



Executive
14 December 2009

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

Wards Affected:
ALL

**The future of Brent in2 Work and employment provision
within the Borough**

Forward Plan Ref: PRU-09/10-8

1.0 Introduction

- 1.1 This report sets out the proposed future role of the Council in the delivery of employment services in the light of reduced funding opportunities. It presents a number of options to explore that could offer the council a new delivery model to support the borough's long term unemployed into work.

2.0 Recommendations

- 2.1 That the Executive note the changing economic, policy and funding environment for the local delivery of employment services.
- 2.2 That the Executive note the implications for the council's approach to employment, and specifically for the Brent in2 Work services.
- 2.3 That the Executive endorse the proposed approach to allocating the remaining Working Neighbourhoods Transition Fund beyond April 2010, as set out in section 5 of this report.
- 2.4 That the Executive approve, in principle, the establishment of a new Special Purpose Vehicle for the delivery of employment services, in partnership with Working Links, subject to the development of a satisfactory business model and in line with the Heads of Terms agreement set out in Appendix 1.
- 2.5 That the Executive agree in principle to the contribution of £1 million of Working Neighbourhood funding to the SPV.

- 2.6 That the Executive agree in principle to the provision of the guarantees as set out in the report.
- 2.7 That the Executive consider a further report in spring 2010 setting out the draft Memorandum & Articles and Shareholder Agreement for the Special Purpose Vehicle.
- 2.8 That the Executive endorse the Council's participation in a full bid at Invitation To Tender stage for the delivery of the Flexible New Deal Contract for West London.

3.0 Overview and context

- 3.1 Tackling concentrations of unemployment as a means of reducing poverty levels is a well established Council priority, driven through the Council's Regeneration Strategy and Action Plan. Until recently, the borough has been well resourced through external funding to develop and deliver a comprehensive package of employment provision to compliment mainstream welfare to work services. Through Brent in2 Work the council has consistently supported over 1,000 workless residents into jobs for each of the last three years, and has won numerous awards for its leading edge approach to employment – including Beacon Council status.
- 3.2 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.
- 3.3 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' payment model, where a significant proportion of the payment is only released when a client has successfully remained in work for six months – leading to considerable cash flow challenges.
- 3.4 This mirrors the changes now being implemented by the 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.
- 3.5 In short, there is a significant reduction of available resources for the Brent in2work programme in its current form. However, changes to commissioning practices and recent policy shifts do present some new opportunities.
- 3.6 In 2002, when Brent in2 Work was first set up, 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.

- 3.7 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.
- 3.8 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 local and national economy arguably the provision of these services is even more important now than at any time in recent history.

4.0 Delivery of employment services in Brent

- 4.1 The employment agenda is a well established council priority. In 2001, the Council approved its 20 year Regeneration Strategy that placed employment at the heart of tackling persistently high levels of poverty in the borough's most disadvantaged neighbourhoods. This commitment was further cemented through the Community Strategy (2006-2010) which establishes 'Local Employment and Enterprises' as a key priority under the 'Borough of Opportunity' theme. Specifically the strategy states:

"We will offer more support to those who are furthest removed from the labour market so that they can move from dependence on welfare benefits to employment..... we aim to boost local employment and income. We will improve pathways to and progression within employment, particularly for those furthest from the labour market."

Employment and tackling unemployment has been a Local Area Agreement priority since 2006.

- 4.2 Against this backdrop, in 2002 the council created Brent in2 Work, the borough's flagship employment initiative to focus on a number of clear objectives to:
- drive a partnership approach to tackling worklessness in Brent including the public, private, third sectors and local employers;

- use an evidence based approach to target employment and training provision to the highest concentrations of worklessness and those communities most in need;
- offer 'wraparound services' to compliment and add value to existing mainstream employment provision, in particular that provided by Jobcentre Plus;
- respond quickly to the changing needs of the borough's highly mobile and culturally diverse communities;
- ensure local employment opportunities from major developments are maximised for local communities, for example Wembley;
- secure additional investment in the local employment infrastructure for example, through Section 106 agreements.

These objectives remain the key drivers for the Brent in2 Work service.

4.3 Brent in2 Work is now widely recognised as one of the most successful employment programmes in London. Since 2002, it has secured significant levels of external funding, principally from the Single Regeneration Budget (SRB) and the LDA. In 2004 it achieved Beacon status for "Removing Barriers to Work" acknowledging the Council's innovative approach to developing the local labour market and up until late summer 2008, both Brent's Jobseekers Allowance (JSA) claimant rate and benefits claimant rate were falling at a quicker pace than the rest of London and the UK.

