

# AGENDA

**Meeting:** West London Economic Prosperity Board

**Date:** Wednesday 17 February 2016

**Time:** 2.00 pm

**Venue:** CBRE, Henrietta House, Henrietta Place, London, W1G 0NB

Agendas for the West London Prosperity Board are available on the websites of each Member borough and the West London Alliance website [www.wla.london/epb](http://www.wla.london/epb)

## Members

Councillor Richard Cornelius, LB Barnet (Chairman)  
Councillor Muhammed Butt, LB Brent (Vice-Chairman)  
Councillor Julian Bell, LB Ealing  
Councillor Stephen Cowan, LB Hammersmith and Fulham  
Councillor Stephen Curran, LB Hounslow  
Councillor David Perry, LB Harrow

## Substitute Members

Councillor Theo Dennison, LB Hounslow  
Councillor Roxanne Mashari, LB Brent  
Councillor Daniel Thomas, LB Barnet  
LB Harrow – Vacancy  
LB Hammersmith & Fulham – Vacancy  
LB Ealing – Vacancy

1. **Minutes of the Previous Meeting** (Pages 1 - 6)
2. **Apologies for Absence**
3. **Declarations of Interest**
4. **Functions and Procedure Rules** (Pages 7 - 16)
5. **Update on Actions from the Previous Meeting**
6. **West London Growth Priorities** (Pages 17 - 26)

7.     **Housing & Planning Bill - Challenges & Opportunities**     (Pages 27 - 44)
8.     **Employment and Skills Devolution in West London**     (Pages 45 - 58)
9.     **Post 16 Education and Training Review**     (Pages 59 - 66)
10.    **Economic Prosperity Board Forward Plan**     (Pages 67 - 70)
11.    **Any Other Business**
12.    **Date / Venue of Next Meeting**

Weds 8 June 9:30am-11:30am

Weds 21 September 9:30am-11:30am

Weds 7 December 9:30am-11:30am

# Minutes of the West London Economic Prosperity Board

13 November 2015

Members Present:-

AGENDA ITEM 1

Councillor Richard Cornelius (Chairman)

Councillor Julian Bell (LB Ealing)

Councillor Theo Dennison (LB Hounslow)  
(substituting for Councillor Steve Curran)

Councillor Stephen Cowan (LB  
Hammersmith & Fulham) – Non-  
Voting Observer

Councillor Roxanne Mashari (LB Brent)  
(substituting for Councillor Muhammed  
Butt)

Councillor David Perry (LB Harrow)

Observers:-

Andrew Donald (LB Brent)

Mary Harpley (LB Hounslow)

Andrew Travers (LB Barnet)

Michael Lockwood (LB Harrow)

Juliemma McLoughlin (LB  
Hammersmith & Fulham)

Dan Gascoyne, West London Alliance

## 1. ELECTION OF CHAIRMAN AND VICE-CHAIRMAN

The clerk opened the meeting.

The Board were requested to note that the London Borough of Hammersmith & Fulham had not passed a resolution to participate in the Section 102 joint committee and were not therefore members of the committee as listed on the cover page of the agenda. Cllr Stephen Cowan of LB Hammersmith & Fulham had therefore been incorrectly listed as a member of the Committee

The Board were requested to note that the agenda front page will be amended for future meetings to include details of Substitute Members appointed by participating boroughs.

The clerk sought nominations for the position of Chairman. Councillor David Perry (LB Harrow) proposed Councillor Richard Cornelius (LB Barnet). The proposal was seconded by Councillor Julian Bell (LB Ealing). **Councillor Richard Cornelius was duly elected as Chairman.**

Councillor Richard Cornelius in the chair.

The Chairman advised the Board that rule 5.1 of the Functions and Procedure Rules adopted by participating boroughs, required the chair of the joint committee to be appointed for 12 months. In order for the chair to rotate in accordance with the municipal

calendar, it was proposed that the chair be appointed for 18 months. **The Board agreed to this proposal and noted that the Chairmanship would rotate in May 2017.**

The Chairman suggested that the chair and administrative support should rotate in alphabetical order as follows: Barnet; Brent; Ealing; Harrow; Hounslow; and Hammersmith & Fulham. On that basis, the Chairman proposed that the Vice-Chairman be Councillor Muhammed Butt (LB Brent). The proposal was duly seconded. **The Board agreed that Councillor Muhammed Butt be elected as Vice-Chairman until May 2017.**

## **2. APOLOGIES FOR ABSENCE**

Apologies for absence had been received from:

- Councillor Muhammad Butt (LB Brent) who was substituted for by Councillor Roxanne Mashari; and
- Councillor Steve Curran (LB Hounslow) who was substituted for by Councillor Theo Dennison

## **3. DECLARATIONS OF INTEREST**

None.

## **4. MINUTES OF PREVIOUS MEETING (N/A)**

N/A.

## **5. UPDATE ON ACTIONS FROM PREVIOUS MEETING (N/A)**

N/A.

The Chairman announced a variation in the order of the agenda. Agenda Item 10 (Functions and Procedure Rules) would be considered before Agenda Item 6 (West London Economic Assessment). Rule 26.1 of the Functions and Procedure Rules requires that the Functions and Procedure Rules are adopted at the first meeting and it was appropriate that this took place before the Board transacted any business.

## **6. ECONOMIC PROSPERITY BOARD FUNCTIONS AND PROCEDURE RULES**

A Member questioned how Lead Members participate and be represented on the Board. The Chairman advised that it had been agreed amongst the participating boroughs that the Board should have representation from the Leaders (Members) and Chief Executives (Observers). The Board noted that Rule 14.1 allowed any elected member of any of the participating boroughs to address the Board.

**The West London Economic Prosperity Board noted that the London Boroughs of Barnet, Brent, Ealing, Harrow and Hounslow had all formally agreed:**

- 1. To enter into arrangements to discharge certain functions jointly between the participating boroughs, following agreement by the individual authorities.**
- 2. To adopt the arrangements attached as Appendix 1, “Functions and Rules of Procedure for the West London Economic Prosperity Board”.**
- 3. That the arrangements will consist of a Joint Committee (to be known as the West London Economic Prosperity Board or “WLEPB”).**
- 4. To instructs West London Alliance Growth Directors, in consultation with the Board, to identify and approach ‘special representatives’ from the list or sectors/organisations attached as Appendix 2 to join the WLEPB at its next and future meetings.**
- 5. To note that the functions to be discharged by the WLEPB will be with the intention of promoting economic prosperity within the local government areas of the participating boroughs.**
- 6. To note that the participating boroughs will initially be Barnet, Brent, Ealing, Harrow and Hounslow but that other WLA member boroughs (namely Hammersmith & Fulham and Hillingdon) are also invited to join or observe as appropriate.**
- 7. To notes that the WLEPB will not discharge any Borough’s non-executive functions.**

## **7. THE WEST LONDON ECONOMIC ASSESSMENT - INTERIM FINDINGS**

Brendon Walsh (Director of Regeneration, Economic Development and Environment at LB Hounslow) introduced the report. He advised the Board that Growth Directors had jointly appointed Peter Brett Associates to undertake the West London Economic Assessment. Andrew Clarke and Russell Porter presented their interim findings.

The Board noted that the West London sub-region was becoming less deprived as a result of gentrification. It was highlighted that this created an economic and social problem for existing residents due to housing shortages and costs.

The Board requested that the following be reflected in the emerging priorities for consideration at the next Board meeting:

- Skills Escalator – investing in improving the skills of low paid workers
- Connectivity – an investment in super high speed broadband; and
- Leveraging New Technology – development of more formal links between universities, the tech sector and creating the right environment for innovation.
- Minimal Government Intervention
- Brand – consider developing a West London ‘brand’ to differentiate the West London offer (e.g. Heathrow, HS2, population diversity, etc.)

**The West London Economic Prosperity Board:**

- 1. Noted the interim findings of the Economic Assessment and the presentation contained in Appendix 1 to the report.**
- 2. Commented on the emerging priorities (section 3) in the draft Economic Assessment, as detailed in the preamble above.**
- 3. Agreed for the consultants to complete the economic assessment in line with the direction of the Board, as detailed in the preamble above.**
- 4. Agreed to receive a Growth Action Plan for these priority areas to promote growth in West London at the February 2016 meeting of the Board.**
- 5. Agreed for the West London Growth Directors' Board to plan the development of the action plan and present financial / resource implications to the at the February 2016 meeting of the Board.**

Following consideration of the item above, Councillor Theo Dennison (LB Hounslow) left the meeting at 3.08pm.

**8. DEVOLUTION AND PUBLIC SERVICE REFORM**

Andrew Donald (Strategic Director of Regeneration and Growth at LB Brent) presented a report on the London Proposition on Devolution and Public Service Reform.

**The West London Economic Prosperity Board:**

- 1. Supported further devolution of key functions from Whitehall to West London Government, and the role of the Board in overseeing such devolved functions in West London where a sub-regional approach is appropriate.**
- 2. Supported the three areas of focus for a devolved employment support system set out in section 2.1 of the report.**
- 3. Supported the West London Government proposals on devolution of skills and enterprise support, and the proposed West London approach to Post-16 Education and Training Area Reviews in London.**
- 4. Agreed to receive a report on the Housing and Planning Bill at its February 2016 meeting to agree priorities for the sub-region.**
- 5. Requested that the Director of the West London Alliance, in consultation with Board Members, prepares a public statement from the Board in response to the Spending Review, summarising the Board's position on the issues set out in the report and ambitions for its future work programme.**
- 6. Agreed that the West London Growth Directors Board should be tasked with organising an event to engage a wider constituency of West London businesses, including SMEs, to review the priorities for business support and**

how best to support and engage in the Board's emerging priorities for economic prosperity, before the next meeting in February 2016.

