



**Executive**  
13<sup>th</sup> September 2006

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

For Action

Wards Affected:  
ALL

**Refugees Into Jobs Charitable Status**

Forward Plan Ref: PRU--06/07-007

**1.0 Summary**

- 1.1 Refugees Into Jobs (RIJ) has established itself as a valued and successful service enabling refugees to gain employment in Brent and other west London boroughs. RIJ is currently managed through the Policy & Regeneration Unit, although is wholly dependant on external funding for its existence. However, in recent years it has become harder to sustain the necessary funding base for the operation. Recent reports commissioned for Brent in 2004 'Independent Review of RIJ' by SQW, and 2005 'RIJ : a governance review' by Harker & Burkeman, concluded that RIJ would need to position itself differently if it is to be successful in maintaining the current level and quality of service. Specifically there is increased pressure from RIJ's funders for RIJ to extend its work over a wider geographical area and to adopt new governance structures to reflect this. This report outlines the new environment that RIJ is expecting to operate in, and recommends that in order to maximise the quality of service to the refugee community RIJ is reconstituted as both a charity and company limited by guarantee.

**2.0 Recommendations**

- 2.1 That members of the Executive note the successes of RIJ since its creation 10 years ago, as set out in the report.

- 2.2 That members of the Executive approve in principle the reconstitution of RIJ as both a charity and a company limited by guarantee, subject to ongoing consultation with staff.
- 2.3 That the Director of Policy and Regeneration be authorised to consider the feedback to consultation with staff and to then decide whether to proceed with the incorporation of the scheme as a charitable company.
- 2.4 That members of the Executive delegate authority to the Director of Policy & Regeneration to oversee the reconstitution process and negotiate the terms of any remaining relationship with the Council, in consultation with the Director of Finance and Corporate Resources and the Borough Solicitor.

### **3.0 Detail**

- 3.1 RIJ was established in 1997 through the initiative of Brent Council, supported by Harrow Council and the Training and Enterprise Council, in order to address the employment needs of refugee communities within North West London. Its original funding source came through the Single Regeneration Budget, and at this time a partnership Board was established to oversee the direction and performance of RIJ.
- 3.2 RIJ has pioneered an approach towards integrating refugees into this country by helping individuals - professionals and non professionals - to use the skills they bring from their country of origin to enter the labour market in London. RIJ offers a comprehensive information, advice and guidance (IAG) service which includes assessment of individuals' skills, training and employment needs, leading to an action plan to achieve their goals; career focus training programmes; assistance in searching for jobs; volunteer placements; clinical attachments; a job club and a medical club; a grant scheme; library facilities; and re-qualification routes for professionals, specifically doctors, teachers and engineers.
- 3.3 In the last decade RIJ has helped over 4,000 people from 90 different nationalities, more than a third finding employment across a whole spectrum of careers and vocations.
- 3.4 RIJ's services have evolved over time and the scheme now helps refugees and asylum seekers living across the West London boroughs of Brent, Harrow, Hammersmith and Fulham, Hillingdon, Hounslow, Ealing and Westminster. It works in partnership with Brent in2 Work, Job Centre Plus, many Refugee Community Organisations, and local colleges and training providers.
- 3.5 RIJ's staffing base is a critical asset. There are currently 17 members of staff, many of whom have personal experience of being refugees. They are committed to the task of integration, recognising that economic self sufficiency empowers refugees and often secures a safer future for their families. Their commitment and loyalty contributes greatly to RIJ's position as a recognised leader in its field.

