

For General Release

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| REPORT TO: | CABINET 21 September |
| SUBJECT: | South London Partnership Work & Health Programme Job Entry: Targeted Support (SLP WHP JETS) |
| LEAD OFFICER: | Shifa Mustafa, Executive Director, Place Stephen Tate, Director, Growth Employment & Regeneration |
| CABINET MEMBER: | Councillor Hall – Cabinet Member for Finance and Resources Councillor Shahul Hameed, Cabinet Member for Economy and Jobs |
| WARDS: | All |
| CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON | |
| <p>Covid-19 has had an unprecedented impact on unemployment in the UK. The South London Partnership Work & Health Programme Job Entry: Targeted Support strand addresses both Croydon priorities and South London Partnership priorities.</p> <p><i>Croydon Corporate Plan Priority – direct impact</i></p> <ul style="list-style-type: none">• Everybody has the opportunity to work and build their career<ul style="list-style-type: none">○ More businesses pay the London Living Wage, employ local and buy local○ More residents and businesses benefit from the regeneration and investment being made in Croydon○ More residents can develop their skills through apprenticeships, academic and technical courses <p><i>Croydon Corporate Plan Priorities – indirect impact</i></p> <ul style="list-style-type: none">○ People live long, healthy, happy and independent lives○ There are good, decent homes, affordable to all○ Everybody has the opportunity to work and build their career○ Business moves here and invests, our existing businesses grow <p>The provider, Reed In Partnership and their Supply Chain has committed to the Council's Social Values and London Living Wage agenda</p> <p><i>South London Partnership priorities</i></p> <ul style="list-style-type: none">• Support all residents towards or into work and to progress through their career• Increase employer participation and investment in skills• Align the skills offer to our growth and strategic sectors | |

FINANCIAL IMPACT

Financial allocations have been formally confirmed in a letter by Department for Work and Pensions (DWP) Employment Account Director (Appendix 1) following DWP Grant Approvals Board 18 August.

| | 20/21 | 21/22 | Total |
|--------------------------|--------------|--------------|--------------|
| South London Partnership | £1.35 | £2.12 | £3.47 |

Agreement has been given for local admin costs to be included in the forward financial forecasts. This must be found from within the totality of the funding allocated specifically for South London Partnership Work & Health Programme Job Entry: Targeted Support, and equate to no more than 1.2% of the total funding = £41,484 for 12 months.

This programme will commit the Council to a maximum spend of £3.47m over a period of 12 months commencing October 2020 funded from DWP.

Given the short time frame to meet DWP deadlines, match funding through ESF would not be feasible.

FORWARD PLAN KEY DECISION REFERENCE NO: 2620CAB

This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made.

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

The Cabinet is recommended by the Contracts and Commissioning Board to:

- 1.1 Agree, in accordance with Regulation 30.3 of the Council's Tenders and Contracts Regulations, to vary the contract between London Borough of Croydon (as Co-Financing Organisation on behalf of the South London Partnership) and Reed In Partnership to include additional services required in light of Covid-19 at a value of £3.47 million for a period of 12 months at a maximum value of £16.85m.

2. EXECUTIVE SUMMARY

- 2.1 The Covid-19 outbreak has inflicted an unprecedented blow to communities and the local economy. Over the last three months the crisis has exacerbated existing inequalities, accelerated the decline of high streets and driven unemployment to record levels.
- 2.2 DWP has successfully bid to Treasury for additional funding to increase capacity by expanding the eligibility criteria of the Work and Health Programme (WHP) to support the many people who have become unemployed as a result

of COVID-19. The intention is that these additional services will begin around 5 October 2020.

