

CABINET

17 JANUARY 2012

Title: Host Borough Employment and Skills Programme	
Report of the Cabinet Member for Regeneration	
Open report	For Decision
Wards Affected: All	Key Decision: No
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Accountable Divisional Director: Jeremy Grint, Divisional Director for Regeneration	
Accountable Director: Tracie Evans, Director of Finance and Resources	
Summary: This report sets out details of the Host Borough Employment and Skills Programme funded by the Greater London Authority. The London Borough of Hackney acts as the accountable body for this programme.	
Recommendation(s) The Cabinet is recommended to agree that the Council enters into a Deed of Variation with the London Borough of Hackney to allow for additional Grant Funding in the sum of £955,892.71 to be provided to the Council under the Host Boroughs' Employment and Skills Programme.	
Reason(s) To assist the Council in achieving its objective of 'Raising Household Incomes'.	

1. Introduction and background

- 1.1 In 2009/10 the London Development Agency reached an agreement to provide the then five Olympic Host Boroughs with £15m in funding over three years to support borough efforts to tackle worklessness. During late 2010/11, due to a late start on the programme, Barking and Dagenham was invited to participate and to contribute outcomes via the borough's Job Shop service. This agreement covered only 2010/11 and was signed off under delegated authority arrangements. A total of £98,828 was drawn down.
- 1.2 From April 2011 responsibility for this programme passed over to the Greater London Authority and was reduced in scale to just over £13m. During the early part of 2011/12 the five original boroughs had made an assessment of what they could realistically deliver, given the restrictive target groups and late start. This fell short of the allocated GLA funding and with the GLA's agreement this has provided the

opportunity for Barking and Dagenham to formalise an agreement which runs over 2011/12, 2012/13 and 2013/14.

- 1.3 The London Borough of Hackney act as the accountable body for the Host Borough Employment and Skills Programme. A contract variation has been received which takes total possible funding to £955,893 (including the 2010/11 sum already received). The profile of funding is £356,056 in 11/12, £415,024 in 2012/13 and £85,535 in 2013/14. This therefore requires Cabinet approval.

2. Proposal and Issues

- 2.1 The Host Borough Employment and Skills Programme is designed to provide added value to mainstream provision. No one can be supported who is claiming Jobseekers Allowance or who is already on the Government initiative for long-term unemployed, the Work Programme. Eligible participants are those who are:

- Aged 25+, workless for 1+ years and either not claiming benefits or claiming Incapacity Benefit, Income Support or other inactive benefits
- Aged 18-24, workless for 6+ months and either not claiming benefits or claiming Incapacity Benefit, Income Support or other inactive benefits

- 2.2 Payments under the programme are outcome-based and are made at four stages: at registration onto the programme; once a job is secured; at six months employment; at one year sustained employment. In 2010/11 a total of 131 residents were registered, 38 secured employment and 12 residents sustained employment for 6 months. All of these residents, whether in or out of work, will continue to be supported and tracked into 2011/12. The programme is heavily weighted in terms of funding to job-related outcomes.

- 2.3 The outputs under this programme are primarily delivered by the existing activities of the Borough's Job Shops. Staff are now focusing their one-to-one support on these client groups as they are, by definition, furthest from the labour market. This also maximises the contribution of the service to the Regeneration Division's income targets. Participants on the programme get access to a range of support, including:

- One-to-one support to build a skills action plan
- Help with job search
- CV-writing and interview skills support
- 'Better off' calculations and help in claiming in-work benefits
- Access to a range of short vocational training courses including those not otherwise funded locally (e.g. food hygiene)
- Continued contact and the offer of support once they are in work

- 2.4 Given the restrictive eligibility it is unlikely that the Council's Job Shops can deliver all of the outcomes expected. Work is ongoing with colleagues in Children's Centres to explore the contribution that work-related activities could make to output targets. Close contact is also made with Jobcentre Plus and other local providers to encourage referrals, including the Adult College of Barking and Dagenham, which is delivering an increasing number of short vocational courses for job seekers.

- 2.5 However, it is still likely that some element of sub-contracting will need to be explored in order to draw down the full sum for the benefit of local residents. This will be complicated by the allocation of outputs. Barking and Dagenham has been allocated a much more limited number of registrations than sustained job outcomes. This is because the other boroughs have retained a much higher proportion of registrations than sustained job outcomes. The latter are of course much more difficult to achieve. Any sub-contracting will take place in accordance with procurement rules and will minimise any financial exposure to the Council.
- 2.6 Match funding for the programme is in-kind and evidenced by salary costs in the Employment and Skills group, along with reporting of job entries for those not eligible for the Host Borough programme (i.e. all other Job Shop clients). Match funding and outcomes are required over all three remaining years of the project. If any provision is sub-contracted this will also include match requirements.

3. Options Appraisal

- 3.1 In the absence of a signed agreement the Council will be unable to draw down this funding to support residents through its Job Shops. The number of local residents assisted into employment will consequently be lower.