- 3.6 RIJ is currently financially 'self supporting' with over £1million annual income from multiple funding streams, including the Home Office, London Development Agency, Learning and Skills Council, the Treasury 's Invest to Save Budget, and others including an annual grant from Harrow Council of £30,000. All of this funding is time limited, with much of it requiring renewal on an annual basis.
- 3.7 Brent's current contribution is 'in kind' rather than in cash. RIJ are located in premises at Preston Road, and pay a full market rent for this. Management (of staff and performance) is through the Assistant Director of Regeneration, the staff are all currently employees of Brent Council, and the Council also performs exchequer services.
- 3.8 In 2005 the Home Office published a report - '*Integration Matters*' – setting a new strategy for refugees. The new approach seeks more integration between a range of standard services and favours a case work approach, to be provided on a regional or national basis.
- 3.9 There will be a corresponding move away from 'core funding' of key service providers such as RIJ, towards more strategic funding focussed on a range of specific outputs. Such funding will favour service providers with sources of match funding, a broader range of services and wider geographic reach, in the voluntary and community (charity) sector. It will not be available to fund local authority services, though it will rely on providers working closely with local authorities and partner organisations such as Job Centre Plus.
- 3.10 As a consequence, RIJ faces the certain prospect of losing a progressively larger part of its funding from 2007 onwards. In order to understand how best to position RIJ to respond and adapt to this situation, the Council have commissioned two reports in recent years. The first, 'Independent Review of RIJ' by SQW Consultants in 2004, focussed on examining the performance and value for money aspects of RIJ, whilst the second, published in 2005/06 by Harker and Burkeman, concentrated on reviewing the governance arrangements. These reports highlighted the need to embrace change in a number of critical areas:
- RIJ needs to improve its cost-effectiveness. Although RIJ hits its targets regularly, it still operates at a high 'unit cost' which is becoming increasingly uncompetitive to funders compared to other providers of similar services.
  - RIJ needs to review its operations to ensure that it incorporates best practice in terms of working to place people into work.
  - RIJ needs to broaden its network of partnership organisations, building stronger and meaningful relationships with Job Centre Plus, local authorities, employment agencies, employers and other refugee community organisations.
  - RIJ needs to review its governance arrangements to ensure that it is 'fit for purpose' and positioned in the optimum way to secure ongoing resources to deliver an effective service.

- 3.11 Significant progress has been made within the existing governance and management arrangements on each of the first 3 points set out above. It is now clear that the best route for RIJ to build on its achievements to date, and to sustain a level of quality service, is for RIJ to evolve into a separate charity and company limited by guarantee, preferably for the start of the financial year 2007/08.
- 3.12 As an independent charitable company, RIJ can attract the resources it needs for success in the future. Further funding avenues will be opened up, whilst at the same time the public funding avenues will still remain open. There will be a board of directors responsible for sound governance.
- 3.13 For Brent, this transition offers a continuity of service from RIJ as a partner, will help secure the longer term future of the service and will provide the Council with an opportunity to contract with RIJ for services where it can help make a contribution to its Regeneration Plan. Future financial risk to the Council will be minimised.

#### **4.0 The Process of Change**

- 4.1 The first step in the change process is approval in principle by members of the Executive. Assuming this is secured, a new governance structure will be prepared with legal advice, and a 'shadow board' of trustees established with Chair and Directors, by the end October 2006. Formation of 'RIJ Co' as a company and its registration as a charity will then follow the standard processes, with a target completion date set for the end of December 2006.
- 4.2 The requirements for managing the transition to a separate company and charity organisation will be defined by November 2006, in terms of people, IT and financial services and systems. Union support will be engaged through consultation, and Brent HR advice taken on any TUPE arrangements for staff. It is anticipated that it may be desirable for the continuation of Brent support services for IT, accounting, and leases for current buildings. Where new suppliers of systems and services are needed, these will be specified and sourced through formal SLAs and contracts, to be trialled and tested ready for cut-over in March 2007.
- 4.3 Continuity of service is critical during this period of proposed change. Staff consultation and involvement will be a key part of the transition project, in developing the future strategy for RIJ, and in planning and implementing the changes needed. Responses to initial briefings show strong support and commitment from staff to the proposed changes.
- 4.4 A further critical stage will be the submission of the plans for 'RIJ Co' in September to justify Home Office funding for 2007 onwards. This will need to be on the basis of current projects initially, acting as a bridge to longer term strategic funding in the future. RIJ will also seek external charitable funding for part of the costs (approx £80k) of setting up the charity and company, to minimise the burden on its existing budgets and services.

