

Committee(s)	Dated:
Policy and Resources Committee Finance Committee	7 th July 2016 19 th July 2016
Subject: Central London Work & Health Programme	Public
Report of: Director of Economic Development	For Decision
Report author: David Pack, Economic Development Office	

Summary

The City Corporation is the 'Accountable Body' for Central London Forward (CLF), the strategic sub-regional partnership of eight Central London local authorities¹.

In response to government proposals to devolve employment support in London to sub-regions, CLF member authorities, together with the boroughs of Lewisham, Hackney, Tower Hamlets and Haringey, intend to commission the £50m Central London element of a specialist employment support programme - the Work and Health Programme (WHP) - funded by central government (£25m) and the European Social Fund (ESF) (£25m).

The CLF Board has asked the City Corporation whether it would act as the 'Accountable Body' for the WHP and become a 'Co-Financing Organisation' for the ESF to facilitate access to ESF monies. Proposed arrangements would draw on the contractual framework used for 'Working Capital', CLF's existing £11m, five-year employment support programme aiming to support 4,000 long-term unemployed people with health conditions, for which the City Corporation is Accountable Body.

Due to tight timescales set out in the national procurement framework produced by HM Government, this report requests delegated authority to agree these proposals.

Recommendations

The Policy and Resources Committee is asked to delegate authority to the Town Clerk in consultation with its Chairman and Deputy Chairman to:

1. Take a decision on the City Corporation:
 - a) participating in the Work and Health Programme (WHP) in Central London;
 - b) becoming the Accountable Body for the WHP, subject to being satisfied with further details to be provided by HM Government;
 - c) becoming a 'Co-Financing Organisation' for the European Social Fund in London, subject to a successful funding application.

2. Instruct the Comptroller and City Solicitor to negotiate and settle suitable terms for any agreements to enable delivery of the WHP, including appropriate terms for sharing of risks and liabilities between the Central London authorities participating.

¹ Camden, Islington, Kensington & Chelsea, Lambeth, Southwark, Wandsworth, Westminster and the City Corporation itself.

Subject to the decisions of the Policy and Resources Committee, in order to meet the tight timescales and expedite the commissioning and procurement process, the Finance Committee is asked to:

1. Delegate the first stage of the standard contract lettings procedure in the Procurement Code to the Town Clerk, in consultation with its Chairman and Deputy Chairman, to agree the high-level evaluation criteria to be applied in the selection process of a provider to deliver the WHP.

Main Report

Background

1. The City Corporation is the Accountable Body for Central London Forward (CLF), the sub-regional partnership for central London² which collaborates on major policy and strategic matters, and for its 'Working Capital' programme, an £11m, 5 year programme aiming to help 4,000 long-term unemployed people with health conditions into work.
2. The City Corporation acts as Accountable Body as CLF itself is not a legal entity, rather a group of local authorities who co-operate further to a Joint Venture Agreement (JVA) which includes provisions for sharing risks and liabilities. Appendix One contains further information about this role.

Current Position

3. CLF has approached the City Corporation and asked whether it would be the Accountable Body for a new devolved £50m employment support programme – the Work and Health Programme (WHP) - in central London.
4. WHP will commence in October 2017 as a five year, national programme to help long-term unemployed people with health conditions into work. Programme funding – to be met by the Department of Work & Pensions (DWP) and the European Social Fund (ESF) - will be devolved in London and commissioned on a sub-regional basis. The Central London programme will be awarded a budget of up to £50m to support 20,000 people into work and will extend beyond the CLF local authorities to include Lewisham, Hackney, Tower Hamlets and Haringey.
5. To allow access to £25m in ESF monies to match a £25m contribution from DWP, CLF has also asked the City Corporation whether it would become a 'Co-Financing Organisation'. Appendix One contains further information of the implications of taking on this status.

Proposals

6. It is proposed that the City Corporation participate in the arrangements, and that it should become the Accountable Body for the WHP in Central London on behalf of the local authorities in that sub-region, taking on responsibilities for governance, financial regulation and the procurement of a provider to

² Camden, Islington, Kensington & Chelsea, Lambeth, Southwark, Wandsworth, Westminster and the City Corporation itself.

deliver the programme. While not a CLF project, WHP has the support of CLF and delivery will be supported by that team with additional resourcing.