4.4 Other key successes of the Brent in2 Work's programme include:

- 1,000 Brent residents supported into work each year for each of the last four years;
- around 40% of these are long term unemployed (12 months or more), around 80% are from BAME groups and over a third are from the most disadvantaged neighbourhoods;
- leads a partnership of over fifty local employment providers including the public, private and third sectors;
- sets a clear strategic direction for employment support across the borough;
- developed the "Wembley Works" hub with the College of North West London and Wembley developers Quintain. This will link local people to the emerging 6000+ jobs arising from Wembley's regeneration;
- offers value for money – average cost to place a resident into work is £3,500 which compares favourably to other London employment programmes;
- successfully mainstreamed a 'Working for Local Government' project into the council;

4.5 As well as working with partner agencies, Brent in2 Work has established a portfolio of specialist services to fill the gaps left by mainstream provision. These include:

- Outreach - utilising both statutory services and the voluntary and community sectors;
- Language 2 Work - an eight week intensive English language and motivational course, designed specifically to support clients into employment;
- Recruitment and training – developing bespoke training provision for key employers and secure interview guarantees for local residents who complete this training - specifically focused on the Wembley development;
- Aftercare – services to ensure clients remain in employment once placed into a job;
- Construction – operating North London’s only permanent CSCS testing centre, providing clients with the CSCS cards necessary to gain employment on any construction site.

4.6 Since its establishment, Brent in2work has been almost wholly funded by external funding. Successive regeneration funding streams including Single Regeneration Budget, Neighbourhood Renewal Fund, LDA Area Programme and Working Neighbourhood Fund have allowed the programme the flexibility to respond to local need and offer a suite of ‘wraparound services’ to complement mainstream Job Centre Plus provision. For many of the years 2003-09 annual turnover was in excess of £3 million.

4.7 In 2008 the government announced that Brent was no longer eligible for Working Neighbourhoods Fund, and reduced the Borough’s three year allocation by some £4 million. Concurrently the London Development Agency announced that there would be no funding for local employment projects following the end of its Area Programme regime. Consequently the resources available to Brent in2work reduced to £2.5 million in 2009-10 and will fall to approximately £1.3 million for the period beginning April 2010. Currently some 40 staff are employed within the Brent in2work team.

5.0 Moving Forwards - short term strategy

5.1 In the short term the proposal is to make the most of the comparatively small amount of Working Neighbourhood Funding that remains available to the Council from April 2010 onwards (£1.3 million.) The proposal is to concentrate this resource on those services provided by Brent in2work which both perform well and most meet local needs. On this basis the following services would be prioritised:

- Language 2 Work – one of the biggest barriers to employment for Brent residents is language. 38-50% of clients secure employment within 3 months of completing 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 and 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 invaluable facility. There is also the potential for the centre to be used as a modest income generator.

5.2 It will be possible to sustain these services for up to two years from April 2010, utilising the £1.3million Working Neighbourhood Funding. The remaining Brent in2work services, including outreach, job brokerage, aftercare and other specialist projects will cease. This will result in a considerable downsizing of the Brent in2work operation and the staff team, and a full staff consultation is currently underway in accordance with the Council's Managing Organisational Change policy.

6.0 Moving Forwards – medium and long term strategy

6.1 There are two key functions that the Council has in relation to employment – a strategic function and a delivery function. At a strategic level the Council will continue to play a role through its regeneration team in terms of influencing the ongoing government and LDA policy approach to employment. The regeneration team will continue to work in partnership with other London and West London local authorities to influence the commissioning of employment programmes. It will also work with local partners through the Local Strategic Partnership, such as Job Centre Plus and the College of North West London, with a view to aligning employment priorities.