- 2.3 This report is before Cabinet to approve a £3.47 million contract variation to the South London Partnership (SLP) WHP contract held with Reed In Partnership to accommodate a separate employment strand Work & Health Programme Job Entry: Targeted Support (WHP JETS) for a 12 month period starting in October 2020.
- 2.4 The existing SLP Work & Health Programme is worth £13.3 million, jointly funded via DWP and the European Social Fund (ESF). It started March 2018 and runs to 2023. The requested variation would increase DWP proportion to £10.16 million for a 12 month period after which it reverts to an even split between ESF and DWP.
- 2.5 It is intended to support up to 3,520 residents of Croydon, Merton, Kingston, Sutton and Richmond into sustainable employment and will provide light touch, short term support to local residents who have become newly unemployed as a result of Covid-19.
- 2.6 The effect of the decision is that the Council will commit to spending up to £3.47 million to enable Reed in Partnership to expand the existing SLP Work & Health Programme provision. Any proportion of the £3.47million budget that is spent on this provision will be paid to the Council in the form of grant funding paid quarterly in advance from the DWP. This will result in a nil effect on the Council's revenue budget.
- 2.7 It will be delivered via the same Grant Funding mechanism as the core Work & Health Programme, which will form the basis of the formal agreement between DWP and each Local Growth Partnership for their responsibility for the delivery of WHP JETs. These will be formally ratified through the existing Joint Governance Arrangements and a new Memorandum of Understanding will be entered into. The contract variation will confirm that no payments will be made unless and until this new MoU is signed and the funding secured.
- 2.8 The content of this report has been endorsed by the Contracts and Commissioning Board.

| CCB ref. number | CCB Approval Date |
|------------------------|--------------------------|
| CCB1607/20-21 | 04/09/2020 |

3 DETAIL

- 3.1 The South London Partnership (SLP) is a sub-regional collaboration of five London boroughs: Croydon, Kingston upon Thames, Merton, Richmond upon Thames and Sutton. Working together and with partners and building on many years of collaborative working, SLP adds value to what individual boroughs could achieve on their own.

3.2 Croydon is the lead accountable body for DWP/ESF Work & Health Programme on behalf of the SLP.

3.3 The existing SLP Work & Health Programme is worth £13.3 million and jointly funded via DWP and ESF. It started March 2018 and runs to 2023. Croydon is the accountable body for the SLP Work and Health Programme.

3.4 The original WHP contract was awarded to Reed In Partnership in December 2017, in accordance with the OJEU notice reference 2107/S 044 080966. CCB approved the contract on 3 November 2017 (CCB ref: 1285/17-18) and it was formally approved by Cabinet on 20 November 2017. The Key Decision Reference relating to this contract is 2017CAB.

3.5 It is known as *Better Working Futures* and delivered by Reed in Partnership. It supports people who have been out of work for more than two years, have health problems or disabilities or face other kinds of barriers to employment. March 2018 – July 2020 inclusive:

4,442 residents of SLP boroughs have been referred to the programme

2,488 have started on the programme

Of which, 78% had a reported health condition or disability

656 participants have been supported into work (26x% of all participants)

Of which 80% have a health condition or disability

3.6 The Covid-19 pandemic is the biggest public health crisis this country has experienced in more than 100 years. It is now clear the public health crisis is now a major global economic emergency.

UK GDP fell by 2.2% in the first quarter of 2020 (January to March), as the economy began to feel the effects of lockdown. Figures for the second quarter (April to June) showed the steepest fall on record, of 20.4%, as the lockdown brought many areas of the economy to a complete standstill.

The UK is now formally in a recession and The International Monetary Fund (IMF) predicts huge falls in GDP for 2020 as a whole - an extraordinary fall of 10.2% for the UK.

This will have a huge impact on businesses and employment in Croydon and with long-lasting impacts on communities across the borough.

