

Item No. 5.	Classification: Open	Date: 23 March 2017	Meeting Name: Better Placed Joint Committee
Report title:		Pathways to Employment Phase 2	
Ward(s) or groups affected:		All wards in Lambeth, Lewisham and Southwark	
From:		Helen Payne, Assistant Director of Welfare, Employment and Skills, Lambeth Council Stephen Gaskell, Head of Chief Executive's Office, Southwark Council Robyn Fairman, Head of Strategy, Lewisham Council	

RECOMMENDATIONS

1. To agree that the revised value of the agreement with St Giles Trust to deliver Pathways to Employment Phase 2 (PTE2) will be up to £1,660,900.

BACKGROUND INFORMATION

2. Lambeth, Lewisham and Southwark Councils with south London Jobcentre Plus (JCP) district are working together to transform local employment, welfare and skills support through the locally co-commissioned employment programme, Pathways to Employment (or "Pathways").
3. Pathways aims to prevent residents with complex needs from becoming or staying long-term unemployed and cycling in and out of different programmes. Individuals are supported by a key worker who works with them to address barriers to work including: skills, housing, debt, family and childcare and set them on a *pathway to employment*. The programme is in its second phase and is demonstrating that local, person-centred approaches and effective service integration improve outcomes and reduce cost.
4. The successful phase 1 pilot ran from October 2014 to November 2015 earning a national reputation with government and the sector for good practice and innovation. This included a national policy seminar in July 2015 involving the leaders from each council, the permanent secretary from Department for Communities and Local Government (DCLG) and key representatives from HM Treasury, Department for Work and Pensions (DWP), local employers, the education sector and national employment and research bodies. PTE2 has built on the foundations established by the first phase and has already supported 128 residents into work, who had been identified as being at risk from becoming long-term unemployed, in addition to the 110 residents who found work in the first phase.
5. The three councils secured £1.1m of funding for the second phase of Pathways through the DCLG's Transformation Challenge Award (TCA), along with individual borough contributions and funding from JCP. The councils have been seeking ESF for PTE2 via London Councils' direct bid to the Greater London Authority's (GLA) European Programme Management Unit. The GLA has overall responsibility and sign off for ESF in London and London Councils are

coordinating bids for ESF in their pan London role, on behalf of several London boroughs for a variety of projects. With ESF London Councils would have managed and overseen PtE2 as the Managing Agent and entered into a direct agreement with St Giles Trust.

6. London Councils approached borough officers about using TCA as match funding for ESF for PtE2 in spring 2015, thereby increasing the programme size and the number of residents able to benefit. Officers were initially told the approach would be light touch and funding would be in place quickly. The boroughs have worked very closely with London Councils on ensuring that ESF rules are followed and took advice from London Councils' officers on technical details given their leading role in the process.
7. Over the course of the last two years London Councils have required several fundamental changes to the programme and the boroughs have endured a number of delays. At each delay or new issue the boroughs have sought to work with London Councils and identify a pragmatic way forward, adapting PtE2 where necessary.
8. In December 2015 the Better Placed Joint Committee awarded delivery of PtE2 to St Giles Trust for a period of two years for a maximum value of £1,823,611.60 in anticipation of an outcome on ESF by January 2016, as advised by London Councils. The procurement of PtE2 made clear that PtE2 would either be borough and JCP only funded, or a larger ESF match funded programme.
9. In January 2016 London Councils informed the boroughs that there were delays with securing ESF and that changes were required to the PtE2 outcomes and outputs in order to secure ESF and so proceed with the project. Recognising the importance of starting delivery, to ensure residents benefit from this innovative programme, Leaders agreed, through the Joint Committee in February 2016, an interim grant to enable the programme to start in the face of the ongoing delays. Lambeth Council (as the contracting body in this instance for the Better Placed Partnership) entered into the interim grant agreement with St Giles Trust for three months for £225,219 in May 2016. The grant was designed on London Councils' requirements and advice on what would be eligible for ESF retrospectively, and was constructed so it would form part of the overall PtE2 programme.
10. In August 2016 senior borough officers wrote to London Councils to seek urgent clarification on the timescales for putting an ESF agreement between London Councils and St Giles Trust in place. At this point, London Councils informed the boroughs that the GLA would need to carry out a review of the procurement and arrangements to date for PtE2 before any ESF agreement could be put in place. The GLA concluded their review in late December 2016 and identified risks.
11. The partnership is extremely disappointed by the delays with, and handling of, ESF by London Councils, which has been detrimental to residents' interests and the programme. London Councils' advice on what is and is not eligible for ESF monies and the changes they insisted on have resulted in the risks identified.