6.2 Three broad delivery options have been considered for the medium and longer term:

- Option A: Do Nothing – this option would result in scaled back delivery for the next two years, followed by closure of Brent in2work sometime during 2011. Essentially this would result in the end of the Council's role in the direct delivery of employment services.
- Option B: Chase disparate funding streams – this option would entail Brent in2work chasing smaller pots of funding, predominantly from the European Social Fund. This funding could realistically resource some elements of the current Brent in2work programme, but this sort of funding is usually short term, small scale, and disproportionately expensive to administer. More fundamentally Brent in2work's success has been founded on a comprehensive approach to employment, which would clearly be unachievable under this option.
- Option C: Position Brent in2work as a prime contractor for a DWP Flexible New Deal contract – this option recognises the changed landscape in terms of contracting arrangements for employment programmes, and repositions Brent accordingly. Due to the large scale of the contracts, their risk and reward nature, and their requirement to operate sub-regionally, the best chance of success is for Brent to work in partnership with an

established and experienced prime contractor. Although this route will still mean alterations to the existing service, it is the best way of securing a long term future for the Borough in the delivery of employment services.

- 6.3 Option C is the only option that will ensure the Council continues to be positioned at the forefront of delivery of employment services. Establishing a Joint Venture vehicle would give the Council the best opportunity of delivering its Community Strategy and Regeneration Strategy priorities in relation to employment. It will position Brent as a major strategic player in terms of employment, would allow us to shape the delivery of the single biggest employment contract within the Borough, and critically could generate a potential income stream for Brent to continue to provide services over and above those within the mainstream, both by re-investing possible dividends and bidding for additional funding from other organisations to deliver a range of complimentary services. The net effect on Brent residents will be increased numbers accessing a wider range of service, increased numbers of Brent residents securing jobs, increased numbers of Brent residents securing employment in the Borough's regeneration areas (eg. Wembley) and improved services for local businesses who currently face recruitment shortages.
- 6.4 On this basis, officers have pursued discussions with Working Links Limited, a well established welfare to work provider with a strong track record of delivery in Brent, to form a new Special Purpose Vehicle (SPV) with the express purpose of submitting a proposal to the DWP to deliver the West London Flexible New Deal contract. Working Links are themselves a public-private-voluntary partnership, being one third owned by the government, and therefore are experienced at partnership working. They have been at the forefront of the employment agenda in Brent, delivering successive Employment Zone contracts across the Borough for the last 9 years. They have been a strong and consistent member of the Brent in2work partnership throughout this period, and the Council's Assistant Director of Regeneration has chaired their Local Management Board. Competition for the Flexible New Deal contract will be extremely tough, as the contract value is £31m per annum over 5-7 years, but if successful the new SPV could subsequently bid for funding under other sub-regional regimes both from government and the LDA.
- 6.5 The SPV arrangement is potentially an attractive proposition for government, as it brings together the large scale delivery capacity of Working Links and the local knowledge of Brent in2work. It could also have significant benefits to Brent, in that the Borough would be able to exercise greater strategic influence over mainstream employment services across the Borough, ensuring that services reach those parts of the community where they are most needed and that they are better integrated with other core services.
- 6.6 Discussions with Working Links have focussed on two key areas:
- The governance arrangements and structure for the Special Purpose Vehicle;

- The nature of the services to be provided that would be provided under the Flexible New Deal contract if the SPV was successful.
- 6.7 In terms of governance arrangements and structure of the SPV, the preferred arrangement is for a new company limited by shares to be established. This reflects the long term nature of the relationship that would be established should the tender bid be successful (minimum of 7 years). The Flexible New Deal contract is a 'risk and reward' contract and a new SPV would allow both partners to draw a dividend, in a way which would not be possible if the SPV were established as a Charitable Company. Additionally a company structure gives the SPV additional credibility with the DWP, helping to build their confidence that the partnership is well conceived, credible, and built to last – this is critical as it will help to maximise the chances of a successful tender bid. The two shareholders would be LB Brent and Working Links, on a 50:50 joint venture basis. Appendix 1 sets out the Heads of Terms agreement that has been negotiated with Working Links, and which would form the basis of both the Memorandum & Articles and the Shareholder Agreement if the Flexible New Deal bid is successful.
- 6.8 With regard to finance, the fundamental principle is that anything that either party contributes to the SPV is ultimately funded from the Flexible New Deal contract and that therefore over the lifetime of the contract there is no cost to either party. There will however be a requirement for Working Capital – estimated to be in the region of £2.5m - £3m. The proposal is that both LB Brent and Working Links contribute £1m of working capital, with the new company borrowing the balance of the requirement. Brent's contribution would be the Working Neighbourhoods Fund already identified for Brent in2work, as this service would be 'folded' into the new SPV.
- 6.9 The Flexible New Deal contract is a risk and reward contract, which means that there is the prospect of Brent being able to draw a dividend on its 50% shareholding provided performance is good. This dividend is critical as it will allow Brent to continue to provide employment services targeted on those communities who are not eligible for the Flexible New Deal – which will include many of the hardest to reach communities across the Borough, including many of those who traditionally have accessed Language To Work. The dividend will be used solely for Brent residents, and will result in increased skills for residents, and increased numbers of residents accessing jobs over and above those supported through the Flexible New Deal programme.
- 6.10 In terms of the content of the Flexible New Deal bid, a delivery model is currently being developed collaboratively with Working Links. From a Brent perspective this will include as a given the ongoing provision of Language To Work. Other key components of the bid will include:
- Locally focussed outreach centres, making use of established Council and community premises across West London (eg. Wembley Works)
 - A common induction programme for all clients entering the FND
 - Jobsearch activity – CV writing, interview skills