## **9. POST-16 EDUCATION AND TRAINING: AREA REVIEWS**

Andrew Travers (Chief Executive of LB Barnet) presented a report which set out the approach being taken in London to reviewing post-16 education and skills provision and the role of sub-regional partnerships in leading this approach.

### **The West London Economic Prosperity Board:**

- 1. Agreed in principle (and subject to FE college agreement) that a borough leader could be nominated to chair the sub-regional Steering Board that will be established to lead the West London response to Area Review. It was agreed that the nomination was Councillor Steve Curran (LB Hounslow).**
- 2. Endorsed the proposed membership of the West London Steering Group as representative of the sub-region and relevant sectors as set out in section 1.25 of the report**
- 3. Agreed the objectives of the Area Review for the West London sub-region as set out in section 1.12 of the report.**
- 4. Agreed that each borough will nominate a lead officer to engage on the Review and co-ordinate borough contributions to the economic analysis that will be undertaken across the sub-region to inform the outcome of the Area Review.**
- 5. Instruct officers to take appropriate action to prepare the analysis required to enable the Area Review to be reported back to the February 2016 meeting of the Board.**

## **10. WEST LONDON ECONOMIC PROSPERITY BOARD FORWARD WORK PROGRAMME**

The Board approve the Forward Work Programme and agreed that the following items be added:

- West London Economic Assessment – Growth Action Plan (February 2016)**
- Housing and Planning Bill – Priorities for the West London Sub-Region (February 2016)**

## **11. ANY OTHER BUSINESS**

None.

## **12. DATE/VENUE OF NEXT MEETING**

The Board noted the dates of the next meetings as follows:

- Wednesday, 17 February 2016, 1.00pm-3.00pm
- Wednesday, 8 June 2016, 9:30am-11:30am
- Wednesday, 21 September 2016, 9:30am-11:30am
- Wednesday, 7 December 2016, 9:30am-11:30am

The Board agreed that it would be preferable for meetings to be held at Central London locations. The clerk was requested to review the following meetings venues and confirm with the Board as soon as practicable:

- London Borough of Hammersmith & Fulham, Hammersmith Town Hall, King Street, London, W6 9JU
- London Councils, 59½ Southwark St, London SE1 0AL
- London Chamber of Commerce, 33 Queen Street, London, EC4R 1AP

The meeting finished at 3.32pm (having commenced at 2.10pm)



## AGENDA ITEM 4

### **JOINT COMMITTEE OF THE BOROUGHES OF BARNET, BRENT, EALING, HARROW AND HOUNSLOW (KNOWN AS “WEST LONDON ECONOMIC PROSPERITY BOARD”)**

#### **Functions and Procedure Rules**

#### **1. Purpose of the Joint Committee**

- 1.1 The London Boroughs of Barnet, Brent, Ealing, Harrow and Hounslow (“the Participating Boroughs”) have established the Joint Committee pursuant to powers under the Local Government Acts 1972 and 2000, and under the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012.
- 1.2 The Joint Committee shall be known as **‘WEST LONDON ECONOMIC PROSPERITY BOARD.’**
- 1.3 The Joint Committee’s role and purpose on behalf of the Participating Boroughs relates to ensuring appropriate, effective and formal governance is in place for the purposes of delivering the West London Vision for Growth and advancing Participating Boroughs’ aspirations for greater economic prosperity in West London, including promoting “the Economic Prosperity Agenda”, in partnership with employers, representatives from regional and central government, and education and skills providers.
- 1.4 The purpose of the Joint Committee will be collaboration and mutual co-operation and the fact that some functions will be discharged jointly by way of the Joint Committee does not prohibit any of the Participating Boroughs from promoting economic wellbeing in their own areas independently from the Joint Committee.
- 1.5 The Joint Committee is not a self-standing legal entity but is part of its constituent authorities. Any legal commitment entered into pursuant of a decision of the Joint Committee must be made by all of the Participating Boroughs.
- 1.6 These Procedure Rules govern the conduct of meetings of the Joint Committee.

#### **2. Definitions**

- 2.1 Any reference to “Access to Information legislation” shall mean Part V and VA of the Local Government Act 1972 (as amended) and, to the extent that they are applicable, to the Openness of Local Government Bodies Regulations 2014 (as amended) and the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 (as amended).
- 2.2 Any reference to “executive”, “executive arrangements”, “executive function” or “committee system” has the meaning given by Part 1A of the Local Government Act 2000.

### **3. Functions**

- 3.1 The Joint Committee will discharge on behalf of the Participating Boroughs the functions listed below related to promoting economic prosperity in West London:
  - 3.1.1 Making funding applications and/or bids to external bodies, in relation to economic prosperity for the benefit of the local government areas of the participating local authorities.
  - 3.1.2 Allocating any such funding awards to appropriate projects for the benefit of the local government areas of the participating local authorities, including, where applicable, approving joint procurement.
  - 3.1.3 Seeking to be the recipient of devolved powers and/or funding streams for the local government areas of the participating local authorities, which relate to the economic prosperity agenda.
  - 3.1.4 Exercising any such powers and allocating any such funding.
  - 3.1.5 Representing the participating local authorities in discussions and negotiations with regional bodies, national bodies and central government on matters relating to economic prosperity for the benefit of the local government areas of the participating authorities.
  - 3.1.6 Representing the participating authorities in connection with the Greater London Authority, London Councils and the London Enterprise Panel, for the benefit of the local government areas of the participating authorities, in matters relating to the economic prosperity agenda.
  - 3.1.7 Representing the participating local authorities in discussions and negotiations in relation to pan-London matters relating to economic prosperity.
  - 3.1.8 Seeking to influence and align government investment in West London in order to boost economic growth within the local government areas of the participating authorities.
  - 3.1.9 Agreeing and approving any additional governance structures as related to the Joint Committee, or any sub-committees formed by the Joint Committee.
  - 3.1.10 Representing the participating local authorities in discussions and negotiations with the Secretary of State for Communities and Local Government to encourage legislative reform enabling Economic Prosperity Boards, as defined by the Local Democracy, Economic Development and Construction Act 2009 Act, to be established by groups of boroughs in London.
  - 3.1.11 Inviting special representatives of stakeholders such as business associations, government agencies such as DWP or Jobcentre Plus, the further education sector, higher education sector, schools, voluntary sector, and health sector to take an interest in, and/or seek to influence, the business of the committee including by attending meetings and commenting on proposals and documents.
- 3.2 In relation to the Participating Boroughs which operate executive arrangements only executive functions of each borough may be exercised.

#### **4. Membership**

- 4.1 The membership will comprise of 5 members with each Participating Borough appointing one person to sit on the Joint Committee as a voting member.
- 4.2 Each Participating Borough will make a suitable appointment in accordance with its own constitutional requirements.
  - 4.2.1 Where a Participating Borough operates executive arrangements, then the appointment of a voting member of the West London EPB will be by the leaders of the executive or by the executive. It is anticipated that, where practicable, the leader of each such executive will be appointed to the West London EPB.
  - 4.2.2 Where a Participating Borough does not operate executive arrangements, the appointment of a voting member of the West London EPB will be in accordance with the Borough's own procedures. It is envisaged that this will usually be one of its senior councillors.
- 4.3 In all cases, the appointed person must be an elected member of the council of the appointing Participating Borough. Appointments will be made for a maximum period not extending beyond each member's remaining term of office as a councillor, and their membership of the Joint Committee will automatically cease if they cease to be an elected member of the appointing Participating Borough.
- 4.4 Members of the Joint Committee are governed by the provisions of their own Council's Codes and Protocols including the Code of Conduct for Members and the rules on Disclosable Pecuniary Interests.
- 4.5 Each Participating Borough will utilise existing mechanisms for substitution as laid down in their own Standing Orders. Continuity of attendance is encouraged.
- 4.6 Where a Participating Borough wishes to withdraw from membership of the Joint Committee this must be indicated in writing to each of the committee members. A six month notice period must be provided.
- 4.7 When a new borough wishes to become a Participating Borough then this may be achieved if agreed by a unanimous vote of all the existing Participating Boroughs.

#### **5. Chair and Vice-Chair**

- 5.1 The Chair of the Joint Committee will be appointed for 12 months, and will rotate amongst the Participating Boroughs.
- 5.2 Unless otherwise unanimously agreed by the Joint Committee, each Participating Borough's appointed person will serve as chair for 12 months at a time. Where the incumbent Chair ceases to be a member of the Joint Committee, the individual appointed by the relevant borough as a replacement will serve as Chair for the remainder of the 12 months as chair.

- 5.3 The Joint Committee will also appoint a Vice-Chair from within its membership on an annual basis to preside in the absence of the Chairman. This appointment will also rotate in a similar manner to the Chair.
- 5.4 At its first meeting, the Committee will draw up the rotas for Chair and Vice-Chair respectively.
- 5.5 Where neither the Chair nor Vice-Chair are in attendance, the Joint Committee will appoint a Chair to preside over the meeting.
- 5.6 In the event of any disagreement as the meaning or application of these Rules, the decision of the Chair shall be final.