3.7 DWP Claims to Universal Credit in London compared: pre and post-lockdown

| Local Authority | Total claims from 1 March to 13 June | Mean weekly claims pre-15th March (pre-lockdown) | Mean weekly claims post-15th March (post-lockdown) | Difference in Mean weekly claims | % increase in mean weekly claims |
|----------------------|--------------------------------------|--|--|----------------------------------|----------------------------------|
| Croydon | 19178 | 453 | 1406 | 953 | 311% |
| Kingston upon Thames | 6119 | 106 | 454 | 349 | 431% |
| Merton | 10155 | 170 | 755 | 585 | 444% |
| Richmond upon Thames | 5288 | 98 | 392 | 294 | 400% |
| Sutton | 7740 | 132 | 575 | 444 | 437% |

*Please note that these are claims to Universal Credit, not the number of people claiming UC. A significant minority of claims to UC do not end up proceeding to payment.

These Universal Credits figures represent a significant rise in the numbers of unemployed residents across the SLP boroughs. These individuals would benefit from a rapid intervention in order to get them back into the job market.

3.8 In order to address this, DWP has successfully applied to Treasury for funding for a new strand of Work & Health Programme, detailed below. Having two strands supporting different cohorts of people who are unemployed widens the opportunities available to residents.

3.9 SLP WHP Job Entry: Targeted Support (SLP WHP JETS) is a new grant responding to the impact of the Covid-19 pandemic and is intended to complement the existing WHP programme with the same core objectives. It is a separate employment service that will help people who have been unemployed and in receipt of benefits for at least 13 weeks, to find sustained work.

In broad principles, the SLP WHP JETS will align to the core WHP programme but will:

- provide a light touch provision that includes, but is not limited to, transferable skills analysis, CV writing, job search, interview skills, self-efficacy and confidence building and takes a sector-based approach;
- be delivered and managed separately to the core WHP contract (in order to ensure separation from ESF funding);

3.10 Agreement has been given for local admin costs to be included in the forward financial forecasts, this must be found from within the totality of the funding allocated specifically for WHP JETS, and equate to no more than 1.2% of the total funding. This equates to £41,484 for 12 months.

3.11 **Proposal** - Vary the contract with Reed in Partnership

Given the tight timescales in which to implement and deliver WHP JETS, the recommended option is to vary the existing WHP contract (further details regarding the options are set out at paragraphs 6.4 and 13 below). Following the consideration of legal advice, the Council would seek to rely on Regulation 72(1)(c) of the Public Contracts Regulations 2015 to permit the modification of the contracts, which can be applied where the need for modification has been brought about by circumstances which a diligent contracting authority could not have foreseen. It is to be noted that many of the other boroughs implementing WHP JETS have opted to vary their existing WHP contracts.

4. **CONSULTATION**

- 4.1 All South London Partnership (SLP) boroughs have been consulted since the beginning of DWP proposals in July through the SLP Skills and Employment Working Group (SEWG). An additional workshop was held in July across the SLP with the provider to help confirm and articulate the specification. SLP Growth Directors have agreed to the contract variation in principle already and will formally approve this approach on 11 September.
- 4.2 Each of the five South London boroughs nominated Lead Officers have been involved and contributed to this process throughout.
- 4.3 Wider Work & Health Programme sub regions (including Central London Forward, Local London, as well as Greater Manchester) have discussed these DWP proposals with Croydon. The majority of other boroughs have opted to vary their existing WHP contracts in order to deliver WHP JETS.

5. **PRE- DECISION SCRUTINY**

- 5.1 The Council has responded at pace to accommodate the new funding set out in this report as an immediate response to a rapidly developing economic crisis. The process for awarding the contract has followed set procurement rules and as such has not been considered by Scrutiny

6. **FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

6.1 **Revenue and Capital consequences of report recommendations**

| | Current year | Medium Term Financial Strategy – 3 year forecast | | |
|---------------------------------|------------------|--|------------------|------------------|
| | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 |
| Revenue Budget available | | | | |
| Expenditure | 0 | 0 | 0 | 0 |
| Income | 0 | 0 | 0 | 0 |