- Training and employability provision
- Long term support for those who are furthest away from the labour market
- Subcontracting arrangements through a range of specialist local providers
- Aftercare services for those who find employment
- At least 4 weeks of work – this is a mandatory part of the FND
- Building strong employer links – particularly in West London's regeneration areas.

6.11 The Flexible New Deal contract will deliver across the whole of West London. Initial discussions have been undertaken with each of the other West London Boroughs and the full range of other relevant stakeholders (such as Job Centre Plus, Learning & Skills Council, West London Working) and the proposal has received a very positive reception.

6.12 A Pre Qualification Questionnaire (PQQ) has already been submitted on behalf of the SPV for the West London Flexible New Deal contract, under the working title of 'Links in2work'. In October 2009 it was announced that Links in2work have pre-qualified, and we have now been invited to submit a full tender bid (ITT). The submission deadline is 6th January 2010. The decisions being sought from the Executive will enable the Council, together with Working Links to proceed with the tender for the Flexible New Deal Contract. Decisions from DWP are expected in early spring, with a view to contracts being signed in April 2010 and contract beginning in October 2010. Officers will report back to the executive following the outcome of the tender process.

6.13 In order to achieve the DWP timescales, the Memorandum & Articles and the Shareholder Agreement will need to be completed by April 2010.

7.0 Financial Implications

7.1 All of the current investment in employment and Brent in2work is resourced via either through the London Development Agency or from the Working Neighbourhood Fund. Annual turnover for Brent in2work has been in the region of £3-4m in recent years. However, the LDA has now withdrawn its contract and the Borough is no longer ineligible for Working Neighbourhood Fund. Therefore, as of April 2010 the Borough has just £1.3m available to it for the provision of employment services.

7.2 The initial primary purpose of the proposed SPV is to bid for the Flexible New Deal contract for West London, which has a contract value of £31m per annum for a minimum of 5 years. The fundamental principle is that anything that either party contributes to the SPV is ultimately funded from the Flexible New Deal contract and that therefore over the lifetime of the contract there is no cost to either party.

7.3 There will however be a requirement for Working Capital – estimated to be in the region of £2.5m - £3m. The proposal is that both LB Brent and Working Links contribute £1m of working capital, in Brent's case from the outstanding Working Neighbourhood Fund, with the new company borrowing the balance

of the requirement. The Working Neighbourhood Fund is non-ringfenced, but the government's intention is that it is spent on employment related activity. It is therefore eligible expenditure to invest these resources into the proposed SPV. The Council will need to jointly guarantee this loan on a 50:50 basis with Working Links. Over and above this the Council and Working Links will have to sign up to a parent company guarantee should the bid be successful. This is a DWP requirement.

- 7.4 The Flexible New Deal contract is a risk and reward contract, which means that there is the prospect of Brent being able to draw a dividend on its 50% shareholding provided performance is good. This dividend is critical as it will allow Brent to continue to provide employment services targeted on those communities who are not eligible for the Flexible New Deal – which will include many of the hardest to reach communities across the Borough, including many of those who traditionally have accessed Language To Work.
- 7.5 Equally there is the risk that with under performance the SPV may not always operate at a profit. The Council will need to ensure through the shareholder agreement that it has sufficient control within the SPV to confidentially manage this risk. The Business Plan of the SPV will need to be further developed and reviewed to ensure that it is viable, and major risks can be managed. Exit arrangements if no further contracts are obtained after 5 years, will also need to be considered.
- 7.6 Any SPV will form part of the Council's group accounts.

