

Item No. 6.	Classification: Open	Date: 29 February 2016	Meeting Name: Better Placed Joint Committee
Report title:		Pathways to Employment Phase 2 – update and proposed award of grant	
Ward(s) or groups affected:		All wards in Lambeth, Lewisham and Southwark	
From:		Director of Strategy and Commissioning (Lambeth Council)	

RECOMMENDATIONS

1. That due to unforeseen delays with London Councils securing funding from the European Social Fund (ESF), that the Better Placed Joint Committee award a performance related grant of £225,219 to St Giles Trust to enable Pathways to Employment Phase 2 (PtE2) to start from March 2016.
2. That as Lambeth Council will be awarding the grant, (though risks and liabilities will be shared by the three boroughs in line with Memorandum of Understanding between them) the joint committee agree that any further variations on the contracting arrangements for this award be delegated to the Chief Executive of Lambeth Council.

BACKGROUND INFORMATION

3. On 3 December 2015 the Joint Committee agreed to award St Giles Trust a contract to deliver the Better Placed PtE2 programme with a maximum value of £1,823,611.60, for a period of two years, following a two stage restricted procurement procedure using EU supply.
4. The Joint Committee agreed to fund PtE2 through a combination of Department for Communities and Local Government's Transformational Challenge Award (TCA) funding (£1.1m) and borough funding, with the addition of match funding from ESF (£0.98m) once London Councils' bid to the Greater London Authority's (GLA) European Programme Management Unit (EPMU) was approved. In October 2015 London Councils was given approval from the GLA for the PtE2 project to be included in its funding bid to EPMU.
5. The report to the Joint Committee on 3 December 2015 outlined an indicative start date for the contract of 14 December 2015, with the contract to be finalised once London Councils were able to draw down funding from the ESF. As confirmed at a meeting on 27 January, London Councils advised of delays with the ESF process which has delayed the project start date. However, Lambeth, Lewisham and Southwark (LLS) Councils want to start delivery with St Giles Trust who have begun project mobilisation, including recruiting project staff (in anticipation of an outcome on the ESF bid).
6. Therefore this report now seeks approval for a grant of £225,219 in advance of the full ESF, to ensure the project starts as soon as possible, from March 2016.

KEY ISSUES FOR CONSIDERATION

Delay to ESF

7. London Councils submitted all the specifications for its direct bid for ESF to the GLA in early February and a response should be received from the GLA within six weeks, though this could be longer. As St Giles Trust and its delivery partners had been expecting to start delivery in December or January, it has commenced project mobilisation, including recruitment of key project staff.

The way forward

8. LLS officers have considered the potential options in light of the delays to ESF. These include:
 - Waiting to commence delivery until ESF contracts have been signed. This option is not proposed as it could result in a delay of up to three months and could lead to the loss of our delivery partner and jeopardise effective delivery.
 - Withdrawing from ESF altogether. This option is not being considered as it would reduce the budget for the programme by £0.98m therefore limiting the number of potential beneficiaries from the programme and with it have reputational consequences.
 - Enter into an interim grant agreement with St Giles to enable immediate delivery while allowing time to secure ESF. This is the option that is being proposed.

Recommended option

9. The recommended option is to enter into an interim grant agreement with St Giles for £225,219. This will enable the project to get underway in March 2016, maximising the benefits to residents and minimising the risks to project delivery. The risks include:
 - Potential of St Giles Trust or their partners walking away from the work because of delays.
 - St Giles Trust not being able to retain staff within their organisation and across the partnership, as they had already started project mobilisation in good faith.
 - Reputational risks with key stakeholders including Jobcentre Plus and the Department for Work and Pensions and our delivery partners.
10. After meeting LLS officers to discuss this option St Giles are comfortable with the way forward.

Outcomes expected from interim grant

11. The outcomes for this project will be based on the project outcomes for the entire PtE2 ESF project but scaled to match the funding available. This is so the project can be easily incorporated into London Councils' grant agreement for ESF once secured. The outcomes from this first phase are anticipated to be:
 - Number of participants: 210
 - Number of participants receiving six or more hours of support: 157

- Number of participants gaining basic skills: 49
- Number of participants in employment (including self-employed) within 13 weeks of leaving the project: 77
- Number of participants in sustained employment for 26 weeks (6 months): 41

How the interim grant would fit with the ESF project

12. The £225,219 interim grant would be treated as part of the match funding from TCA for the wider ESF project, and ESF funding for the outcomes achieved as part of this phase would be applied retrospectively.
13. The interim grant agreement with St Giles, which Lambeth Council will be issuing, will be worded accordingly so it allows for it to be incorporated into the ESF project and the agreement that St Giles will have with London Councils.

