The Spending Committee, Finance Committee and Court of Common Council receive the final recommendation on contract award.
29. To ensure borough buy-in, Central London Forward would set up a Procurement Board which member boroughs would be invited to join. This Board would ensure partner involvement in all aspects of the procurement including setting the specification and evaluation criteria, evaluation and shortlisting of the tenders and final selection of the successful tenderer.
30. All formal reports for stages 1, 2 and 3 under Regulation 10.4 would be prepared by City Officers in accordance with the City's committee reporting standards and submitted to the Town Clerk and Committee Chairman for approval or information as required under Regulation 10.4.
31. Committees, and the Court if necessary, would be informed of any decisions by the Town Clerk and Committee Chairman at the earliest opportunity

### **Corporate & Strategic Implications**

32. Both proposals fit the City's strategic priorities in "Maximising the opportunities and benefits afforded by our role in supporting London's communities" (KPP4) by:

- (a) encouraging regeneration and corporate social responsibility by working with City business and communities in neighbouring boroughs,
  - (b) working with our partners and neighbours to promote employability;
- and provide jobs and growth.

## **Conclusion**

33. The City Corporation has been asked to help facilitate, by acting as Accountable Body, two major pilot projects to help move some 5,000 people towards employment in Central London over the next two to five years. If successful, the two programmes could also be rolled out nationally as new models of more effective working. As Accountable Body, the City Corporation would be responsible for the procurement for both of the programmes. Suitable delegations already exist to manage the procurement of the smaller (£2m construction brokerage) programme. Agreement is now sought for delegated authority in relation to the procurement of the larger of the two programmes, as decisions will need to be made between meetings to meet the Government timetable.

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