7. It is also proposed that the City Corporation become a 'Co-Financing Organisation' to facilitate the Mayor of London's wish to match DWP funding with ESF monies. This status would allow the City Corporation to use up to 10% of the ESF funds to meet the costs of managing the WHP.
8. The existing Accountable Body arrangements in place for CLF and 'Working Capital' provide for sharing and mitigating any risks to the City Corporation in acting as both the Accountable Body and Co-Financing Organisation (including suitable indemnity and insurance provisions), and could provide a contractual framework for WHP and be adapted to encompass the non-CLF authorities for these purposes.
9. HM Government provided little notice of its decision to devolve funding for the WHP and the programme will be subject to tight, national timescales dictated by HM Government, which include the need to launch the first stage of procurement by the end of July 2016. It is therefore proposed, subject to the decisions of Policy and Resources Committee - and to HM Government providing further details on the WHP to the satisfaction of officers and to a successful ESF funding application and achieving associated Co-Financing Organisation status (which has in-principle support from the Mayor of London's European Programmes Management Unit) - that the Finance Committee agree to delegate the first stage of the standard contract letting procedure in the Procurement Code to the Town Clerk, in consultation with its Chairman and Deputy Chairman, to agree the high-level evaluation criteria to be applied in the selection process of the organisation to deliver the WHP.

Corporate & Strategic Implications

10. The proposals support KPP4 in the Corporate Plan: *'Maximising the opportunities and benefits afforded by our role in supporting London's communities'*.

Implications

11. There will be various financial and legal implications to the City Corporation in taking on Accountable Body and Co-Financial Organisation status, including staff time in the Chamberlain's and Comptroller's & City Solicitor's Departments and in EDO to set up contracting and governance arrangements, and also in procuring, monitoring, reporting and auditing the programme. It is proposed that the details of these implications be considered as part of the proposed delegated decision.
12. A dedicated procurement resource would be supported by a combination of joint funding agreed by participating authorities, and funded secondments.

Conclusion

13. Participating in the WHP, expanding upon the existing CLF arrangements, and acting as Accountable Body and 'Co-Financing Organisation' for the WHP

in Central London, would underline the City Corporation's commitment to supporting wider London and devolution.

Appendices

1. Appendix One - *Accountable Body and 'Co-Financing Organisation' status – risks and mitigation*

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APPENDIX ONE – ‘Accountable Body’ and ‘Co-Financing Organisation’ status – risks and mitigation

1. ‘Accountable Body’ status

- a) Accountable bodies are responsible for the proper administration and financial probity of external funds received and must be legally constituted bodies. They must ensure proper and effective use of public money and have financial responsibility for funding received and its proper expenditure. As the organisation receiving the funding, the accountable body is responsible for putting in place an audit trail, overseeing contract management with suppliers (but leaving this operationally to the partnership and/or project) and ensuring that the project has sufficient cashflow. The body needs to ensure that proper safeguards are in place to protect itself and have appropriate contractual arrangements in place with the partnership.
- b) The current JVA between the CLF member authorities contains provisions to ensure that risks to the party acting as Accountable Body in entering into ‘Special Projects’, such as the WHP, on CLF’s behalf are shared and mitigated. Specifically, the JVA parties fully indemnify the Accountable Body for any losses incurred as a result of any party to the JVA breaching its obligations. Other terms may be agreed as appropriate to the project.
- c) Equivalent terms would need to be agreed with the non-CLF authorities of Lewisham, Hackney, Tower Hamlets and Haringey.
- d) A detailed description of the additional risks to the City Corporation of extending the current Accountable Body function for CLF to cover the WHP, and their mitigation, will be included in the subsequent report to be approved under delegated authority.

2. ‘Co-Financing Organisation’ Status

- a) ESF monies are often used to match-fund domestic public funding and in such cases are administered via authorised ‘Co-Financing Organisations’, whose role includes contracting other organisations to manage ESF projects and ensuring that ESF-funded projects complement national schemes.
- b) The role of ‘Co-Financing Organisation’ is similar to that of Accountable Body insofar as it involves having the financial responsibility for any external funding received and ensuring its proper expenditure. As such the City Corporation’s proposed role as ‘Co-Financing Organisation’ – and the appropriate sharing and mitigation of risk - could also be accommodated through the CLF contractual framework for ‘Special Projects’ and equivalent terms would be agreed with the non-CLF authorities of Lewisham, Hackney, Tower Hamlets and Haringey.
- c) A detailed description of these additional risks and their mitigation will be included in a subsequent report to be approved under delegated authority.