

Committee(s):	Date(s):
Policy and Resources Committee Education Board	- For Decision - For Information 4 September 2014 16 October 2014
Subject: Request for City of London Corporation to become Accountable Body for two new Central London Forward employability pilots	Public
Report of: Director of Economic Development	For Information

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 - as follows:-

(a) a Central London element of the “London Growth Deal”, currently estimated to be to the value of £10m over 5 years, to help some 4000 long-term unemployed residents closer to employment; and

(b) a programme funded through the “New Homes Bonus” scheme which will deliver skills training and a cross-borough construction jobs brokerage (at a cost of £2m over 2 years) . This will support 1,200 central Londoners into construction jobs across 7 key central London developments, including in the City itself, and support 50 businesses to recruit pre-trained Central Londoners into employment.

iii. The precise shape of both of these fast-moving programmes, and the terms and conditions attached to them, are still subject to negotiation. It is therefore difficult at this stage to assess the resource implications for the City Corporation should it agree to undertake the Accountable Body role for one or both of them and the risks to the City in acting as Accountable body.

iv. The City Corporation will wish to ensure that it is adequately

resourced to do so, whether within existing resources or potentially by securing a proportion of the external funding to help cover it, and that arrangements are agreed with the other partners to ensure that the City exposure to liability are minimised.

v. It is proposed that the full amount of the City's own New Homes Bonus top-slice (estimated to be in the range £237k to £294k for 2015/16) be applied for these purposes, alongside contributions of the other 7 boroughs.

vi. Decisions will need to be taken over the next few weeks to meet Government deadlines, therefore delegated authority is requested.

Recommendation(s)

vii. The Committee is requested:

1. to note the work undertaken to date by CLF in developing two fast-moving and potentially ground-breaking employability pilots to benefit Central London -
 - (a) the first, a £10m Government/EU funded programme (as part of the London Growth Deal) to help move Employment Support Allowance claimants nearer to work, and
 - (b) the second, to develop cross-borough construction skills and job brokerage provision (at a cost of £2m, funded from the CLF boroughs' New Homes Bonus 'topslice');
2. to agree that authority be delegated to the Town Clerk, in consultation with the Chairman and Deputy Chairman, to -
 - (a) take a decision as to whether the City becomes the Accountable Body for the two programmes mentioned above once issues become clearer in discussion with London Councils, the GLA, the LEP and with HM Government,
 - (b) confirm that the full amount of the City Corporation's New Homes Bonus top-slice (estimated to be in the range £237k to £294k) be contributed to the CLF construction brokerage programme;
 - (c) instruct the Comptroller and City Solicitor to negotiate and settle the terms of any relevant agreements to enable delivery of the two programmes.

Main Report

Background

1. The City of London has been requested to become the “Accountable Body” for two significant programmes being developed by Central London Forward (CLF).
2. 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.
3. 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.
4. 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.
5. 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.
6. The arrangements were set up under section 2 of the Local Government Act 2000 (the well-being power) since dis-applied in England, but continue to be delivered relying upon section 1 of the Localism Act 2011 (the general power of competence).
7. Each authority is represented on the CLF Board by the authority’s Leader. The City is represented by your Chairman. The Board is supported by a Chief Executives Group (in the City’s case, the Town Clerk) and Officer Groups for the various themes.
8. Consistent with CLF’s role and remit, CLF has been engaging with HM Government, London Councils, the Greater London Authority (GLA) and the London Enterprise Panel (LEP) regarding two proposals as follows:-

- (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) **a cross borough construction jobs brokerage under the New Homes Bonus scheme (£2m over 2 years) to:**
 - (i) support 1,200 central Londoners into construction jobs in key developments, including in the City itself, facilitating their mobility between sites to ensure sustained employment, and
 - (ii) support 50 businesses to recruit pre-trained Central Londoners into employment across 7 key central London developments.

Current Position

a) The Central London element of the London Growth Deal - £10m over 5 years

8. 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.
9. 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.
10. 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.
11. 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.
12. 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.
13. The precise terms of the pilot are still a matter of negotiation with Central Government (with decision expected in mid-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 two years.

14. 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.
15. 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.
16. 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.
17. 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.
18. 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.

19. 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.

b) a cross borough construction-jobs brokerage (£2m over 2 years)

20. In addition to the above pilot, CLF have been asked by the construction industry to develop a construction skills and job brokerage programmes for central London.

