

# Report – Finance Committee

## Increase in Contract Value – Work and Health Programme (Central London Works)

*To be presented on Thursday, 20<sup>th</sup> July 2023*

*To the Right Honourable The Lord Mayor, Aldermen and Commons  
of the City of London in Common Council assembled.*

### **SUMMARY**

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

This report seeks approval for an increase in the value of the contract of the Work and Health Programme Contract by £6m, or 7.1% of the current contract value. The contract end date will be unaffected. The elements of the extension are detailed in paragraph 4 in the main body of this report. The increase in the contract value will be funded by an additional £2.9m from the Department for Work and Pensions (DWP) and £3.1m of UK Shared Prosperity Fund. Whilst the increase in contract value is fully funded, approval is required as the contract value exceeds £2m, as set out in Section 16.3 of the Procurement Code (Part One). The increase is permissible under Regulation 72(1)(b) of the Public Contracts Regulations 2015.

Going out to re-tender at this time is not a viable option, as delivery is expected to start from September 2023, and there would not be sufficient time to allow a new supplier to mobilise. However, if the City Corporation were to do nothing and not extend this contract, it would be unable to provide this additional support to residents, leaving the Central London sub-region as the only part of England and Wales where the place and train support is not available. This would present a reputational risk for Central London Forward and the City Corporation and would not be in the best interests of Londoners. Therefore, your Finance Committee, with the concurrence of the Operational Property and Projects Sub-Committee recommend that approval be granted to the increase in contact value.

### **RECOMMENDATION**

The Court of Common Council is asked to approve an increase of £6m to the Central London Works Work and Health Programme contract, to give a total value of £89.6m.

## MAIN REPORT

### Background

1. The Central London Works contract was awarded in 2018 at a value of £53.4m over 5 years, with an option to extend for 2 years. The programme was funded by the Department for Work and Pensions (DWP) and the European Social Fund (ESF).
2. 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 the JETS Programme was £18.0m.
3. On 8 December 2022, this Honourable Court 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.

### Current Position and Proposal

4. Central London Forward (CLF) would like to increase the contract value for Central London Works in order to support more residents into work. There are two elements to the extension:
  - **Place and Train** – On 9 June 2023, DWP offered £2.9m of funding to deliver ‘place and train’ support, through Central London Works, whereby participants would be supported rapidly into work and provided with ongoing support to sustain employment. This additional funding would help to deliver a further 1,353 economically inactive residents. DWP expect the support to be delivered from September 2023.
  - **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.
5. The end date of the programme would be unaffected, and the support offer remains substantially the same.
6. The increase is permissible under Regulation 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.
7. The proposed increase in contract value is £6m, representing 7.1% of the current contract value. The total contract value after the increase will be £89.6m.
8. Your Committee has noted that re-tendering would not be a viable option: as delivery is expected to start from September 2023, there would not be sufficient time to allow a new supplier to mobilise. If we do nothing, and are not able to provide additional support, this will pose a reputational risk.

### **Corporate and Strategic, Financial, Legal, Risk, Equalities and Climate Implications**

9. The increase would contribute to outcomes 2, 3 and 8 of the City Corporation's Corporate Plan, and priority 1 of the Central London Forward Strategy.
10. The increase is fully funded from DWP and UKSPF and there are no resource implications for the City Corporation. There are no risk implications of increasing the value of the contract but there are reputational and delivery risks in not doing so.
11. The Comptroller and City Solicitor has advised that the increase in contract value is permissible under Reg 72(1)(b) of the Public Contracts Regulations 2015.
12. Central London Works has an equalities policy, which seeks to ensure a high-quality service to all participants. It is expected that the contract extension will provide unemployment support to an additional 2,815 central London residents, helping at least 985 into employment, thereby tackling employment inequalities.
13. Central London Works also has a sustainability policy, which seeks to minimise emissions and environmental impact as party of service delivery.

### **Conclusion**

14. 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. The increase in contract value will provide unemployment support to an additional 2,815 Central London residents, helping at least 985 into employment. There are no financial, resourcing and risk implications but there are reputational and delivery risks in not increasing the contract.

All of which we submit to the judgement of this Honourable Court.

DATED this 4<sup>th</sup> day of July 2023.

SIGNED on behalf of the Finance Committee.

**Deputy Henry Colthurst**  
Chairman, Finance Committee