

Committee(s): <ul style="list-style-type: none"> Operational Property & Projects Sub Committee – For decision Finance – For decision Court of Common Council – For decision 	Dated: 03/07/2023 18/07/2023 20/07/2023
Subject: Increase in contract value - Work and Health Programme - Central London Works	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	2,3 and 8
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	Department for Work and Pensions, UK Shared Prosperity Fund
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: Damian Nussbaum, Executive Director, Inclusive Growth Emma Moore, Chief Operating Officer	For Decision
Report author: Joe Dromey, Director, Central London Forward Monica Patel, Commercial Lead, Commercial Service	

Summary

This report seeks approval for the increase in value of the Work and Health Programme – Central London Works by £6m, or 7.1% of current contract value.

Central London Works is an employment programme, managed by Central London Forward (CLF). The increase in contract value would be funded by an additional £2.9m offered by Department for Work and Pensions (DWP), and £3.1m of UK Shared Prosperity Fund. The contract end date is unaffected.

The increase in contract value is fully funded. Approval is required given the contract value exceeds £2m as per Section 16.3 of the Procurement Code Part One. The increase is permissible under Reg 72(1)(b) of the Public Contracts Regulations 2015.

Recommendation(s)

Members are asked to:

- Approve an increase in contract value of £6m, to give a total value of £89.6m.

Main Report

Background

1. Central London Works is an employment programme which supports disabled residents in central London into work. Central London Works is managed by Central London Forward (CLF) – the partnership of the 12 central London local authorities. CLF is hosted by the City of London Corporation.

Current position

2. The contract was awarded following competitive tender in 2018. The initial contract value was £53.4m over 5 years, with an option to extend for 2 years. The programme was funded by Department for Work and Pensions (DWP) and European Social Fund (ESF).
3. In 2020 the contract was varied to deliver the Job Entry: Targeted Support (JETS) programme. JETS provided rapid support to residents who lost their jobs during the pandemic. The value of JETS was £18.0m.
4. On 8th December 2022, Court of Common Council approved the extension of Central London Works for 23 months, enacting the extension clause in the original contract. The programme will take new starters until October 2024.

Proposed extension

5. CLF would like to increase the contract value for Central London Works in order to support more residents into work. There are two elements of the extension:
6. **Place and Train** – On 9th June 2023, DWP offered £2.9m of funding to deliver ‘place and train’ support through Central London Works. Participants would be supported rapidly into work, and provided with ongoing support to sustain in employment. This additional funding would enable us to help a further 1,353 economically inactive residents. DWP expect the support to be delivered from September 2023.
7. **UK Shared Prosperity Fund (UKSPF)** – UKSPF has been designed to replace ESF post-Brexit. CLF has been allocated £8.3m of UKSPF by the Greater London Authority, which is the managing authority for UKSPF in London. CLF would like to use £3.1m of our UKSPF funding to support an additional 1,462 residents through the Central London Works programme.
8. The end date of the programme would be unaffected, and the support offer remains substantively the same.
9. The increase is permissible under Reg 72(1)(b) of the Public Contracts Regulations 2015, as a change of contractor would ‘*cause significant inconvenience or substantial duplication of costs for the contracting authority*’, and because the increase in value does not exceed 50% of the original contract.

Value

10. The proposed increase in contract value is £6m, representing 7.1% of the current contract value. The total contract value after this increase is £89.6m.

Options

11. There are three options:

- a. **Increase contract value** – this would enable Central London Works to provide employment support to an additional 2,815 residents. It is permissible under Reg 72(1)(b), and would offer best value for money.
- b. **Go out to tender** – this would not be viable. As delivery is expected to start from September 2023, there is not sufficient time to tender or allow a new supplier to mobilise. The option would not offer best value.
- c. **Do nothing** – this option would mean we are not able to provide additional support, and it would pose reputational risk.

Recommendation

12. The recommendation is to increase the contract value by £6m to £89.6m.

13. The advantages of this approach would be:

- a. to provide employment support to an additional 2,815 central London residents, helping at least 985 into employment;
- b. to ensure continuity of service through Central London Works;
- c. the option is compliant with Reg 72(1)(b) of Public Contracts Regulations 2015

Corporate & Strategic Implications

14. **Strategic implications** - The increase would contribute toward outcomes 2, 3 and 8 of the City Corporation's Corporate Plan, and priority 1 of the Central London Forward Strategy.

15. **Financial implications** – None. The increase is fully funded.

16. **Resource implications** – None.

17. **Legal implications** – None. Advice from Comptrollers is that the increase in contract value is permissible under Reg 72(1)(b) of the Public Contracts Regulations 2015.

18. **Risk implications** – There are no risk implications of increasing the value of the contract. There are reputational and delivery risks of not increasing contract value.

19. **Equalities implications** – The increase in contract value would have a positive impact through helping tackle employment inequalities. Central London Works has an equalities policy, which seeks to ensure a high-quality service to all participants.

20. **Climate implications** – Central London Works has a sustainability policy, which seeks to minimise emissions and environmental impact as party of service delivery.

21. **Security implications** – None.

Conclusion

22. This report recommends an increase in the value of the Work and Health Programme – Central London Works contract by £6m to £89.6m, as permitted by Reg 72(1)(b) of the Public Contracts Regulations 2015.

Appendices

None

Background Papers

None

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