## **6. Sub-Committees**

- 6.1 The Joint Committee may establish sub-committees to undertake elements of its work if required.

## **7. Delegation to officers**

- 7.1 The Joint Committee may delegate specific functions to officers of any of the Participating Boroughs.
- 7.2 Any such delegation may be subject to the requirement for the officer to consult with or obtain the prior agreement of an officer (or officers) of the other boroughs.
- 7.3 It may also be subject to the requirement for the officer with delegated authority to consult with the Chair of the Joint Committee and the Leaders of the one or more Participating Boroughs before exercising their delegated authority.

## **8. Administration**

- 8.1 Organisational and clerking support for the Joint Committee, and accommodation for meetings, will be provided by the Participating Borough whose representative is Chair unless otherwise agreed by the Joint Committee. The costs of this will be reimbursed by contributions from the other Participating Boroughs as approved by the Joint Committee.

## **9. Financial matters**

- 9.1 The Joint Committee will not have a pre-allocated budget.
- 9.2 When making a decision which has financial consequences, the Joint Committee will follow the relevant provisions of the Financial Procedure Rules of LB Ealing.

## **10. Agenda management**

- 10.1 Subject to 10.2, all prospective items of business for the Joint Committee shall be agreed by a meeting of the Chief Executives of the Participating Boroughs or their representatives.
- 10.2 It will be the responsibility of each report author to ensure that the impacts on all Participating Boroughs are fairly and accurately represented in the report. They may do this either by consulting with the monitoring officer and chief finance officer of each Participating Borough or by some other appropriate method.
- 10.3 In pursuance of their statutory duties, the monitoring officer and/or the chief financial officer of any of the Participating Boroughs may include an item for consideration on the agenda of a meeting of the Joint Committee, and, may require that an extraordinary meeting be called to consider such items.
- 10.4 Each Participating Borough operating executive arrangements will be responsible for considering whether it is necessary [in order to comply with Access to Information legislation regarding the publication of agendas including Forward Plan requirements] to treat prospective decisions as 'key- decisions' and/or have them included in the Forward Plan. Each Participating Borough operating a committee system will apply its local non statutory procedures.

## **11. Meetings**

- 11.1 The Joint Committee will meet as required to fulfil its functions.
- 11.2 A programme of meetings at the start of each Municipal Year will be scheduled and included in the Calendar of Meetings for all Participating Boroughs.
- 11.3 The quorum for a meeting of the Joint Committee shall require at least 4 of the 5 appointed members (or their substitutes) to be present in order to transact the business as advertised on the agenda.
- 11.4 Access to meetings and papers of the Joint Committee by the Press and Public is subject to the Local Government Act 1972 and to the Openness of Local Government Bodies Regulations 2014. The Joint Committee will also have regard to the Local Authorities (Executive Arrangements) (Meetings and Access to information) (England) Regulations 2012, notwithstanding the fact that its provisions do not strictly apply to the Joint Committee for so long as the committee has any members who are not members of an executive of a Participating Borough.

## **12. Notice of meetings**

- 12.1 On behalf of the Joint Committee, a clerk will give notice to the public of the time and place of any meeting in accordance with the Access to Information requirements.

12.2 At least five clear working days in advance of a meeting a clerk to the Joint Committee will publish the agenda via the website of clerk's authority and provide the documentation and website link to the Participating Boroughs to enable the information to be published on each Participating Borough's website. "Five Clear Days" does not include weekends or national holidays and excludes both the day of the meeting and the day on which the meeting is called.

12.3 The clerk to the Joint Committee will arrange for the copying and distribution of papers to all Members of the Committee.

### **13. Public participation**

13.1 Unless considering information classified as 'exempt' or 'confidential' under Access to Information Legislation, all meetings of the Joint Committee shall be held in public.

13.2 Public representations and questions are permitted at meetings of the Joint Committee. Notification must be given in advance of the meeting indicating by 12 noon on the last working day before the meeting the matter to be raised and the agenda item to which it relates. Representatives will be provided with a maximum of 3 minutes to address the Joint Committee.

13.3 The maximum number of speakers allowed per agenda item is 6.

13.4 Where the number of public representations exceed the time / number allowed, a written response will be provided or the representation deferred to the next meeting of the Joint Committee if appropriate.

13.5 The Joint Committee may also invite special representatives of stakeholders such as business associations, government agencies such as DWP or Jobcentre Plus, the further education sector, voluntary sector, and health sector to take an interest in the business of the committee including by attending meetings and commenting on proposals and documents.

13.6 The Chair shall have discretion to regulate the behaviour of all individuals present at the meeting in the interests of the efficient conduct of the meeting.

### **14. Member participation**

14.1 Any elected member of the council of any of the Participating Boroughs who is not a member of the Joint Committee may ask a question or address the Committee with the consent of the Chair.

### **15. Business to be transacted**

15.1 Standing items for each meeting of the Joint Committee will include the following:

- Apologies for absence
- Declarations of Interest

- Minutes of the Last Meeting
- Provision for public participation
- Substantive items for consideration

15.2 The Chair may vary the order of business and take urgent items as specified in the Access to Information Requirements at his / her discretion. The Chair should inform the Members of the Joint Committee prior to allowing the consideration of urgent items.

15.3 An item of business may not be considered at a meeting unless:  
 (i) A copy of the agenda included the item (or a copy of the item) is open to inspection by the public for at least five clear days before the meeting; or  
 (ii) By reason of special circumstances which shall be specified in the minutes the Chair of the meeting is of the opinion that the item should be considered at the meeting as a matter of urgency.

15.4 “Special Circumstances” justifying an item being considered as a matter or urgency will relate to both why the decision could not be made at a meeting allowing the proper time for inspection by the public as well as why the item or report could not have been available for inspection for five clear days before the meeting.

## **16. Extraordinary meetings**

16.1 Arrangements may be made following consultation with Chair of the Joint Committee to call an extraordinary meeting of the Joint Committee. The Chair should inform the appointed Members prior to taking a decision to convene an extraordinary meeting.

16.2 The business of an extraordinary meeting shall be only that specified on the agenda.

## **17. Cancellation of meetings**

17.1 Meetings of the Joint Committee may, after consultation with the Chairman, be cancelled if there is insufficient business to transact or some other appropriate reason warranting cancellation. The date of meetings may be varied after consultation with the Chairman and appointed members of the Joint Committee in the event that it is necessary for the efficient transaction of business.

## **18. Rules of debate**

18.1 The rules of debate in operation in the Chair’s authority shall apply.

## **19.. Request for determination of business**

19.1 Any member of the Joint Committee may request at any time that:

- The Joint Committee move to vote upon the current item of consideration.
- The item be deferred to the next meeting.

- The item be referred back to a meeting of the Chief Executives of the Participating Boroughs for further consideration
- The meeting be adjourned.

19.2 The Joint Committee will then vote on the request.

## **20. Urgency procedure**

20.1 Where the Chair (following consultation with the appointed Members of the Joint Committee) is of the view that an urgent decision is required in respect of any matter within the Joint Committee's functions and that decision would not reasonably require the calling of an Extraordinary Meeting of the Joint Committee to consider it and it cannot wait until the next Ordinary Meeting of the Joint Committee, then they may request in writing the Chief Executive of each Participating Borough (in line with pre-existing delegations in each Borough's Constitution) to take urgent action as is required within each of the constituent boroughs.

## **21. Voting**

21.1 The Joint Committee's decision making will operate on the basis of mutual cooperation and consent and will take into account the views of the special representatives. It is expected that decisions will be taken on a consensual basis wherever reasonably possible.

21.2 Where a vote is required it will be on the basis of one vote per member and unless a recorded vote is requested, the Chair will take the vote by show of hands.

21.3 Any matter (save for a decision under Rule 4.7 above) shall be decided by a simple majority of those members voting and present. Where there is an equality of votes, the Chair of the meeting shall have a second and casting vote.

21.4 Any two members can request that a recorded vote be taken.

21.5 Where, immediately after a vote is taken at a meeting, if any Member so requests, there shall be recorded in the minutes of the proceedings of that meeting whether the person cast his / her vote for or against the matter or whether he/ she abstained from voting.

## **22. Minutes**

22.1 At the next suitable meeting of the Joint Committee, the Chairman will move a motion that the minutes of the previous meeting be agreed as a correct record. The meeting may only consider the accuracy of the minutes and cannot change or vary decisions taken at a previous meeting as a matter arising out of the minutes.

22.2 Once agreed, the Chairman will sign them.

- 22.3 There will be no item for the approval of minutes of an ordinary Joint Committee meeting on the agenda of an extraordinary meeting.

## **23. Exclusion of Public and Press**

- 23.1 Members of the public and press may only be excluded from a meeting of the Joint Committee either in accordance with the Access to Information requirements or in the event of disturbance.
- 23.2 A motion may be moved at any time for the exclusion of the public from the whole or any part of the proceedings. The motion shall specify by reference to Section 100(A) Local Government Act 1972 the reason for the exclusion in relation to each item of business for which it is proposed that the public be excluded. The public must be excluded from meetings whenever it is likely, in view of the nature of business to be transacted, or the nature of the proceedings that confidential information would be disclosed.
- 23.3 If there is a general disturbance making orderly business impossible, the Chairman may adjourn the meeting for as long as he/she thinks is necessary.
- 23.4 Background papers will be published as part of the Joint Committee agenda and be made available to the public via the website of each authority.