- 4.5 Communication with RIJ's many client and partner agencies, and establishing more formal partnerships, service level agreements and contracts as the basis of future contracted services, will be addressed from November onwards. A business strategy, including funding and service development, will then be worked up by the shadow board.
- 4.6 The new charity will be launched in April 2007, combined with the celebration of the 10<sup>th</sup> anniversary of RIJ. A publicity programme will be developed to secure the widest participation and impact for this launch, both to honour the support from Brent, Harrow and long term partners, and to gain the widest recognition for the contribution of refugees helped by RIJ and its partners to the community in general.
- 4.7 A full project plan has been prepared for the transition period.

## **5.0 Financial Implications**

- 5.1 Grant agreements and service contracts running beyond March 2007 for which Brent is the accountable body will need to be assigned to 'RIJ Co'. The ready consent of all funders is expected, and no risks are anticipated for Brent in such assignments.
- 5.2 Audited accounts will be prepared for RIJ in 2006-7, and any accumulated reserves held by Brent from RIJ activities up to the financial year end will be paid to 'RIJ Co' in April 2007.
- 5.3 There are a number of detailed issues which will need to be considered, including:
- The move to a charity and a company limited by guarantee will require RIJ to consider the accounting and tax requirements to ensure they can comply with them and that the requirements will not be detrimental to the services they provide and their financial health, ie in relation to VAT & Corporation Tax.
  - RIJ Business and financial planning. Outline plans will need to be developed which demonstrate sustainability. Issues such as cash flow planning taking account of the gap between the timing of expenditure and income need to be considered along with the impact of meeting the real cost of previous "in kind" support.
  - RIJ Financial Management & Governance. Adequate financial control framework & processes will need to be agreed including the possibility of a new accounting system.
  - The agreed support arrangements (finance, payroll, property etc) will need to operate on an appropriate legal basis. The council will also need to ensure that it has the legal powers to provide these services.

## 6.0 Legal Implications

- 6.1 The Council has power to do anything that it considers is likely to promote or improve the economic, social or environmental well being of all or part of the authority's area. The Council can do anything that is conducive or incidental to any of its powers. It is considered that the Refugees Into Jobs scheme is covered by the general well being power and any decision to incorporate the scheme as a charitable company would also be covered by that power although once incorporated it would become a completely separate legal entity and will operate according to its own Constitution i.e. its Memorandum and Articles of Incorporation.
- 6.2 External lawyers will be appointed to deal with incorporation and these will be appointed by the Borough Solicitor. The Council's in house legal service will advise the Council on its own position as regards the new company.
- 6.3 Once the scheme is incorporated, there will need to be a series of contract and agreements entered into between the Council and the new company to cover services and supplies such as IT, payroll and exchequer services. There would normally be a charge made to an external body and this charge, and the other terms and conditions, would be contained within a contract for supplies and services. The Council may wish to provide assistance to the new company to pay for these services and this should be done by way of grant in the normal way rather than as discounted services.
- 6.4 The scheme currently occupies a number of properties owned or leased by the Council. Appropriate leases or sub-leases will now need to be granted to the company for an agreed term and rent. These will be agreed by the Head of Property with the new company or during the run up to incorporation. Depending on the terms agreed the company may become liable for repairs and insurance as well as other tenant obligations.
- 6.5 Any existing contracts or agreements will need to be reviewed to assess whether they need to be assigned or novated to the new company. Whether this is possible or desirable will depend on the nature of the contract and the other party/parties and will probably also need the consent of the other party/parties.
- 6.6 The company will be led by a board of directors but operated on a day to day basis by employees. Anyone who is considering taking up a position as a board director should consider their position very carefully before they do so as there are a wide range of duties and obligations that go with such a role. The directors may also wish to seek individual insurance from the company before acting and possibly seek other indemnities in relation to their role.
- 6.7 There are a number of people currently employed by the Council who work on the RIJ scheme. Staff should be consulted prior to any decision to change the structure of the scheme. Therefore, the decision being sought is for an 'in principle' decision only to be finalised by the Director of PRU if he is satisfied

that incorporation should proceed once he has considered the feedback to the consultation with staff.