8.0 Legal Implications

- 8.1 It is necessary to consider whether the Council has the requisite power to set up the SPV and enter into the other arrangements necessary for the SPV to be viable, namely the contribution of £1million of Working Neighbourhood funding as start up capital and the granting of certain guarantees to support the SPV. The primary source of power identified is section 2 of the Local Government Act 2000.
- 8.2 Under section 2 of the Local Government Act 2000 (the 'well-being power') a local authority has power to do anything which it considers is likely to achieve the promotion or improvement of the economic, social or environmental wellbeing of its area. The power may be exercised in relation to, or for the benefit of, the whole or part of the local authority's area, or all or any persons resident or present in that area. A local authority may act outside its own boundaries provided the intention is to benefit its own area.
- 8.3 The well-being power includes power for a local authority to
- (a) incur expenditure,
 - b) give financial assistance to any person,
 - (c) enter into arrangements or agreements with any person,
 - (d) co-operate with, or facilitate or co-ordinate the activities of, any person,
 - (e) exercise on behalf of any person any functions of that person, and
 - (f) provide staff, goods, services or accommodation to any person.

Paragraphs (a), (b), (c) (d) and (f) are all relevant to the setting up of the SPV and the giving of funding and guarantees.

- 8.4 In exercising the well-being power the local authority must have regard to guidance issued by the Secretary of State and to its Sustainable Community Strategy.
- 8.5 The Secretary of State issued guidance in 2001 entitled 'Power to promote or improve economic, social or environmental well-being'. The guidance includes a number of paragraphs which are relevant to the setting up of the SPV including the giving of the guarantees and funding. The relevant paragraphs are set out below.
- 8.6 Paragraph 34 of the guidance states:
- “[The wellbeing power] contains no restriction or limitation on the amount of money a local authority can spend. Authorities will be able to fund the activities of different groups and bodies, as well as invest in such activities, if they consider that this expenditure contributes to the economic, social or environmental well-being of the local area. Such financial assistance may be given by any means authorities consider appropriate, including by way of grants or loans, or by the provision of guarantees.”
- 8.7 Paragraph 42 of the guidance states:
- “The well-being power will also enable local authorities to form or participate in companies, trusts, or charities, including joint venture companies, provided that they are satisfied that the formation of, or participation in, a particular company is likely to achieve the promotion or improvement of the economic, social or environmental well-being of the authority's area. Such participation could give rise to dividend payments to the authority as a shareholder. In the Government's view, such dividends would not amount to raising money for the purposes of section 3(2) (see paragraphs 65-70). Indeed, an authority may be acting contrary to its fiduciary duty to local taxpayers if it failed to ensure such a return on its investment.”
- 8.8 Thus, the guidance is supportive of the setting up of joint venture companies and the funding of different bodies and the giving of guarantees.
- 8.9 Brent's Sustainable Community Strategy (2006-2010) contains specific themes which are relevant to the aims and objectives of setting up the SPV. The link to the Sustainable Community Strategy is addressed in more detail in paragraphs 4.1 and 6.3 of this report.
- 8.10 The Council needs to satisfy itself that the anticipated benefits from setting up of the SPV (including the giving of guarantees and funding) are likely to achieve the promotion or improvement of the economic, social or environmental well-being of its area or a part of its area. There must be some degree of connection between the Council's actions and the promotion or improvement of the area's well-being. This issue of how the setting up of the

SPV will promote or improve the economic and social well-being of the area is addressed further in paragraphs 4.1 and 6.3 of the report . In order for the SPV to be viable and to achieve its objectives it is necessary for the Council to contribute start up funding and to give certain guarantees. The giving of the funding and guarantees will promote or improve the well-being of the area via the SPV.