## **24. Overview and Scrutiny**

- 24.1 Decisions of the Joint Committee which relate to the executive functions of a Participating Borough will be subject to scrutiny and 'call -in' arrangements (or such other arrangements equivalent to call-in that any Participating Borough operating a committee system may have) as would apply locally to a decision made by that Participating Borough acting alone
- 24.2 No decision should be implemented until such time as the call-in period has expired across all of the Participating Boroughs.
- 24.3 Where a decision is called in, arrangements will be made at the earliest opportunity within the Participating Borough where the Call-In had taken place for it to be heard.
- 24.4 Any decision called in for scrutiny before it has been implemented shall not be implemented until such time as the call-in procedures of the Participating Borough concerned have been concluded.

## **25. Access to minutes and papers after the meeting**

- 25.1 On behalf of the Joint Committee, a clerk will make available copies of the following for six years after the meeting:
- (i) the minutes of the meeting and records of decisions taken, together with reasons, for all meetings of the Joint Committee, excluding any part of the minutes of proceedings when the meeting was not open to the public or which disclose exempt or confidential information.

- (ii) the agenda for the meeting; and
- (iii) reports relating to items when the meeting was open to the public.

## **26. Amendment of these Rules**

- 26.1 These Rules shall be agreed by the Joint Committee at its first meeting. Any amendments shall be made by the Joint Committee following consultation with the monitoring officers of the Participating Boroughs. Note that Rule 3 (Functions) may only be amended following a formal delegation from each of the Participating Boroughs.

## **27. Background Papers**

- 27.1 Every report shall contain a list of those documents relating to the subject matter of the report which in the opinion of the author:
- (i) disclose any facts or matters on which the report or an important part of it is based;
  - (ii) which have been relied on to a material extent in preparing the report but does not include published works or those which disclose exempt or confidential information and in respect of reports to the Joint Committee, the advice of a political assistant.
- 27.2 Where a copy of a report for a meeting is made available for inspection by the public at the same time the clerk shall make available for inspection
- (i) a copy of the list of background papers for the report
  - (ii) at least one copy of each of the documents included in that list.
- 27.3 The Clerk will make available for public inspection for four years after the date of the meeting one copy of each of the documents on the list of background papers.



# West London Economic Prosperity Board

17 February 2016

AGENDA ITEM 6

<b>Title</b>	<b>West London's Growth Priorities</b>
<b>Report of</b>	Brendon Walsh – Executive Director Regeneration , Economic Development & Environment – LB of Hounslow
<b>Wards</b>	All West London Boroughs
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	Yes
<b>Enclosures</b>	Appendix 1 – West London Economic Portrait Appendix 2 – West London Vision Map
<b>Officer Contact Details</b>	Judy Flight – Assistant Director of Economic Development – <a href="mailto:flightj@ealing.gov.uk">flightj@ealing.gov.uk</a>

## Summary

### The Strengthening of Economic Development in West London 2014-2015

The West London Alliance has agreed a new approach to economic development and is putting in place the right governance, partnership, analysis and strategy to facilitate inclusive growth.

West London Leaders agreed a Vision for Growth, launched in November 2014, as a statement of their commitment to economic growth and the transformation of public services.

The West London Leaders West London boroughs established the – the West London Economic Prosperity Board (WLEPB) to promote and oversee economic and infrastructure growth in the sub-region and to have a robust governance vehicle to take advantage of devolution of resources and powers from Central Government.

Growth Directors from the seven West London boroughs were tasked with supporting WLEPB by overseeing development of economic strategy, analysis and investment opportunities.

Directors commissioned a new high level economic assessment to inform the development of growth priorities for West London in November 2015 to help refine and update the vision for Growth and clarify West London's shared ambitions.

Further more detailed analysis will need to be commissioned as necessary to help to inform and support the production of the Growth Action Plan for the sub-region, to be agreed by the Board, and to inform the commissioning of the newly devolved programmes. The implementation of this action plan will then be overseen by the Board.

## **Recommendations**

- 1. That the Board note the emerging growth priority issues set out in paragraphs 2.1 – 2.12 below as the basis for refreshing and delivering against the West London Vision for Growth**
- 2. That the Board notes that a Growth Action Plan is being developed to capture the range of interventions that will be overseen by the Board in delivering the West London Vision for Growth.**

### **1. WHY THIS REPORT IS NEEDED**

- 1.1 This report provides an update on progress towards the West London Vision for Growth. A Growth Action Plan is being developed to better understand the impact on interventions overseen by the Board including newly devolved powers. .
- 1.1 Paragraph 2. of this report provides a summary of the priority issues emerging from an early overview of findings from a recent high level Economic Assessment which will help inform a refreshed vision for growth and supporting action plan.

### **2. IDENTIFYING GROWTH ISSUES**

The overview report from the recent Economic Assessment highlights a number of issues to be addressed:

#### **People and Skills**

- 2.1. The WLEPB will play an increasingly important leadership role in ensuring skills providers meet the current and future skills requirements of employers in the sub-region. The assessment finds that there is a mismatch between the skills of the population and the needs of businesses which is likely to become more acute over the next ten years and as the population continues to

increase. Key findings include the importance of higher skill levels to future prosperity of both the economy and the population in particular for those with low skills at risk of being affected by automation or social exclusion. School performance and life-long learning are both seen as critical to ensuring businesses and residents capitalise on infrastructure investment. Ensuring new migrants have access to facilities to develop language and job skills will also be important

- 2.3 The West Economic Prosperity Board should support the effective spread of best practice from the high performing schools across the sub-region and to promote a more flexible, accessible and lifelong approach to learning so that residents have the maximum opportunity to adapt and respond to new employment opportunities and challenges.
- 2.4 The post 16 Education and Training Area Review provides a unique opportunity to develop a much deeper understanding of the skills needs in west London and the nature of provision needed to support all residents.

### **Enterprise**

- 2.5 The WLEPB needs to consider how to best support business growth in West London and the potential for involving micro-businesses and SMEs in town centre development and out of town developments through innovative policy development, planning guidance and creating a comprehensive business friendly approach
- 2.6 The skills demand analysis being undertaken to inform the Area Review needs to define those sectors that are growing and declining in different parts of West London to help ensure that business support services are also targeted to best effect.
- 2.7 The Board should ensure that all evidence-based work on how businesses currently use and are likely to use space (land and buildings) into the future is used to inform the new London Plan to develop a coherent approach to land use and Planning which is mindful of real business change.
- 2.8 To investigate the potential for research on the implications of future disruptive changes arising from automation and changes in working practice, to maximise resident's ability to access emerging occupations and sectors and support economic growth.

### **Places, Housing and Infrastructure**

- 2.9 To promote good quality place-making in support of economic growth, business retention and expansion, as well as facilitating inward investment through sub-regional promotion. Specifically to integrate the current

place making and inward investment strategies of the West London Borough's to create a sub-regional "offer".

- 2.10 To review the implications of the Housing and Planning Bill, and agree the actions to be taken at west London level in recognition that housing affordability is a major risk to economic growth in West London (Housing is featured in a separate report to the WLEPB on this agenda).
- 2.11 To build off the current progress of the West London Boroughs, working with Transport for London and other partners, on defining infrastructure priorities in order to ensure sufficient infrastructure for growth in general and within the Opportunity Areas (OA's) specifically, exploring new forms of investment.
- 2.12 To review all the OAs and Development Infrastructure Funding Studies (DIFS) within the sub-region and review available resources and timelines to achieve planned growth, prompt action to unblock programmes that are delayed or have insufficient resources.
- 2.13 To investigate the most efficient way to increase access to super-fast fibre optic broad band on a par with other well performing areas of the world via market providers and Government but also to encourage businesses to take up existing services and digitise their businesses in order to increase productivity and growth.

### **Inclusive growth**

- 2.14 Pursue all opportunities for West London to exploit the benefits from the London Employment and Skills devolution deals (see separate Board paper) for example by developing a clear evidence based approach to prioritising specific cohorts of people who require additional support and interventions not provided by universal employment interventions.
- 2.15 Monitor the effects of recent changes to benefits and affordable housing provision and tenure in order to ensure that all groups continue to see the benefits of growth and change.
- 2.16 Continue to seek innovative multi-agency approaches to supporting priority cohorts drawing on the evaluation of West London transformation projects, including young people not in education, employment and training and individuals with mental ill-health.
- 2.17 Encourage firms to pay the London Living Wage.
- 2.18 Plan to support inward migrating workers so that they can make a positive contribution to the economy.

### **Working to catalyse change**

- 2.19 that the Board should lead on outcomes-led commissioning and delivery of programmes to drive forward inclusive economic growth for West London whilst reflecting hyper-local needs and conditions.
- 2.20 High quality monitoring and evaluation needs to be designed to drive forward new models of commissioning to demonstrate success and secure greater

system influence in key areas such as the devolved Employment and Skills provision.

- 2.21 Actively promoting and encouraging entrepreneurial and innovative approaches will enable West London to 'get ahead' of change
- 2.22 West London boroughs could consider creating a "growth coalition", led by the West London Economic Prosperity Board as a network to share good practice and innovation between private businesses, utilities, communities, academia, and consultancies.
- 2.23 Brigade the funding – providing a lead to promote sub-regional growth, working to identify the opportunities for public private partnerships and investment funding to support capital investments in infrastructure to underpin economic growth.