KEY ISSUES FOR CONSIDERATION

Using ESF to fund Pathways to Employment phase 2

12. The GLA, who have overall responsibility for ESF in London, have now completed a review of the eligibility of PtE2 for ESF and have advised that there would be significant risks with proceeding. Most significantly there is a risk of liability for financial corrections issued by the European Union (EU) due to non-compliance with EU funding rules, which could be as much as £1m. In addition, there are likely to be further delays in securing ESF. This would result in delayed payments to the provider (a local charity), and potentially jeopardise support for residents.
13. Officers have expressed significant disappointment to London Councils in how the process has been managed and London Councils acknowledge that there are lessons to be learned for future delivery.

The way forward

14. The aim of Pathways is to demonstrate the benefits of localising employment support. This has been achieved through close relationships with local services enabling residents to be supported in a way that national programmes have been unable to do. The success of Pathways and the evidence that it works at a local level has influenced the devolution of the Work and Health Programme (the government's back to work scheme) to London. The Work and Health Programme will start in April 2018 and referrals to the current Work Programme will cease in April 2017. Pathways provides important support for residents in this context. The boroughs with JCP are looking at how Pathways can continue to take referrals until April 2018, which includes how PtE2 could be scaled up to achieve the level of outcomes originally anticipated through accessing ESF.
15. The programme board of senior officers in Lambeth, Lewisham and Southwark have considered, in depth, the potential options in this context and in light of the GLA review and the risks identified. These are:
 - To proceed with ESF for PtE2. This option is not proposed as it could result in financial corrections being issued by the EU of up to £1m. This financial risk is high especially at a time of significant financial pressure for the three councils and local JCP.
 - To proceed with PtE2 being a borough and JCP only funded programme, and pursue ESF for a third phase of Pathways. Officers have explored using ESF for a third phase of Pathways, however London Councils have been unable to give the reassurance and confidence about timescale and process that officers were seeking, and therefore this option is not recommended.
 - To proceed with PtE2 being a borough and JCP only funded programme, and for officers to identify other funding to extend referrals on to the programme to April 2018. This is the option being recommended as it will give the partnership greater flexibility to determine future programme size and scope and so maximise the benefits to residents and minimise the risks to existing programme delivery.
16. Under the recommended option Lambeth (as the contracting body for the Better Placed partnership) will enter into a performance related grant for delivery of PtE2 for up to £1,660,900 with St Giles Trust, backdated to May 2016. This sum

will incorporate all agreements made and funding paid to date. The three boroughs are committed to PtE2 and working together to support vulnerable residents, however recognising the different level of contributions being made to the programme, it will be delivered in a way that reflects the resources available both now and in the future. As such the referrals and outcomes delivered through the programme will be proportionate to the funding provided by each borough.

Performance and delivery to date

17. St Giles Trust have continued to deliver at risk, outside of the interim grant agreement while funding arrangements are finalised. The provider has been paid for outcomes achieved over and above the targets set out in the interim grant agreement, through delegated decisions in Lambeth for £48,261, using TCA money and for £130,000 in Southwark, using Southwark Council's financial contribution to the programme, funded by New Homes Bonus (NHB).
18. Despite the continued uncertainty surrounding ESF, St Giles Trust, who lead a partnership of local providers, has worked well to deliver the Pathways model and help residents tackle multiple barriers to work, such as: debt, housing issues, offending history and mental and physical health conditions, and access employment. Residents have secured work in a range of areas including: construction, retail, health and social care and hospitality. The table below shows what St Giles Trust have achieved to date against the targets set out in the interim grant.