- 8.11 The Council will need to give two types of guarantees in support of the SPV. The first will be a guarantee of the bank loan as set out in 7.3 of this report. The second will be given to DWP in support of the Flexible New Deal contract if the tender is successful. More detail will be provided about the guarantees in a further report to the Executive in spring 2010.
- 8.12 It is critical that any dividend derived from the SPV is channelled into promoting the economic, social or environmental wellbeing of the area. The proposals for use of the dividend are set out in paragraphs 7.4 and 6.[x].
- 8.13 There are two limitations on the use of the well-being power. These are set out in Section 3 of the local Government Act 2000. Under section 3(1), the well-being power does not enable a local authority to do anything which it is unable to do by virtue of any prohibition, restriction or limitation on their powers which is contained in any enactment (whenever passed or made). Section 3(2) states that the well-being power does not enable a local authority to raise money, either by precepts borrowing or otherwise. Neither of these limitations apply to the setting up of the SPV.
- 8.14 The Statutory Guidance says, that instead of searching for a specific power elsewhere in statute in order to take a particular action, local authorities can instead look to the well-being power in the first instance and ask themselves the following questions:
- (a) Is the proposed action likely to promote or improve the wellbeing [i.e. economic, and/or social and/or environmental well-being] in our area? If yes, then you can proceed to the next question.
 - (b) Is the primary purpose of the action to raise money? If not, then you can proceed to the next question.
 - (c) Is it explicitly prohibited on the face of other legislation? If not, then you can proceed to the next question.
 - (d) Are there any explicit limitations and restrictions on the face of other legislation?
- 8.15 If the answer to the first question above is “Yes” and to the next two questions is “No”, then a council can proceed with the proposed action, subject to the answer to the fourth question, i.e. any restrictions or limitations that may apply by virtue of being spelt out on the face of other legislation .
- 8.16 It is important that the Members go through this process when considering whether the Council should exercise its well-being powers so that the decision making process is robust and can withstand any potential legal challenge .

- 8.19 The model proposed for the SPV is a private company limited by shares. This is considered to be an appropriate model for this type of arrangement.
- 8.20 The Heads of Terms which the Executive is being asked to approve set out the agreement reached to date with Working Links Limited in relation to the arrangements for the SPV including the shareholders agreement. The Heads of Terms do not commit the Council to proceed with SPV at this point. They are also largely non-binding in nature save in respect of the following clauses which will be binding on the Council:
- (a) Upon entering into the heads of terms the Council will be subject to certain confidentiality obligations in relation to protected information (clause 6). These obligations are subject to the Council's obligations under the Freedom of Information Act 2000 and other relevant legislation.
 - (b) The provisions of clause 8 provide that neither the council or Working Links will be liable to each other in respect of loss suffered as a consequence of the FND Tender documentation or the act or omissions of third parties in relation to that documentation
 - (c) Provisions contained in clause 9 relating to ownership of intellectual property rights.
 - (d) Clauses 10 (Assignment), 11 (no Authority to Bind), 12 (Status of Letter), and 14 (Governing Law) will also be binding.
- 8.21 If the Executive is minded to give approval in principle for the SPV then it is appropriate for the Heads of Terms to be entered into at this stage.

9.0 Diversity Implications

- 9.1 The loss of Brent in2 Work will result in less strategic influence over the delivery of mainstream and other employment and skills programmes in the borough. This may impact on the types of resident groups that are targeted and reached through these programmes with a real concern that those who are most disadvantaged become further polarised in the labour market.
- 9.2 The proposed Special Purpose Vehicle is a direct response to this issue. If successful, the SPV will increase the Council's influence over the delivery of employment services across Brent and West London, and will ensure that the Council is able to maintain a suite of culturally sensitive employment services for the medium term.

10.0 Staffing/Accommodation Implications

- 10.1 The loss of grant funding specifically for the delivery of employment services will have a significant implication in terms of staffing numbers. In the short term (ie. as of April 2010) the proposition is that the headcount at Brent

in2work will reduce from 39 staff to 14 staff. A consultation is currently underway with staff and the Trade Unions with regard to this proposal in line with the Council's Managing Organisational Change policy and procedures.

- 10.2 In the medium term, if the SPV is successful in bidding for the Flexible New Deal it is proposed that all Brent in2work functions will be undertaken by the SPV, and that all remaining Brent in2work staff are either transferred or seconded into the SPV as appropriate. If the SPV is not successful then depending on funding streams available there may have to be a further redundancy exercise or transfer of staff depending on what options are available at that time. This will be the subject of a separate report at that time.
- 10.3 Brent in2work currently occupies premises in 1 Olympic Way (office and classroom space), the Wembley Works premises at Forum House, and small shop-front premises in South Kilburn. Provision has been made in the 2010-11 budgets to cover all outstanding lease commitments.

11.0 APPENDICES

- 11.1 Appendix 1: Proposed Heads of Terms for Establishment of Special Purpose Vehicle

Key contact:

Andy Donald, Assistant Director, Regeneration, Brent Town Hall, Tel: 020 8937 1049, email: andy.donald@brent.gov.uk

PHIL NEWBY
Director of Policy and Regeneration