Policy implications

14. 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.
15. 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.
16. This work aligns with the Cities and Local Government Devolution Act 2016, which makes provision for conferring additional functions on local authorities.
17. The work demonstrates our proactive response to the devolution agenda, as discussed at the Institute for Public Policy Research event 'Better Placed: Is a Local Offer Best?' in July 2015.
18. This work aligns with strategic priorities at all three boroughs.
19. The pilot contributes directly to the achievement of the following outcomes in Lambeth's Community plan (2013-16) and Outcomes Commissioning Framework:
 - People have the skills to find work
 - People achieve financial security.
20. The pilot ties in with Shaping Our Future: Lewisham's Sustainable Community Strategy (SCS) and Lewisham's Work and Skills Strategy 2015-2017 (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)

21. The core aims of Southwark's Economic Wellbeing Strategy 2012-20 include supporting local people into employment and militating against financial challenges:
 - Ambition 1: Employment – narrowing the gap with the London employment rate
 - Ambition 4: Promoting financial wellbeing and independence
22. 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.

Resource implications

23. The three councils secured £1.1m funding for this programme through the Department for Communities and Local Government's Transformation Challenge Award (TCA).
24. This has since increased by a further £985,736 through the European Social Fund (ESF) via London Councils' direct bid, giving total funding for the programme of £2,185,736. Of this, £1,823,611.60 is being used to fund the PtE2 contract.
25. In order to commence delivery of the project, £225,219 of the TCA will be used to issue a performance related grant to St Giles Trust. This would be treated as forming part of the funding from TCA and will in effect form the best part of the 15 per cent upfront payment of the £1.8m that will be made to St Giles Trust under ESF, if successful.
26. Lambeth Council is the contracting body for this performance related grant and currently holds the funds for this contract.

Community impact statement

27. This pilot 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.
28. 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.
29. In order to address need most effectively the specification, the tender assessment process and the measurement of pilot performance have been designed to take into account explicitly the findings of the Better Placed Community Budget research in relation to addressing inequality in accordance with the PSED. The provider's approach to equalities has already been

assessed through stage one of the tendering process as part of the PQQ as gateway requirement.

30. The service contract will specify that employment support and local employment opportunities are made available solely to residents of Lambeth, Lewisham and Southwark.
31. Community benefits will accrue through the direct outputs of the pilot, principally through measurement of numbers entering employment, but also indirectly through meeting employer demand for a local workforce.
32. An equalities gateway criterion in the tender evaluation required at least an adequate score to be considered for funding. The impact of the pilot across equalities groups will be monitored and any disproportionate impact will be investigated through regular contract monitoring meetings.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

33. This report seeks the approval of the Joint Committee to the award of a performance related grant to St. Giles Trust and the delegation of any further variations to the contracting arrangements to the Chief Executive of Lambeth Council, the contracting authority for the PtE2.
34. The participating councils are permitted by the Local Government Act 2000 (and regulations made under the Act) to establish joint arrangements to exercise certain functions, which may involve the appointment of a joint committee with those other authorities. The Joint Committee is empowered to take the decisions under recommendation.
35. The Joint Committee is reminded that the PSED applies and they are directed to paragraphs 28 and 29.

(Approved by David Thomas, Contracts Lawyer, Lambeth Council and Mia Agnew, Senior Contracts Lawyer, Lewisham Council)

Strategic Director of Finance and Governance (CE15/028)

36. The resource implications in paragraphs 23 to 26 are noted. The grant which this report recommends awarding to St Giles is treated as forming part of the funding from TCA for the PtE2 project. The net effect on the finances of the three boroughs will therefore be zero.

(Approved by John Johnstone, Acting Group Finance Manager, Lewisham Council and Hamant Bharadia, Associate Director: Financial Planning & Management, Lambeth Council)

REASONS FOR URGENCY

37. It is necessary to have a decision by 29 February to enable the interim contract with St Giles to be let by 7 March. Further delays would create additional cash flow problems for the provider and increase the risks to the project as set out in paragraph 9 above.

REASONS FOR LATENESS

38. As a result of seeking and agreeing the content of the report across the three partner boroughs in a short period of time, it was not possible to have the report completed in time for the main agenda dispatch.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Better Placed Joint Committee 3 December 2015	Southwark Council, 160 Tooley St, London SE1 2QH	Stephen Gaskell (Stephen.gaskell@southwark.gov.uk); 020 7525 7293

AUDIT TRAIL

Lead Officer	Adrian Smith, Director of Strategy and Commissioning (Lambeth Council)	
Report Author	Ameeta Rowland, Programme Manager (Lambeth, Lewisham and Southwark Councils)	
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Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Strategic Director of Finance & Governance – Southwark	Yes	Yes
Director of Law and Democracy - Southwark	Yes	Yes
Associate Director: Financial Planning & Management – Lambeth	Yes	Yes
Contracts Lawyer – Lambeth	Yes	Yes
Group Finance Manager – Lewisham	Yes	Yes
Senior Contracts Lawyer – Lewisham	Yes	Yes
Cabinet Member	No	No
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