Pathways to Employment Phase 2 Interim Grant	TARGET in Interim Grant Agreement	ACHIEVED to Feb 17
Number of participants receiving 6+ hours of support (IAG, job search, mentoring, training)	157	521
Number gaining basic skills	49	111
Number into Further education	10	27
Number into employment (including self-employed)	77	128
Number of participants in sustained employment 26 of 32 weeks (there are sufficient jobs starts to meet this target going forward)	41	4

Future areas of work

19. Establishing the Joint Committee demonstrates the commitment of the three boroughs and JCP to work together on growth, economic development and skills. The continued financial pressure facing the public sector increases the importance of seizing opportunities for implementing programmes at the tri-borough scale to support our most vulnerable residents into work.
20. As part of future planning, officers have already started work on identifying further opportunities, including delivery of skills at a cross-borough and sub-regional level.

21. Learning from Pathways has helped inform the design of the national and sub-regional level Work and Health Programme. Evaluation and learning have been key to the Pathways approach. The lessons from the first phase of Pathways have been embedded and the boroughs commissioned a formative evaluation of PtE2, to better understand the process of change, what works, what does not and why. This learning will be disseminated through seminars and reports, and inform continuing improvements to the programme.

Policy implications

22. All three boroughs are committed to working collaboratively to achieve the best possible outcomes for their residents. The boroughs share a common aspiration to help residents with complex barriers make the most of the opportunities that London has to offer.
23. The boroughs are using their collective influence to transform local employment support provision for the hardest to help groups, with the ultimate aim of ushering in a completely new way of delivering services which focuses on individual need considered in a localised context.
24. This work aligns with the Cities and Local Government Devolution Act 2016, which makes provision for conferring additional functions on local authorities.
25. This work aligns with strategic priorities at all three boroughs.
26. The programme contributes directly to the achievement of the following outcomes in Lambeth's Borough Plan:
- Inclusive growth
 - Reducing inequality
 - Strong and sustainable neighbourhoods
27. The programme ties in with Shaping Our Future: Lewisham's Sustainable Community Strategy (SCS) and Lewisham's Work and Skills Strategy 2016-2018 (WSS), and in particular with the following priorities:
- Dynamic and prosperous – where people are part of vibrant communities and town centres, well connected to London and beyond (SCS)
 - Ambitious and achieving – where people are inspired and supported to fulfil their potential (SCS)
 - Deliver employment support for those with the most complex needs (WSS)
28. The core aims of Southwark's Economic Wellbeing Strategy 2017-22 include supporting local people into employment and mitigating against financial challenges:
- Priority 1: Employment & Skills – A full employment borough with a job opportunity for every Southwark resident who wants to work
 - Priority 4: Financial Wellbeing – Helping people to grow their incomes and ensuring a fair day's pay for a fair day's work
29. Furthermore, the Work and Pensions Select Committee's welfare-to-work report (published in October 2015) highlighted PtE as a model of excellent practice, recommending its key principles be adopted on a national scale.

Financial implications

30. The three councils secured £1.1m of funding for the second phase of the programme through the Department for Communities and Local Government's Transformation Challenge Award. The boroughs and JCP have committed funding of £685,000 to the Better Placed Budget as shown below:

	£
JCP	95,000
LB of Southwark	130,000
LB of Lambeth	230,000
LB of Lewisham	230,000
Total	685,000

31. The total identified funding of £1.1m of TCA and borough and JCP contributions of £685,000 is sufficient to meet the costs of £1,660,900. The larger sum is the Better Placed budget from which the Pathways budget is drawn. Officers will continue to pursue other funding opportunities to support both existing and future provision, in line with each Council's budget setting process and this will include external funding opportunities. JCP will consider a further application to their Flexible Support Fund via a Community Budget Bid to support Pathways to Employment phase 2 but they are unable to commit to this until the new financial year.
32. There are no direct funding implications for any of the boroughs from the reduction in the size of the award as funding has already been earmarked from non-recurring and project-specific council funding; NHB in Southwark, S106 and Co-operative Investment Fund in Lambeth, and S106 and programme funding in Lewisham.
33. The provider has been paid for outcomes achieved over and above the targets set out in the grant agreement, through delegated decisions in Lambeth for £48,261, using the TCA money and for £130,000 in Southwark, using Southwark Council's financial contribution to the programme, funded by NHB. Awarding the provider the outstanding sum of money for outcomes achieved has allowed the project to continue in lieu of a decision on ESF from London Councils.
34. Lambeth Council is the contracting body and Lewisham Council is the accountable body for funding, and as such holds the Transformation Challenge Award funding for this programme. Lambeth as the contracting body will pay the provider for outcomes achieved under the terms of the award and be reimbursed by Lewisham. The partnership will monitor the programme and this will be done with existing programme resources.