### **3. REASONS FOR RECOMMENDATIONS**

- 3.1 To ensure that the development of the action plan and high level partnership reflect the Board's priorities

### **4. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 4.1 To use the original Vision for Growth (2014) and the previous assessment (2011) to provide a Growth Action Plan for West London – however the original Vision is more of a high level statement to show the Sub-Region's commitment to growth and the assessment does not reflect current economic trends.

## **5 POST DECISION IMPLEMENTATION**

- 5.1 Further work will be needed to test some of the findings from the Economic Assessment, leading on to additional analysis as appropriate to produce an action plan under the direction of the West London Growth Directors and presented to the a future meeting of the Board for review.

## **6 IMPLICATIONS OF DECISION**

### **6.1 Corporate Priorities and Performance**

- 6.2 This report directly reflects and refreshes the west London Vision for Growth

### **6.3 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

- 6.4 Any future resource implications will be fully developed and appraised as part of the action planning process over seen by the Growth Directors and reported to the next Board.

## **6.9 Legal and Constitutional References**

6.10 There are no legal powers necessary for this work to continue.

## **6.11 Risk Management**

6.12 A full risk management will be conducted as part of the action planning process.

## **6.14 Equalities and Diversity**

6.15 A preliminary Equalities Impact Assessment has been carried out in terms of commissioning the assessment and a full assessment will be carried out as part of the action planning process including measuring the impacts of growth.

## **6.16 Consultation and Engagement**

November 2014 West London Economic Prosperity Board  
Growth Directors – 2014 February to present  
West London Business – November 2015  
West London Boroughs Heads of Regeneration – January 2015 to present

## **6.17 Insight**

6.18 The approach in the report is based on a draft economic assessment informing the development of priorities and subsequently actions

## **7. BACKGROUND PAPERS -**

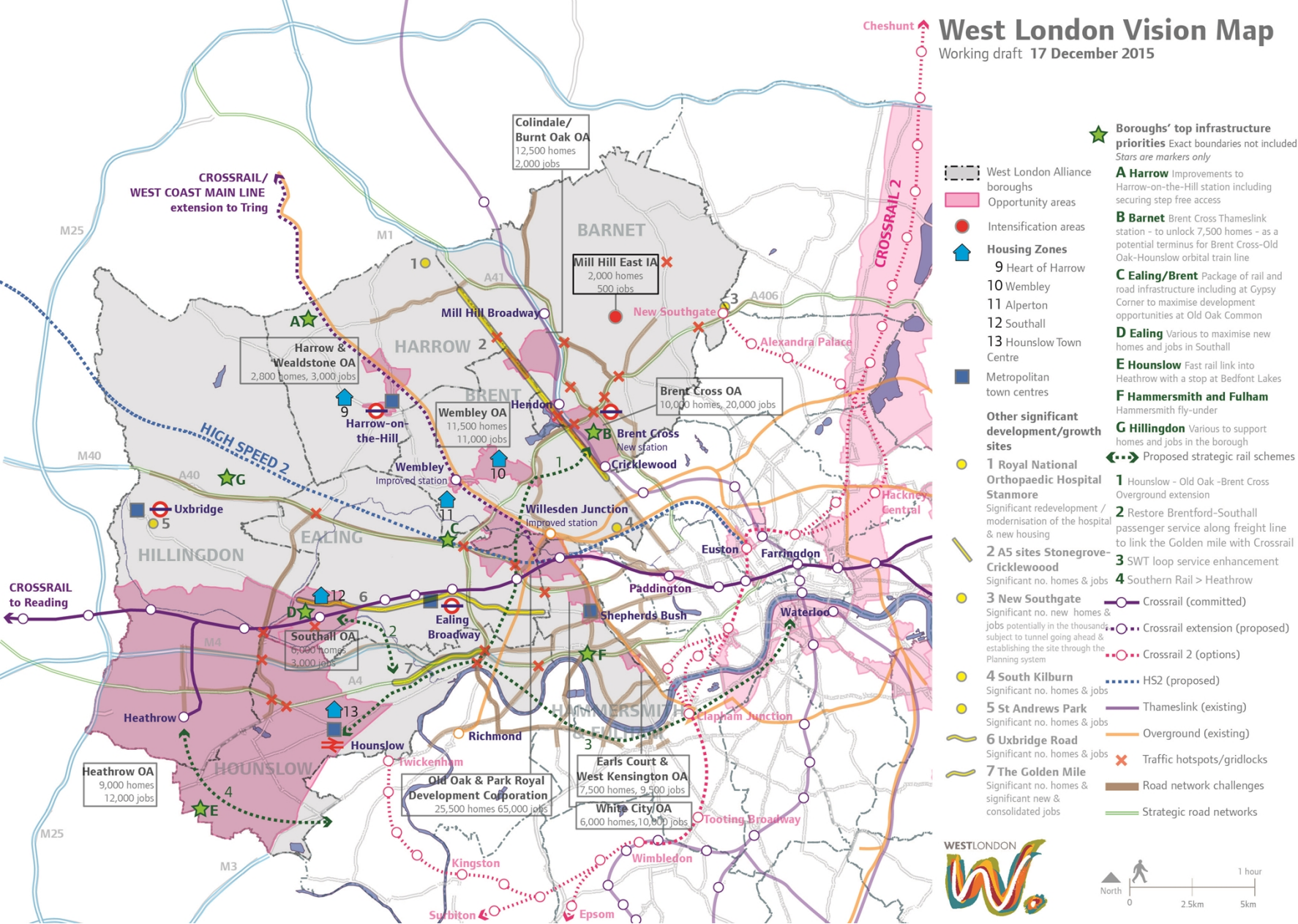
7.1 None

## Appendix 1

### Economic Portrait of West London

Items	Values
Population	2.020,500
Employment	Job Density - 0.79 , Unemployment Rate (ILO – June 2015) 6.6% - masks NEET and other cohort high rates of unemployment
Diversity	4 out of 7 Boroughs have a majority BAME population
Skills	Nearly 50% hold degree level qualification ; 15% have basic or no qualifications; spatial concentrations; schools improvement in terms attainment and most significant improvement in Hillingdon , Ealing, Hounslow , Hammersmith & Barnet
Productivity/ Business	West London's GVA per capita is 2 <sup>nd</sup> highest in London (£81k) business growth same as London average. West London business enterprises – majority Micros (1-9 employees) 89,000 (for smaller micros note wages of self-employed have fallen by 22% since 2008/9) Business Births – 18,100 and deaths 10,600 – death rate ratio – 1.72 Large businesses (employing more than 500 workers) are exclusively found in the southern area of West London.
Key Sectors	Large, well- represented and exhibiting recent growth at national level; Business Admin & Services, Financial & Insurance, Information and Communication , Transport & Storage and Wholesale . KBE sectors average for London but increasing (15% increase between 2009 and 2014)
Housing, Poverty and Well Being	New Housing projected to be built up to 2036 92,800 – Demand – <i>waiting on figure</i> IMD 2015 Poverty & London's Poverty Profile - Ealing and Brent had recent increase in relative poverty levels Low Pay – nearly 50% of jobs in West London pay less than LLW Highest Happiness rate in London apart from South London , Highest Life Satisfaction rate in London apart from South London

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## West London Economic Prosperity Board

**17<sup>th</sup> February 2016**

<b>Title</b>	<b>Implications of and Response to the Housing &amp; Planning Bill 2015 and Other Policy Changes</b>
<b>Report of</b>	Pat Hayes, Executive Director Housing and Regeneration, London Borough of Ealing
<b>Enclosures</b>	Appendix 1 – Specific Implications of the Housing & Planning Bill
<b>Officer Contact Details</b>	Pat Hayes, Executive Director Housing and Regeneration, London Borough of Ealing, <a href="mailto:hayesp@ealing.gov.uk">hayesp@ealing.gov.uk</a>

### Summary

This report provides an over view of the provisions contained in the Housing and Planning Bill and other policy changes affecting housing supply and allocation and examines the implications for the West London Boroughs.

### Recommendations

- 1. The Board notes the contents of the Appendix which details the implications of the Housing and Planning Bill for West London**
- 2. The Board agrees to consider any London-wide proposals to retain and re use receipts from “high value sales” within London.**
- 3. The Board considers the best way to respond to the evolving pressures in the London Housing market, the impacts of the Housing & Planning Bill and ongoing changes to the benefit system.**
- 4. The Board agrees to commission further work from officers to develop potential interventions, at a West London level as well as individual Borough level.**

## **1. Background**

### **Policy Context**

- 1.1 The Government is keen to promote home ownership as the preferred form of tenure, and views rented housing at subsidised levels from Councils or Housing Associations, as a choice of last resort.
- 1.2 It also adheres to a general principle that people should not live by virtue of public subsidy in a location, or housing type, which they could not afford if in work and not receiving a subsidy in some form, either through reduced rent or a benefit payment.
- 1.3 This has a profound impact on public housing policy and the two strands of thought, which come together in the Housing & Planning Bill, will significantly reduce the supply of new subsidised rental housing which has been delivered through a combination of government grant and the planning system for the last twenty or so years .