Effect of decision from report

| | | | | |
|-------------------------|----------|----------|----------|----------|
| Expenditure | 0 | 1,350 | 2,120 | 0 |
| Income | 0 | (1,350) | (2,120) | 0 |
| Remaining budget | 0 | 0 | 0 | 0 |

Capital Budget available

| | | | | |
|-------------|---|---|---|---|
| Expenditure | 0 | 0 | 0 | 0 |
|-------------|---|---|---|---|

Effect of decision from report

| | | | | |
|-------------|---|---|---|---|
| Expenditure | 0 | 0 | 0 | 0 |
|-------------|---|---|---|---|

| | | | | |
|-------------------------|----------|----------|----------|----------|
| Remaining budget | 0 | 0 | 0 | 0 |
|-------------------------|----------|----------|----------|----------|

6.2 The effect of the decision

The effect of the decision is that the Council will commit to spending up to £3.47million to enable Reed in Partnership to expand the existing SLP Work & Health Programme provision, to include light touch, short term support to local residents who have become newly unemployed as a result of Covid-19.

Any proportion of the £3.47million budget that is spent on this provision will be paid to the Council in the form of grant funding from the DWP. This will result in a nil effect on the Council's revenue budget.

6.3 Risk

There is a risk of legal challenge. This risk is considered to be low given that the Council would seek to rely on Regulation 72(1)(c) of the Public Contracts Regulations to permit this modification. If the variation was deemed non-compliant by ESF, they may seek to clawback their match funding on the existing Work & Health Programme (which is worth a maximum of £6.69m over the lifetime of the contract, however, only £1.25million has been claimed from ESF to date). This is considered unlikely given the Council believes Regulation 72(1)(c) is applicable and the variation is compliant.

In addition, the following mitigation has been considered:

- The Government varied all non-devolved Work & Health Programme contracts across England and Wales in light of Covid-19. It will issue a further contract variation in the next two weeks to facilitate WHP JETS.
- The risk of challenge is lower because the variance of the contract is below 25% threshold and the Council could invoke Covid regulations as part of rationale.
- The Council's actions are in line with three out of four of the other sub-regional partnerships, who are similarly following legal and procurement advice.
- Any future financial risk to the Council would be minimised through the application of the existing MOU with other South London Partnership boroughs, which sets out the terms for shared financial risks and liabilities, including claw back of any ESF funding. This will also be

reviewed and, if needed, a variation to cover WHP JETS specifically will be proposed (and the contract variation would confirm that no payments will be made unless and until this new MoU variation is signed).

- There will be a clear separation of the ESF funding which is already subject to audit as part of the ESF MOU
- The variation itself will include provisions to allow termination of WHP JETS if either DWP withdraw funding or ESF seek clawback
- There may be some costs incurred which cannot be drawn down from DWP funding such as the Councils legal costs. SLP has agreed to share these costs between the five members.

6.4 Options

Separately procuring WHP JETS and applying for ESF match funding has been considered not to be a viable option given the time constraints in which to run a procurement process and implementation. In addition, the resources required to run a full OJEU procurement are considerable and would take at least 6 months to complete. The cost for this would not be borne by DWP and would fall to Croydon and other members of the South London Partnership.

Croydon Council could decline to accept this strand of work and allow DWP to take back the funding.

However, the devolution of funds from Central Government (Department of Work & Pensions - DWP) allows us to tailor employment and health support to local needs and ensures that this support integrates effectively with other local employment and health support services.

Given that only London and Manchester have been devolved funding from DWP to locally commission activity the original WHP programme and new strand is of national significance and leads the way for wider devolution of funding in the future.

As such, the recommended option is to vary the existing WHP contract given the time constraints, risk of devolved funding and costs of other options.

6.5 Future savings/efficiencies

Reed in Partnership will be able to build on their existing model of delivery which is embedded and well established across the five SLP boroughs. This will be more efficient and cost-effective than a new supplier develop new delivery models from scratch.