21. It is intended that all eight local authority parties to the CLF arrangements, including the City, contribute some of their New Homes Bonus (NHB) top-slice funding (should bidding be successful) to the CLF construction jobs brokerage programme. (The NHB top-slicing arrangements are explained more fully at Appendix A).

22. Preliminary bids have to be submitted by the end of August 2014 and there is a cut-off date of 1 October 2015 for the boroughs and the GLA to agree the allocation of this NHB top-slice funding. If bids are not agreed by that date, the Department for Communities and Local Government will claw back the funding. Spend should commence in 2015/16 but projects do not need to be completed within this timescale.

23. The partnership bid requires one local authority to take the lead and act as the “Accountable Body”, though all bid coordination and ultimately policy management will be undertaken by CLF.

24. The proposed construction sector provision would include:-

- (a) access, by jobseekers, to construction-related pre-employment preparation (by means of short-courses) which will result in earning of industry and occupation-specific cards and ‘tickets’ which are necessary to gain employment in these trades;
- (b) joining up, and dissemination, of construction vacancies across borough boundaries, to teams of specialist, construction industry job-brokers, supported by shared IT, vacancy and client relationship management platforms;
- (c) a federated franchise model with boroughs’ existing brokerage infrastructure sitting beneath a coordinated single employer interface.

Delivery will be aligned to robust forecasts of the skills and vacancy needs of key large-scale developments within the central London area to enable public sector

services better to respond to industry needs, thus enabling much greater take-up of these jobs by unemployed central Londoners.

25. The programme will be ground-breaking in several ways. The brokerage element will join up, standardise and unify existing borough brokerage activity as well as bolstering local delivery to fill identified gaps with additional specialist brokers; high-level cross-borough employer engagement; and support-provision capacity. A unique feature of this provision will be funding and delivering the industry demanded cards and 'tickets', not fundable via existing Skills Funding Agency provision, but essential to gain employment in these trades. This bid is one element of a significant and ambitious CLF construction sector strategy that seeks to transform delivery, addressing systemic market failures that have been inherent in this system for two decades or more.
26. This programme could work with major construction sites including developments at Nine Elms Vauxhall, Elephant and Castle, Kings Cross Central, Westminster/Victoria and in the City of London.
27. This proposed joint bid could also be very helpful to EDO and the City in providing a practical means of helping City developers deliver on the local training, skills and job brokerage strategies we ask them to submit through Section 106 agreements to secure employment and training benefits for residents of the City and neighbouring boroughs.
28. The City's own New Homes Bonus top-slice is estimated to be in the range £237k to £294k for 2015-16. As the City does not have a suitable programme within its own boundaries which could be put forward in compliance with the LEP guidelines, it is proposed that the full amount of our top-slice be contributed towards the CLF construction programme alongside those £250k (approximately) contributions of the other 7 boroughs participating in the CLF partnership. This would fit with the City's priorities to support employability in London, including supporting our work with City developers on promoting skills and employment through S106 agreements. The alternative would be for the top-sliced funds to be clawed back by Government.

Options

29. The City of London has the option either to accept or refuse the two requests to act as Accountable Body for one or both of these programmes.
30. Failure to do so may mean that these ground-breaking and high profile pilots, which could be a national model for future, more effective, provision fail 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.
31. As the City is already Contracting Body for CLF and has had a smaller part to play than the boroughs in helping to shape the new delivery arrangements for the two initiatives, it would seem reasonable for it to provide support in this way. As these projects are somewhat larger than, and/or 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.

Proposals

32. Both proposals have been moving fast over the summer, and decisions will be needed before the next meeting of this Committee to meet funder deadlines, but in neither case is there sufficient clarity or agreement on some of the major issues which are required to form the basis of the decision as to whether the City should take on the responsibility of Accountable Body.
33. We therefore recommend that delegated authority be given to the Town Clerk in consultation with the Chairman and Deputy Chairman to consider and decide upon the two proposals as matters become clearer.

Corporate & Strategic Implications

34. 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
35. Using the City Corporation's expertise to act as Accountable Body for these two programmes would demonstrate the City's commitment to London and in helping to pioneer more effective operational and governance arrangements which could become national models.