### **Economic Context**

- 1.4 Though good for many individual home owners the continued price inflation in the West London housing market is beginning to have an effect on business productivity and competitiveness as companies report staff having to make longer and longer journeys to work and a difficulty recruiting and retaining younger employees who are not well established on the housing ladder.
- 1.5 The CBI's recent London Business Survey<sup>1</sup> found that when businesses were asked about the impact of housing on business:
  - 57% of businesses surveyed, listed housing costs and availability as impacting negatively on the recruitment of entry level staff
  - 63% cited not enough funding for affordable housing
  - 55% cited a lack of available land to build homes (land supply)
- 1.6 The public sector, particularly the education and social care fields are also being very adversely affected as professional salaries are in many boroughs insufficient to rent let alone buy a satisfactory property.
- 1.7 In terms of housing for those in lower skilled jobs most boroughs are now unaffordable and increasingly such jobs are being filled by younger people and often recently arrived migrants living in substandard and often unsafe housing. London is reliant on migrant labour, in part due to its lack of available housing affordable by those in low paid jobs. Traditionally 25% of London's housing stock was subsidised municipal housing but this is falling year on year and is no longer generally accessible for those in work even low paid.
- 1.8 This lack of affordability extends to some 'affordable' rented housing supplied by housing associations. For example, a new affordable housing association 2

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<sup>1</sup> LONDON BUSINESS SURVEY SEPTEMBER 2015 – CBI 2015

bedroomed property was recently let in West London (in Harlesden) at a rent of £288 per week. Coincidentally, the new National Living Wage of £7.20 per hour would just about cover this rent, assuming a 40 hour week. However, this leaves nothing for food, clothes, child care and travel. Hardly surprising then, that London's economy is increasing reliant on migrant labour, and that families are being forced out of the capital by high rents, even in the affordable rented sector.

- 1.9 Unless there is a considerable slow down or reverse of house price inflation, London will face a major challenge continuing to operate as a growing economy. It is worth noting that house price inflation in turn drives rental inflation and the private rented sector, particularly for family sized accommodation, is rapidly becoming unaffordable to those on even above average salaries.
- 1.10 London's current dominance in the UK economy and status as a global financial center are likely to mean that normal market adjustment to bring property prices fall in line with incomes, will not happen in a uniform manner, and is likely to be preceded by a general fall in housing standards and a polarisation in the housing market between very expensive and very poor quality stock.

## **2. Overview of the Housing and Planning Bill**

- 2.1 The Housing and Planning Bill was introduced to Parliament on 13th October.
- 2.2 The government is seeking to achieve 3 primary aims through the Bill:
  - To encourage people to buy their own homes
  - To speed up the planning system to encourage the building of 1m new homes by 2020
  - To change the way public housing is managed
- 2.3 The Bill is largely an enabling Bill, so much of the detail will come later through guidance and regulation. To summarise, the key areas that the Bill covers are:
- 2.4 **Starter Homes:** At prices of up to £450k (including the 20% discount), starter homes will be out of reach of most households, including those on average incomes in many, if not most, areas of London. Meanwhile, the £450k cap on value will make it difficult to deliver starter homes in more central areas of London, where the average new build house price is far higher than this. There is concern that the starter homes requirement will squeeze out other affordable housing products, particularly rented housing, thus overriding local assessments of housing need, and undermining local decision making powers
- 2.5 **Extension of Right to Buy to Housing Association Tenants:** Losses of affordable housing in West London could be in the order of 3000 affordable or social rented homes over the next 5 years. As things stand, Local Authorities will lose the ability to insist that homes sold by associations under the extended RTB scheme will be replaced in West London, since there is at present no

means to replace RTB homes in London, let alone in West London or indeed in the same local authority area.

- 2.6 **Sale of vacant high value local authority housing:** The Government is committed to requiring stock retaining local authorities to sell “high value” homes as they become vacant. The government intends to use the funds raised to support the extension of the RTB scheme and also to help create a fund to support the construction of 400,000 homes on brownfield land (Brownfield Regeneration Fund). The provisions contained in the Bill will enable the government to set out a definition of ‘high value’ homes and create a duty on local authorities to consider selling homes that meet this definition when they become vacant.
- 2.7 The Bill will also allow the government to estimate the amount of money it would expect each individual authority to receive, in each financial year, from sales of high value homes. Local authorities will be able to enter into an agreement to reduce the amount of the payment, so long as the money is spent on housing or on things that will facilitate the provision of housing. Though at the moment this is on basis of a two for one arrangement which will be extremely challenging unless boroughs build out of borough in places where values are lower. In the absence of any agreement between a borough and Government on resupply the LA will be required to pay any amount due from the sales to the Treasury. Details of both the definition of high value homes and the mechanism by which the government will calculate the amount owed by each stock retaining authority will be published at a later date. Though it appears this will be done on the basis of volume of stock in certain price bands and turnover rate over last three years.
- 2.8 **Pay to Stay:** A “Pay to Stay” scheme for high earning Council Tenants. The definition of high earning is to be set in regulation, but Government has indicated that a household income of £40K is likely to be the test in London. The concern is that this policy will be costly to administer, and that the governments proposed timescale (February 2017) is unworkable.
- 2.9 **Other measures (not necessarily in the Housing & Planning Bill) include:**
- Further reforms to the planning system and compulsory purchase procedure
  - A compulsory annual reduction in Council rents of 1% for next four years.
  - The limiting of Housing Association rents to Local Housing Allowance levels
- 2.10 Royal Assent for the Housing & Planning Bill is expected in late spring and any necessary secondary legislation and regulatory guidance to bring its provisions into force is likely to follow during the summer. This will include changes to the regulatory framework for social housing and the National Planning Policy Framework, amongst others. The legislation represents a major change in housing policy and as a result, many council statutory strategic housing policies and plans will need to be reviewed

- 2.11 Alongside the Housing & Planning Bill a range of changes to the benefit system are being implemented which will make it progressively harder for local authorities in London to meet their housing responsibilities within their own boroughs. The reduction in the overall benefit cap to £20,000, the introduction of universal credit, pose significant challenges for London, as does the 1% rent reduction in councils rents.

### **3. Key Implications**

- 3.1 In the Bill the government has changed the focus of the delivery of below market price housing through the planning system from rented property provided by Councils or Housing Associations to owner occupied property
- 3.2 It is likely that any resulting increase in housing supply in London will benefit only a limited number of households on higher than average incomes. Working households with a below average income, including those who are reliant on welfare benefit top ups, will be increasingly reliant on the private rented sector, pushing many out of London.
- 3.3 The government's focus on the support of home ownership as opposed to renting is also reflected in the funding made available for the national Affordable Homes Programme (AHP) in the recent Spending Review. Given the constraints the Bill will place on registered providers of social housing and associated losses through the Right to Buy and sale of high value voids, it is likely that councils will need to increasingly look to alternative approaches to delivering new homes without AHP funding.
- 3.4 The Government remain committed to supporting estate regeneration programmes as a means of delivering new housing. However loss of HRA income as a result of the 1% reduction and sales of stock will reduce the capacity of Councils to fund these programmes which are, in any case, getting harder to finance due to the increasing cost of RTB buy backs.

### **4. Pan London and West London Proposals**

- 4.1 There is ongoing dialogue between the Government, the GLA and London Councils as to ways in which the unique circumstances of London could be addressed within the parameters being set by the new housing and planning bill. This has particularly focused on looking at ways to ensure that receipts from high value sales are kept in London to re-provide replacement affordable housing.
- 4.2 At this moment it is unclear exactly where these discussions have got to and how any proposals could be related to the two for one amendment in the current bill.
- 4.3 One thing however is certain that to deliver like for like is challenging given land and construction costs, and a two for one programme will only be feasible with at least one of every two units being delivered outside London and a substantial proportion being some form of subsidised ownership product rather than a rental one.

- 4.4 There is also a certainty that West London Boroughs will increasingly have to meet their temporary accommodation needs outside of London and if they wish to increase their own stocks of properties at below market rent levels they will have to do this outside London.
- 4.5 This will clearly have an impact both on the boroughs that are buying stock and placing people outside their own geographical boundaries, but also on the boroughs that will be having people placed into their areas.

## **5. West London's Response**

- 5.1 The Housing and Planning Bill signals a major change in public housing policy and West London boroughs will have to respond to this in an imaginative way.
- 5.2 This is likely to mean both buying and leasing/ renting existing housing outside London to use as temporary accommodation and developing new build housing to use as either temporary or permanent accommodation at a variety of rental price-points.
- 5.3 West London boroughs are already working collaboratively on procurement of temporary accommodation, both in and outside London, with a shared West London Temporary Accommodation procurement Dynamic Purchasing System.
- 5.4 There is also a new joint project underway, to procure private rented accommodation outside London and provide effective resettlement and employment support. A project manager has just been recruited and the project will start to go live in early 2016/17.
- 5.5 West London Boroughs may also have to find ways to engage with or provide alternative structures to any pan London vehicles established to help deliver replacement affordable housing supply in London.
- 5.6 Several West London Boroughs are looking to buy stock outside London, and will be sharing information with a view to collaborating in order to avoid the risk of competing against each other for stock and inadvertently inflating prices.

## **6. Recommendations**

- 6.1 Boroughs may wish to consider taking these initiatives a step further. Consideration should be given to whether it is worth exploring the following
  - A West London property acquisition/ development team tasked with buying single units and whole packages of stock for West London boroughs outside of London. This team also being a potential vehicle to acquire land for development as part of 2 -1 replacement programme.