- 6.8 Staff may or may not transfer to the new company on their existing terms and conditions pursuant to the TUPE Regulations. This will depend on the nature of their employment and the nature of the work they do. It is not clear at this stage how many people will transfer and whether there will be any redundancies. The new company may well seek 'TUPE' assurances from the Council that there are no other people who would be entitled to transfer to it under TUPE and that there are no outstanding claims that the company would inherit. The Council should resist giving any such assurances but if this is essential for the scheme to proceed then the Borough Solicitor would advise on what would and would not be prudent in the circumstances.
- 6.9 It is suggested that the Council may wish to contract with the company in the future to obtain services from it. Any contract for services will need to be procured in accordance with the EU rules if appropriate and the Council's own Standing Orders. It would not normally be possible to simply let a contract to the company once it is incorporated.
- 6.10 The company will have to provide either access to the Local Government Pension Scheme or a stakeholder pension. It appears likely that the company would go for the stakeholder pension option. The Code of Practice on Workforce matters does not apply here because this is not a case of contract transfer or letting.
- 6.11 Any future grant funding from the Council would need to be processed in the normal way through the usual grant giving process.

## **7.0 Diversity Implications**

- 7.1 Refugees Into Jobs provides a valuable service as part of the integration process for new refugees into the Borough. It has been extremely successful in its work placing refugees into employment, often in areas of the labour market where there are skills shortages such as the medical profession. Given that the Borough is home to large numbers of refugees it is exceptionally important that this service survives and prospers. Establishing Refugees Into Jobs as a charitable company provides the best prospects for achieving this.

## **8.0 Staffing/Accommodation Implications (if appropriate)**

- 8.1 All staff are currently Brent employees. A majority of the staff have fixed term contracts, mostly for one year, which is a reflection on the short term nature of the existing funding arrangements. Six of the staff have continuous service in Brent for a number of years (the earliest from 1997) under a succession of temporary contracts, and all but one postholder have in excess of two years service. Therefore the Fixed Term Work regulations will apply to some staff, effectively meaning that they have permanent status.

- 8.2 All staff are aware of the need for change and all have been fully engaged in the process to date. HR advice has been and will continue to be taken throughout the process and the unions will be consulted at each stage. There are likely to be a small number of redundancies as temporary contracts expire, but a majority of staff are expected to move across to the new company under TUPE. With the exception of the one member of staff who has less than two years continuous service, all others will be entitled to a redundancy payment and access to the usual Council profiling / redeployment measures in the event of these circumstances.
- 8.3 Refugees Into Jobs are currently largely based in Council owned premises at Preston Road. A market rent is paid for the premises. In the short to medium term it is proposed that this arrangement is maintained. A small amount of space is also leased at Olympic House, Olympic Way, Wembley. This arrangement will be reviewed when funding arrangements are clearer.
- 8.4 The Council currently receives approximately £30,000 per annum from this letting which would be lost if the occupation were to cease next March, unless we were able to identify an alternative use or tenant. Additionally any unplanned physical relocation would disrupt the service during what is likely to be an already difficult transitional period.
- 8.5 The property is owned freehold by the Council and is regarded as a potential future capital receipt subject to the premises being declared surplus. Therefore it is proposed that any letting of this property to an independent RiJ be on such terms as to ensure the Council can easily regain possession at some stage in the future. In order to ensure this can be achieved it is proposed that any letting to RiJ be outside the protection of the relevant Act and be concluded prior to or simultaneously with their establishment as a separate independent organisation.

### **Background Papers**

'Independent Review of RIJ' – SQW Consultants (2004)

'A Governance Review of RIJ' – Harker & Burkeman (2005/06)

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Meeting  
Date

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