Implications

36. There will be various legal and financial implications to the City in agreeing to one or both of these two proposals:-
 - (a) Staff time in Chamberlain's and Comptroller and City Solicitor's departments, as well as in EDO, required to set up the contracting and governance arrangements for the pilots and then in procuring, monitoring, reporting, auditing and legacy information management.

City Procurement is currently evaluating the procurement options in order to deliver the programmes within the tight deadlines laid down. Research is being undertaken to identify possible public sector framework options. Alternatively, it may be necessary to undertake an EU restricted procedure in order to procure the services.

It is not possible at this stage to assess the likely extent of staff time and consequent cost needed, until various issues connected with both programmes are clarified, not least those set out in paragraph 18.

The City Corporation will wish to ensure that it is adequately resourced to manage and monitor the contract with the external provider(s) – and will consider whether this can be achieved within existing resources or

whether it may be possible to secure a proportion of the external funding to contribute to the cost of undertaking this role.

- (b) The following levels of agreement are likely to be required:-
- (i) Contract between DWP/ESF and the City of London,
 - (ii) Contract between the Managing Agent and the City of London,
 - (iii) Shared liability and delivery agreement between City of London and the boroughs within CLF,
 - (iv) MOU/Service Level Agreement (SLA) between each borough and the MA
- (c) The current Joint Venture agreement between the partners is due to expire at the end of March 2015 and the agreement in principle of the partners will be needed to be renew the JVA for a substantial period, if not for an additional 5 years to the conclusion of the programmes.

Conclusion

37. The City Corporation has been asked to help facilitate, by acting as Accountable Body, two major pilot projects to help move over 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. This support would fit with the City's commitment to use its expertise to support London, specifically in respect of skills and employment in London. Delegated authority is requested as decisions will need to be taken over the next few weeks as negotiations progress.

Appendices

Appendix A - New Homes Bonus topslicing

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Background Papers:

1. Report to Policy and Resources Committee, 19 April and 20 September 2007.
2. Report to Policy and Resources Committee, 9 July 2009
3. Report to Policy and Resources Committee, 22 March 2012

Appendix A

New Homes Bonus top- slicing

The Government introduced the New Homes Bonus grant in 2011/12 as a financial incentive to local authorities (LAs) to increase facilitate housing provision/ growth. It then announced it would “top slice” this money in 2015/16 to provide to the Local Enterprise Partnerships, LEPS, (in London the LEP is known as the London Enterprise Panel and is an advisory body to the Mayor). There was an adverse reaction from local authorities which prompted the Government to reverse its decision to top slice NHB for local authorities – except for those in London. This London only “top slice” will equate to £70 million in 2015-16.

The London LEP has taken the view that the top-sliced funds should be passed back to the boroughs. But whereas the NHB grant would normally have been passed to local authorities as unrestricted funds the London boroughs would have to bid back for the top- sliced element for activities to align with the LEP’s priorities. London Councils has set up seven Working Groups which cover the GLA and LEP priorities, these groups take an overview of the types of projects boroughs are considering to include in their bids and discuss mechanics of the managing the programmes including, for example, the draft quality threshold framework.

There is a cut -off date of 1 October 2015 for the boroughs and the GLA to agree what the NHB top-slice funding will be spent on. If not agreed, the Department for Communities and Local Government (DCLG) will claw back the funding. Spend should commence in 2015/16 but projects do not need to be completed within this timescale.

In addition to individual bids by each of the boroughs, both Central London and West London have decided to make bids for their respective sub regions.

CLF authorities have agreed jointly to bid for £2m (ie roughly £250k per CLF borough) for a construction skills and job brokerage offer for central London – the project is in development by a working group of the CLF borough employment officers.

This proposed joint bid could be very helpful to EDO and the CoL in providing a practical means of helping City developers deliver on the local training, skills and job brokerage strategies we ask them to submit through Section 106 agreements to secure employment and training benefits for residents of the City and neighbouring boroughs.

The City’s own New Homes Bonus top-slice for 2015-16 is estimated to be in the range £237k to £294k. As the City does not have a suitable programme within its own boundaries which could be put forward in compliance with the LEP guidelines, it is proposed that the full amount of our top-slice be contributed towards the CLF construction programme alongside those £250k (approx) contributions of the other 7 boroughs.

This would fit with the CoL’s priorities to support employability in London, including supporting our work with City developers on promoting skills and employment through S106 agreements. The alternative would be for the top-sliced funds to be clawed back by Government in the event that no other suitable programme could be identified by the City.