- A West London Temporary Accommodation Team who would be responsible for securing shorter term leased and rented properties for the West London Boroughs and managing the placement of tenants, relations with the host borough and the provision/ purchase of support to both the residents and the host authority.
- 6.2 The above would require considerable work to establish and may require some seed funding to set up. Consideration would need to be given to the best approach, be it one borough providing a service on behalf of others, jointly commissioning an external provider, or setting up some sort of joint SPV to deliver the service. A robust commitment from boroughs would be needed, once the business case was agreed.
- 6.3 Many boroughs already have their own initiatives to respond to these challenges, and it may in some cases make sense to open these up to other West London boroughs to reduce start-up costs etc.
- 6.4 It is therefore recommended that officers explore the various options and bring a further paper back to the Board when the details of any final settlement for London are clearer.

## **7. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

7.1 N/A

## **8. POST DECISION IMPLEMENTATION**

8.1 Growth Directors will be committed to undertake further work to develop the Board's preferred options

## **9. IMPLICATIONS OF DECISION**

### **9.1 Corporate Priorities and Performance**

This report responds directly to the prioritisation of housing issues in the West London vision for Growth.

### **9.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

N/A

### **9.3 Social Value**

N/A

### **9.4 Legal and Constitutional References**

The Board has its own functions and procedure rules as set out in the Constitutions of the relevant local authorities. These include representing the participating local authorities in discussions and negotiations with regional and national bodies and central government on matters relating to economic

prosperity for the benefit of the local government areas of the participating authorities, and representing the participating local authorities in discussion and negotiations in relation to pan-London matters relating to economic prosperity.

**9.5 Risk Management**

N/A

**9.6 Equalities and Diversity**

N/A

**9.7 Consultation and Engagement**

Draft paper discussed by WLA Chief Executives (12<sup>th</sup> January 2016) and WLA Growth Directors (29<sup>th</sup> January 2016)

**10. BACKGROUND PAPERS**

10.1 Housing and Planning Bill 2015-16: <http://services.parliament.uk/bills/2015-16/housingandplanning.html>

10.2 Spending Review and Autumn Statement 2015: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/479749/52229\\_Blue\\_Book\\_PU1865\\_Web\\_Accessible.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479749/52229_Blue_Book_PU1865_Web_Accessible.pdf)

## Appendix 1

### BACKGROUND

#### 1. Public Housing Policy

- 1.1 In the years immediately before and after the Second World War Municipalities in London built substantial numbers of homes which were designed to be rented at or below the prevailing market rent to those in regular employment. This new housing was designed to be affordable to people on average wages but of a better quality and in more abundant supply than was available in the existing privately owned rented sector. It is worth remembering that it was not until many years after WW2 that more people owned rather than rented their home.
- 1.2 High levels of public house building under both Conservative and Labour Governments continued up until 1979.
- 1.3 From the mid-1980's, the supply of funding that had previously flowed to local authorities to build municipally owned housing came to an end and instead a policy of subsidising council tenants to buy their homes was introduced.
- 1.4 At the same time the effect of a succession of legislative provision and legal judgements some arising from the impact of the influential documentary "Cathy come home" led to a substantial increase in the responsibilities of Councils to house people in housing need and a significant reduction in their ability to let according to factors such as local connection and ability to pay the rent etc.
- 1.5 The combination of an increase in obligations to house, but a decrease in the ability to provide new supply, meant that Council housing had by the mid-1980s become largely a tenure available only to those in economic or social need. This combined with the industrial restructuring of the 1980s which led to the loss of huge numbers of manual jobs often filled by Council tenants resulting in a situation where, in most boroughs, the majority of Council tenants were in receipt of benefits.
- 1.6 This benefits dependency continues to this day and has a distorting effect on housing policy and provision. Under Labour the benefits system was by default used as a way of pushing additional investment into housing though this resulted in spiraling increases in rental levels in the private market as Councils were unable to house everyone for whom they were responsible within their own diminishing housing stocks
- 1.7 It also being worth adding that from the 1970s to the 1990s Councils in London generally did a very poor job of managing and maintaining their stock as reasonable places to live. In so doing undermining the image of publicly owned housing and further encouraging a cycle of decline as it became a less popular and socially accepted type of tenure.
- 1.8 Publicly subsidized housing in the UK has been given different names over recent years none of which really describe the product accurately.
- 1.9 Since 1979 grants to housing associations (and latterly at a relatively small scale to Councils) and the planning system have been used to deliver below market priced housing.

- 1.10 In London most new below market price housing is delivered as a result of section 106 agreements, with developers being required to deliver affordable housing as part of new housing developments. The subsidy effectively coming from an informal tax on land value.
- 1.11 In recent years this housing has been variously called Social Housing, Target Rent / Council or Housing Association rented and Affordable Rented housing. The nomenclature changing according to level of subsidy envisaged but it all being sub market price of some type. In planning terms affordable housing also embracing shared ownership and discounted market sale housing of which the new Starter Homes product is a variant.
- 1.12 Since the 1990s Local Authorities in London have to greater and lesser degrees focused on redeveloping and remodeling their larger 1960s and 70s housing estates, most of which were built in a non-traditional manner and have suffered from poor maintenance. This estate regeneration offers an opportunity to increase supply given the comparatively low density of many such estates, and enables the creation of mixed communities with a greater range of tenures and income levels.

## **2. Housing Market**

- 2.1 The London housing market is very different from that of most of the country in that outside London most people on average incomes can afford to buy houses and in a whole swathe of the country what are essentially controlled Council rents are little if any lower than the prevailing market rent. This means that home ownership is affordable to most working people and it is feasible to move between the municipal and private rented sectors, given that most Councils have waiting lists measured in the low hundreds rather than the thousands of many London Boroughs.
- 2.2 The West London housing market is extremely buoyant, from a seller's perspective, with price increases continuing to out strip RPI by a significant factor.
- 2.3 This however means that in most of the sub region an annual household income of in excess of £75k is required to enter the housing market.
- 2.4 This has increased demand in the private rented sector which has grown substantially in the last ten years albeit through a proliferation of small buy to let landlords . The increase in demand for rented property increasing prices and reducing the supply of lower cost / quality accommodation.
- 2.5 This in turn creating an increase in evictions from the private rented sector as landlords look to increase rents and cease to offer accommodation to those on low wages being topped up with benefit payments.
- 2.6 In recent years successive Governments have attempted to subsidise home purchase in various ways either to help restart the housing market post the 2007 crash or to counteract the ensuing difficulties with the supply of mortgage finance. None of these measures have had any significant traction in London due to the very high market entry price.

- 2.7 Shared ownership products offered by Housing Associations have however been relatively popular though their purchasers remain the least happy of any group in the housing market and there are real issues as to whether shared ownership in a rapidly inflating market is a strong economic option for the purchaser as they are unlikely to stair case out of the property.

### **3. State Benefits**

- 3.1 In most London Boroughs over 60% of Council tenants are in receipt of state benefits of some form.
- 3.2 UK Welfare policy has since 1945 historically recognized housing costs as a separate class of expenditure and under the National Assistance Act and the 1973 Social Security included a specific housing allowance in benefits. Since 1982 Councils have administered a system of payments linked directly to housing costs know as Housing benefit. This benefit paid to both the unemployed and those in the lowest paid work.
- 3.3 Today, a substantial part of the national benefits bill goes on paying Council rents and historically Councils have been, in practice, able to largely pass increases in their rent levels on to Government due to the number of tenants in receipt of Housing Benefit. Though successive Governments have sought to force the inflation of Council rents to bring them closer to market and particularly housing association rents.
- 3.4 An easy way for Government to reduce national benefit expenditure is to force the reduction of Council rents. Another is to cap the levels of individual benefits paid so that the full costs of more expensive properties are not paid.
- 3.5 The latter approach has considerable significance in high cost areas like London and means that those on benefits cannot afford to live in certain places and property types.
- 3.6 Current Government policy will mean that most people on Housing Benefit will not be able to live in large swathes of London within the next ten years.
- 3.7 This has lead to more people becoming homeless either as a result of their benefit not covering their housing costs or their landlord deciding to increase rent levels in response to new demand from people who would traditionally have bought. These households are presenting to their local authority in increasing numbers.
- 3.8 Under the current system local authorities housing someone on benefit in the private sector get a payment from Government but in most cases this no longer covers the actual cost of renting a property in London creating an immediate revenue budget loss for the authority of, in many cases, £100 per week per person. Many Local Authorities having in excess of 1000 households at any time who they have a duty to house but have not been able to permanently accommodate.

## **4. Specific Implications of the Housing & Planning Bill**

### **Starter Homes**

The Bill provides the statutory framework for the delivery of starter homes. It defines starter homes as:

- A new dwelling
- Available to first time buyers under 40 years of age only
- At least 20% less than market price
- To be less than the price cap (£250,000 outside London and £450,000 in London)
- To be subject to restrictions set by the Secretary of State in regulations.

Local planning authorities will have a new duty to promote the supply of starter homes, and to prepare reports about the actions they have taken under the starter homes duties. The legislation effectively prioritises Starter Homes above all other affordable provision, restricting local authorities' ability to negotiate other low cost home ownership products through section 106 and other planning agreements.

The Bill will also allow the government to set regulations requiring starter homes to be included on residential sites as a condition of securing planning permission. The regulations may also specify that certain types of residential development should be exempt, or that certain areas should have a higher starter home requirement, or that local planning authorities should have discretion about certain requirements. These regulations will be issued at a later date.

The government's intention is that the 20% price reduction will be locked in for only 5 years. This has been controversial as it means that after 5 years the owner can sell at open market value. If the 5-year limit on the reduction is maintained, it will have put upwards pressure on house prices (in the same way as other initiatives such as Help to Buy) because it puts more purchase capital into the market, as a result of the 20% windfall.