4. Consultation

- 4.1 Consultation has been undertaken with Jobcentre Plus and Children's Services Targeted Support on delivery of the outputs mentioned in this report.

5. Financial Implications

Implications verified by: David Abbott, Principal Accountant

- 5.1 This reports seeks Cabinet approval for power to be delegated to the Director of Finance and Resources to enter into an agreement with the London Borough of Hackney (the accountable body for the scheme) to deliver up to £955,893 of match funded income from the GLA. The Council has already received and accounted for £99,278 within 2010/11, and further amounts of up to £356,056, £415,024 and £85,535 are anticipated over the three years 2011/12 – 2013/14 respectively.
- 5.2 The successful receipt of this income will be dependent on match funding by the Council and the demonstration of outputs (in terms of the number of people successfully placed into and sustaining jobs), although no incremental spend will be incurred (over and above current spend/budgets). The sums quoted represent the maximum / target level of income. To the extent that the Council is unable to deliver the required outcomes and/or match the level of funding, then the total income to be received by the Council over the three years would be less.
- 5.3 A current conservative estimate of the actual income to be received in 2011/12 is only £249,155 (although staff will continue to ensure this gap is minimised). This figure is based on current service levels and projected job outcomes, rather than a lack of eligible match expenditure. The income received from this project will partly meet the income target for the Employment and Skills service (£145k); and will also fund the running of the Job Shops and the related training programmes. To the extent that this income exceeds the current income target, it also generates funding

for other Employment and Skills projects including the European Social Fund project (community-based delivery of employment services).

- 5.4 The Council's match funding element will be from existing budgets within the Employment and Skills service, and specifically from within the Job Shops. The total 2011/12 gross budget for this is £1.3m including £667k for employees. Approximately 10 members of staff (those within the Job Shops) could legitimately apportion up to 100% of their time to this project, and five other (office-based) members could legitimately apportion a smaller percentage of their time. Therefore there is sufficient basis in which to justify / match the costs of this project over each year; and thus, the critical success factor in terms of the level of income to be received is the job/service outcomes.
- 5.5 The cost of any additional sub-contracting may be incurred in order to help achieve further service outcomes, where it is economical to do so. The level of sub-contracting is not expected to be significant, and will be met from the current Employment & Skills team budget. There are no other incremental costs associated with this programme.

6. Legal Implications

Implications verified by: Eldred Taylor-Camara, Legal Group Manager

- 6.1 Cabinet's approval is being sought to enter into a Variation Agreement for Grant Funding for Five Host Boroughs Employment and Skills Programme. The Variation Agreement will be entered into with the London Borough of Hackney, who is the accountable body in respect of the grant funding to be received by the Council from the Greater London Authority.
- 6.2 The Council entered into the initial Grant Funding Five Host Boroughs Employment and Skills Programme on 27 May 2011. This was executed under the delegated authority process as the maximum value of the funding as noted in the agreement was £164,925. This report in paragraph 1.1 confirms that the actual total funding received was £98,828.
- 6.3 Further funding in respect of the years 2011 to 2014 is now being made available under the funding scheme bringing the total value of the funding to be received by the Council to over £955,892.71. Clause 3.6 of the Council's Contract Rules states that proposed contracts with a value of over £400,000 must be reported to Cabinet.
- 6.4 A variation agreement is now required to be executed between the Council and the London Borough of Hackney noting the following:
- 1) Details of the funding increase noted above;
 - 2) The fact that all references to the London Development Agency, with effect from 1st July 2011, will become references to the Greater London Authority; and
 - 3) The inclusion of a new clause giving the London Borough of Hackney the right to terminate the agreement upon giving the Council six months' notice.
- 6.5 The information provided at present is that no procurement is required to be undertaken by the Council at this stage as the delivery of the programme will be through the Council's existing Job Shops. Should a procurement be undertaken in

the future in relation to this grant then, depending on the value and nature of the procurement, the appropriate procurement route will have to be undertaken, in line with either the Council's Contract Rules or the Public Contract Regulations.

6.6 The Legal Practice is not aware of any reason why the variation agreement with the London Borough of Hackney should not be entered into.

7. Other Implications

7.1 **Risk Management** – all provision is paid for on the basis of evidenced outcomes which the Council is already committed to serving through its Job Shop service.

7.2 **Contractual Issues** – a funding agreement will be entered into with London Borough of Hackney. If any further provision is procured via sub-contracts this will take place through open and competitive tendering. Local voluntary sector organisations will be encouraged to apply.

7.4 **Customer Impact** – this programme will help more residents into sustainable employment. It should therefore positively impact on a number of other agendas, given that it should assist in raising incomes e.g. lower rent arrears.

7.6 **Health Issues** – employment is positively correlated with improved physical and mental health.

Background Papers Used in the Preparation of the Report:

None.

List of appendices:

None