This extended provision of support will maximise employment opportunities for local residents and support the Council in delivering value for money in performance, delivery and cost.

As the expenditure will be covered from grant funding from DWP, there are no saving opportunities, but the delivery of the programme will be at a net nil cost to the Council.

Approved by: Richard Mason on behalf of Felicia Wright Department Head of Finance

7. LEGAL CONSIDERATIONS

- 7.1 The Director of Law and Governance comments that the legal considerations are as set out within this report.

Approved by: Sean Murphy, Director of Law and Governance & Monitoring Officer

8. HUMAN RESOURCES IMPACT

- 8.1 This programme would fund a project manager, overseen by the Head of Service. Agreement has been given for local admin costs to be included in the forward financial forecasts. This must be found from within the totality of the funding allocated specifically for SLP WHP JETs, and equate to no more than 1.2% of the total funding = £41,484 for 12 months.

The Council policies and procedures should be followed as there is a recruitment impact in regards to this report.

Approved by: Jennifer Sankar, Head of HR Place for and on behalf of Sue Moorman, the Director of Human Resources

9. EQUALITIES IMPACT

- 9.1 An equality analysis (Appendix 2) has been carried out and is in the process of being signed off by the Equalities Manager.
- 9.2 All protected characteristics have been adversely affected by COVID-19. This employment programme is an extra strand of work supporting the wider Work & Health Programme. The only criteria for this programme is that an individual must have been claiming benefits for 13 weeks and as such does not discriminate against any protected characteristic in particular.
- 9.3 The outcome is no major change, the Equality Analysis demonstrates that the policy is robust and that the evidence shows no potential for discrimination and that all opportunities to advance equality have been taken.

Approved by: Yvonne Okiyo, Equalities Manager

10. ENVIRONMENTAL IMPACT

- 10.1 With the original contract, Reed In Partnership was required to create, submit and maintain a Sustainable Development implementation plan. The plan covers various areas such as minimising waste, energy efficiency, reducing

transportation/travel and staff awareness training. That plan applies to this strand.

11. CRIME AND DISORDER REDUCTION IMPACT

- 11.1 There are no adverse Crime and Disorder impacts arising from this report. The expected increase in number of residents becoming employed will have a positive impact across the boroughs.

12. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 12.1 The short term DWP funding will extend to this cohort of the newly unemployed as a result of Covid-19. Through light touch short-term support SLP WHP JETS will enable residents to be supported back into work more quickly. Given the volume of individuals coming through the Job Centre Plus, without this programme many residents may well find it considerably more difficult to get back into work.

13. OPTIONS CONSIDERED AND REJECTED

- 13.1 DWP take the money back, the Council could decline to accept this strand of work and allow DWP to take back the funding. However, this would thwart employment and skills support that is pertinent to local needs and integrates effectively with other local employment services.
- 13.2 Run a full procurement to also allow for ESF match funding. Following advice from procurement, it was considered the timeframe given too tight to go out to full procurement and unlikely that any provider could be ready to start by 5 October (or within 2 weeks). It was considered more appropriate not to apply for match funding. In addition, the resources required are considerable and the cost for this would not be borne by DWP and would fall to Croydon and other members of the South London Partnership.

14. DATA PROTECTION IMPLICATIONS

14.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

YES – Any data shared between Reed in Partnership, the Council and SLP is anonymised and therefore does not include any personal data.

This is a contract variation and the contractor processes personal data. There is existing detailed governance and approved protocols around GDPR. Reed in Partnership have confirmed the same protocols will apply.

Approved by: Stephen Tate of the Director of Growth, Employment and Regeneration

CONTACT OFFICER:

Rachel Carse, Head of Employment, Skills and Delivery – 07989 330 906

APPENDICES TO THIS REPORT:

Appendix 1: Letter from DWP confirming funding

Appendix 2: Equality Impact Assessment

BACKGROUND DOCUMENTS:

None