Community impact statement

35. This programme targets residents with a range of complex needs who are overrepresented in unemployment measures, including some of the most marginalised groups in the labour market.
36. By focusing attention on these residents, this service specifically aims to meet the needs of protected characteristics groups. Due regard has been paid to the Public Sector Equality Duty (PSED) in section 149 of the Equality Act 2010.

Specifically, to have due regard to the need to eliminate discrimination, harassment, victimisation or other prohibited conduct; advance equality of opportunity (here through providing the means to engage in the labour market and improve socio-economic outcomes and wellbeing); and foster good relations between people with protected characteristics and those without. The relevant protected characteristics specifically supported through this provision are age, disability, race and gender.

37. The programme offers employment support and local employment opportunities solely to residents of Lambeth, Lewisham and Southwark.
38. Community benefits will accrue through the direct outputs of the programme, principally through measurement of numbers entering employment, but also indirectly through meeting employer demand for a local workforce.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

39. This report seeks the approval of the Joint Committee to a variation of the value of the PtE phase 2 contract, awarded to St. Giles Trust following a decision of the Joint Committee in December 2015. The report presents (at paragraph 16) options for proceeding with phase 2 of the programme in light of difficulties in accessing ESF funds available through the GLA, as highlighted in the report.
40. The proposed reduction in the value of the contract is not a variation such that a new procurement process would be required in line with the Public Contracts Regulations 2015.
41. The recommendation at paragraph 1 of the report relates to an executive function, and all three participating authorities may make arrangements for the joint discharge of executive functions (Local Government Act 2000 and Local Authorities (Arrangements for the Discharge of Functions) Regulations 2012). The decision the Joint Committee is recommended to take is one that is within the Joint Committee's Terms of Reference, and as such is consistent with these arrangements.
42. The Joint Committee is reminded that the Public Sector Equality Duty (PSED) applies to the exercise of this function, and its attention is drawn to the community impact statement in the report.

Strategic Director of Finance and Governance

43. This report is requesting the Better Placed Joint Committee to agree the revised value of £1,660,900 for the agreement with St Giles Trust to deliver the PTE2. Full details and background are provided within the main body of the report.
44. The financial implications section provides details on how the proposed agreement is expected to be funded by the three councils.
45. The strategic director of finance and governance notes that there are no other financial implications arising from this report and any further variations or extensions to the PTE2 will need to be subject to agreed funding from all three councils.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Pathways to Employment (PtE) phase 2 contract award (Better Placed Joint Committee 3 December 2015 – Item 6)	160 Tooley St, SE1 2QH / Southwark Website	Stephen Gaskell (Stephen.gaskell@southwark.gov.uk); 020 75257293
Link: http://moderngov.southwark.gov.uk/ielistDocuments.aspx?CId=410&MId=5322&Ver=4		
Pathways to Employment Phase 2 – update and proposed award of grant (Better Placed Joint Committee 29 February 2016 – Item 6)	160 Tooley St, SE1 2QH / Southwark Website	Stephen Gaskell (Stephen.gaskell@southwark.gov.uk); 020 75257293
Link: http://moderngov.southwark.gov.uk/ielistDocuments.aspx?CId=410&MId=5352&Ver=4		

AUDIT TRAIL

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CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments Sought	Comments Included	
Departmental Finance Manager – Southwark	Yes	Yes	
Group Finance Manager – Lewisham	Yes	Yes	
Associate Director Financial Planning and Management– Lambeth	Yes	Yes	
Contracts Lawyer – Lambeth	Yes	Yes	
Senior Contracts Lawyer – Lewisham	Yes	Yes	
Head of Corporate Team (legal) - Southwark	Yes	Yes	
Cabinet Member	No	No	
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