



Forward Plan Select Committee
24th September 2009

**Report from the Director of
Policy and Regeneration**

For Action

Wards Affected:
ALL

**Briefing Note: The future of Brent in2 Work and proposed
Employment Joint Venture**

1.0 Introduction

1.1 The Executive is due to consider two reports detailing proposals for the future provision of employment services by the Council, one in October and one in November. This briefing note sets out for the Forward Plan Select Committee the context for these reports and the likely content of each.

2.0 Current issues

2.1 Tackling concentrations of unemployment as a means of reducing poverty levels is a well established council and regeneration priority. Until recently, the borough has been well resourced through external funders to develop and deliver a comprehensive package of employment provision to compliment mainstream welfare to work services. Delivered through Brent in2 Work, the council has consistently supported over 1,000 previously workless residents into jobs for each of the last three years and has won numerous awards for its cutting edge employment work – including Beacon Council status.

2.2 Regrettably, the future of the Brent in2work services is currently under threat. Not only has the borough had its allocation of Working Neighbourhoods Fund (WNF) reduced by £4 million but the London Development Agency (LDA) has also concluded their Area Programmes that up until March 2009 funded Brent in2 Work to the tune of £2.85 million per year.

2.3 Looking forward, it is likely that any future funding from the LDA will be awarded on a sub-regional basis, reliant on significant match funding and be based on a 'risk and reward' model, where a significant proportion of the payment is only made when a client has successfully remained in work for six months – leading to considerable cashflow challenges.

- 2.4 This mirrors the changes now being implemented by Department of Work & Pensions (DWP) through its recent welfare reform measures. Based on recommendations by David Freud, their new Flexible New Deal (FND) programme will offer significantly larger, longer term contracts to 'prime contractors' that in most cases will be from the private sector.
- 2.5 In short, there is a significant reduction of available resources for the Brent in2 Work programme in its current form. However changes to commissioning practices and recent policy shifts do present some new opportunities.

3.0 Proposed Responses

- 3.1 In 2002, when Brent in2 Work was first established, unemployment levels in the borough were significantly higher than the rest of London, in particular for those who were long term unemployed and living in the most disadvantaged neighbourhoods (including Stonebridge, Harlesden and Church End). Up until the summer of 2008, the council was able to demonstrate considerable progress in narrowing these gaps. By this time, the Job Seekers Allowance (JSA) claimant rate was at its lowest level in over a decade at 3.3%, and the borough's employment rate now stands at 71.6%, surpassing the London average and the highest in Brent since the data was collected.
- 3.2 However, the onset of the economic downturn has seen an increase of over 2,500 JSA claimants locally and it is already evident that a higher proportion of residents from the deprived neighbourhoods are being affected. In these areas, language, length of unemployment and mental health issues all remain key barriers to the labour market. On top of this, child poverty levels in the borough are amongst the highest in the country (18th out of 406) and we estimate that there will be an increase of inactive benefits claimants as it becomes increasingly difficult for those already distant from the labour market to compete with those recently made redundant.
- 3.3 It is therefore especially disappointing for the Council to find itself in the current funding predicament, when over the past six years we have developed an extremely successful, efficient and effective employment operation which has begun to make considerable inroads into the Borough's deep-rooted employment challenges. Given the state of the local and national economy arguably these services are even more important now.
- 3.4 The proposed response to this scenario is twofold. In the short term the proposal is to maximise the impact of the comparatively small amount of Working Neighbourhood Funding that remains available to the Council from April 2010 onwards – this amounts to approximately £1.3 million. Subject to consultation with staff, the position is that this resource will be concentrated on those services within Brent in2work which both perform well and most meet local needs.
- 3.5 Therefore from April 2010, Brent in2work will provide the following services:
- Language To Work – One of the biggest barriers to employment for Brent residents is language. This pioneering language programme works with local residents who speak little or no English, and provides intensive, work focussed, language training combined with motivational and attitudinal support. Currently between 38-50% of clients secure employment within 3 months of attending the programme.

- Wembley Works – This employment portal is designed to be the gateway for residents who want to secure employment linked to the regeneration of Wembley. The Council has a commitment to provide these services by virtue of the various section 106 agreements relating to the Wembley developments, and they are resourced through these agreements.
 - CSCS Testing Centre – Anyone wishing to work on a construction site now requires a CSCS card. The only permanent test centre in North or West London is located within Brent in2work, and given the likely high levels of construction activity across the Borough over the next few years the proposal is to retain this valuable facility. There is also the potential for this to be used as an income generator.
- 3.6 Officers initial view is that we should be able to sustain these services for up to two years from April 2010. The remaining Brent in2work services, including outreach, job brokerage, aftercare for those that have secured jobs and specialist projects will all cease. This will result in a considerable downsizing of the Brent in2work operation and staff team, and a full consultation is being prepared under the Council's Managing Change policy.
- 3.7 The second component of the response to the changing funding and economic context is to consider how Brent in2work might be positioned in order to best exploit the new regimes, and ensure that the Council retains a delivery role in employment services. The detail of this will be the subject of the proposed Joint Venture executive report.
- 3.8 Officers are currently in extensive dialogue with one of the country's leading providers of employment services about the prospect of establishing a 'special purpose vehicle' primarily for the purposes of bidding to deliver against the DWP's Flexible New Deal programme across West London. If successful, the bid would bring together the large scale delivery expertise of our proposed partner (Working Links), with the local knowledge and expertise of Brent in2work. The Flexible New Deal is a minimum five year programme, likely to be valued in excess of £100million and would ensure the long term involvement of the Council in the delivery of employment services.
- 3.9 To this end a submission has been made at the first stage of the DWP's tender process under the working title of 'Links In2 Work'. We expect to hear imminently whether or not we will be invited to progress to the final stage in the process, and if we are then considerable work needs to take place not only to establish the Joint Venture company but also to design the proposed suite of services that will be offered and to prepare the bid documentation.
- 3.10 Full bids have to be submitted by late in the calendar year, with a final DWP decision in relation to the award of contracts anticipated by April 2010, to begin delivery in October 2010. It should be noted that although officers feel that the Joint Venture approach will result in a very strong bid, the bidding round will be extremely competitive and therefore we must be realistic about our prospects of success.
- 3.11 If however the bid is successful, the resulting Special Purpose Vehicle would give us an exceptionally strong platform from which to bid for and secure additional funding from both government and the London Development Agency.

4.0 Executive Reports

- 4.1 The October Executive Report will outline the current context for the delivery of employment services by the Council, and set out in detail the proposed ongoing arrangements for Brent in2work. It will introduce the concept of Joint Venture / Special Purpose vehicle as part of a future strategy and ask members to endorse this approach in principle.
- 4.2 The subsequent Executive Report – currently scheduled for the November meeting of Executive – will set out the details of the joint venture arrangements, and will specifically ask members to agree the Memorandum & Articles and the Shareholder Agreement for the new company.

Key contacts:

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