### **Implications**

Reports suggest that the provision of Starter Homes and the 'automatic permission in principle' which underpins them will rely very heavily on the plan-making process and will not therefore apply retrospectively to current allocated development sites. The planning minister, Brandon Lewis, indicated at a select committee appearance on 9th November that councils will continue to negotiate the provision of starter homes as part of s106 agreements in much the same way as overall tenure is agreed with developers at present. These negotiations, however, will be subject to new regulations mandating a proportion of Starter Homes on 'all reasonably sized sites' and will effectively top-slice affordable housing provision. The British Property Federation has warned that this may in effect 'kill off' the emerging build to rent sector.

Land prices in most areas of West London will support one and two bedroomed Starter Homes. These will only be affordable to households with an above average income and will not benefit working households on lower incomes. On average, one bedroomed homes will be affordable to households earning from £34.5k, just below the median household income for the borough, up to the GLA's First Steps income threshold (currently £71k for 1 and 2 bedroomed homes and £85k for 3-4 bedroomed homes). Unsurprisingly, affordability is more limited for larger, family sized properties.

## Self-build and custom housebuilding

The government sees this as a neglected housing sector and aims to double the number of self-build and custom built houses by 2020. In many European countries, custom built homes provide a more significant contribution towards the supply of new homes. The government are keen to support the expansion of this sector to capture its full potential.

The Bill supplements the duties already introduced earlier this year through the Self-build and Custom Housebuilding Act 2015. This Act requires the council to keep and publicise a register of:

- (a) individuals,
  - (b) associations of individuals (including bodies corporate that exercise functions on behalf of associations of individuals),
- who are seeking to acquire serviced plots of land in the authority's area in order to build houses for those individuals to occupy as homes.

The new Bill supplements the Self-build and Custom Housebuilding Act 2015 Act by giving local authorities a new duty to grant permission on enough serviced plots of land to meet the demand for self-building and custom building in their area. These provisions have implications for land supply particularly within London where high density strategies for housing delivery increasingly rely on comprehensive development schemes and an activist approach to site assembly.

## Implications

Self-build and custom housebuilding provide a valuable niche housing option to the range currently available to residents. However, even with the additional support provided by the Bill, Self-build and Custom Build homes are still likely to only provide a small contribution towards new housing supply. If there was sufficient interest, the council could work with a Community Interest Company to deliver self-build homes, which could help provide training and skills, though this would involve a considerable commitment from those involved.

## Additional Measures to improve the Private Rented Sector

The Bill provides greater powers for local authorities to identify and tackle rogue landlords with measures including:

- **Banning Orders** via a tribunal- to ban a person from:
  - letting housing in England;
  - engaging in letting agency work that relates to housing in England;
  - engaging in property management work that relates to housing in England; or
  - doing two or more of those things.
- **A more stringent “fit and proper” person test for landlords** letting out licensed properties, including HMOs, to help ensure that they have the appropriate skills to manage such properties and do not pose a risk to the health and safety of their tenants;
- **Rent Repayment Orders**-the Bill will grant tribunals powers to make repayment orders to deter rogue landlords who have committed an offence

- **Creates a national database of rogue landlords**, which local housing authorities will be responsible for maintaining
- **Additional powers to recover abandoned properties** without the need for a court order.

### **Implications**

These proposals are welcomed as they will help the council deal with the worst parts of the sector. However, it will be vital to make sure that local authorities are given the resources they need to enforce the new measures.

## **Extension of the RTB to Housing Associations and Sale of Vacant High Value Local Authority Housing**

### **Implementing the Right to Buy on a Voluntary Basis**

Following the deal struck between the government and the National Housing Federation, housing associations will extend the RTB to their tenants on a voluntary basis. The Bill will enable the government to:

- make payments to associations to compensate them for the cost of the discounts on offer
- publish 'the home ownership criteria' (a set of rules for the extension right to buy)
- direct the Homes and Communities Agency to monitor associations' compliance with the criteria.

The government has confirmed that housing associations can keep the receipts in 'cash' rather than grant form. However, there is still significant concern over whether the new policy will deliver one for one replacements, given government statistics show that the replacements for RTB have fallen substantially short of this target after the previous reforms under the Coalition government. Given the government's refocusing of affordable housing, it is likely that a substantial proportion of re-provision could be Starter Homes or other low cost home ownership products, rather than rented social housing.

### **Implications**

Losses of affordable housing in West London could be in the order of 3000 over the next 5 years. As things stand, Local Authorities will lose the ability to insist that homes sold by associations under the extended RTB will be replaced in West London, since there is at present no means to replace sold homes in London let alone higher value areas.

### **Sale of vacant high value local authority housing**

The Government is committed to requiring stock retaining local authorities to sell "high value" homes as they become vacant. The government intends to use the funds raised to support the extension of the RTB scheme and also to help create a fund to support the construction of 400,000 homes on brownfield land (Brownfield Regeneration Fund). The provisions contained in the Bill will enable the government to set out a definition of 'high value' homes and create a duty on local authorities to consider selling homes that meet this definition when they become vacant.

The Bill will also allow the government to estimate the amount of money it would expect each individual authority to receive, in each financial year, from sales of high value homes.

Local authorities will be able to enter into an agreement to reduce the amount of the payment, so long as the money is spent on housing or on things that will facilitate the provision of housing. Though at the moment, this is on basis of a two for one arrangement which will be extremely challenging unless boroughs build out of borough in places where values are lower. In the absence of any agreement between a borough and Government on resupply, the LA will be required to pay any amount due from the sales to the Treasury. Details of both the definition of high value homes and the mechanism by which the government will calculate the amount owed by each stock retaining authority will be published at a later date. Though it appears this will be done on the basis of volume of stock in certain down price bands and turnover rate over last three years.

## **Implications**

During the summer, some research was undertaken by Liverpool Economics to assess the impact of the government's proposals across 25 London boroughs. They estimated that 1,588 homes would be sold by these 25 authorities in the first year of the policy. This number will decline slightly over time, resulting in 7,341 sales in the first five years and 13,361 in the first ten years. However the detail of the formula to calculate what is included in 'High Value' sales is not yet available.

## **Pay to Stay; Mandatory Rent for High Income Social Tenants**

Social landlords are already able to voluntarily charge those households earning £60,000 and above full market rent. The government is now legislating to lower the threshold and make it mandatory to charge higher rents to those earning above the new, lower threshold currently defined as with a household income of over £30,000 per year, and over £40,000 in London.

The government is currently consulting on how the taper will work and on expected administrative costs. Boroughs are tending to respond that the minimum threshold for household income for London (£40k) is set too low and fails to take account of differing housing markets and home sizes. A household with an income of £40k can afford a maximum rent of £162 per week, regardless of the size of property. The policy will impact particularly on families and larger households living in council homes, with the potential for disproportionate impacts on some religious and ethnic groups.

## **Implications**

The percentage of market rent that is affordable will differ depending on the property type and area. As part of the response to the consultation, London Councils are suggesting that the taper starts where a household can afford the max LHA rate for the area (lowest 30th percentile) ending where they can afford full market rent. There are very few areas or property types in West London where a household with an income of £40k can afford full market rent. Our suggestion would be that different areas have a differing threshold with a taper from £42k rising to at least £100k for larger properties in expensive areas.

## **Planning reforms**

The key changes are:

- **Neighbourhood planning** – the Bill intends to simplify and speed up the neighbourhood planning process to support communities that seek to meet local housing and other development needs through neighbourhood planning, by

introducing a timetable by which local authorities must undertake key neighbourhood planning functions. It also allows the Secretary of State to intervene in decisions on whether to hold a referendum on an Neighbourhood Development Order or a neighbourhood plan and requires local authorities to notify local neighbourhood forums of any planning applications in their area.

- **Local planning** – gives the Secretary of State further powers to intervene if Local Plans are not delivered with sufficient speed.
- **Planning in Greater London** –this will devolve further powers to the Mayor of London to call in planning applications of 50 homes or more
- **Information about financial benefits**- this ensures that potential financial benefits of certain development proposals are made public when a local planning authority is considering whether to grant planning permission (including CIL).
- **Local registers of land and permission in principle** – creating a duty for local authorities to hold a register of various types of land, with the intention of creating a register of brownfield land to facilitate unlocking land to build new homes; and giving housing sites identified in the brownfield register, local and neighbourhood plans planning permission in principle, and providing an opportunity for applicants to obtain permission in principle for small scale housing sites.
- **Planning permissions** – This is a significant change to the planning system and, while containing additional duties/burdens, it could be a beneficial change. Essentially there are two new provisions:
  - **A duty to hold a register of brownfield land capable of being developed for housing**- The DCLG are looking to make this as light a burden as possible by essentially using the existing Strategic Housing Land Availability Assessment process that is carried out as part of Local Plan making to form the register. This is unlikely to deliver any additional housing as most sites will already have been allocated as suitable for housing.
  - **The concept of permission in principle**. The cost of obtaining outline planning permissions is seen as a barrier to entry for small house builders. This new concept (permission in principle) will automatically attach to sites on the Brownfield Register and can be granted on application to small sites (less than 10 units). It is also posited that this measure will improve developer access to finance by providing certainty of the end use. Again, this seems unlikely in London where permission for housing is essentially certain except in specifically designated areas such as green belt and Strategic Industrial Land .
- **Nationally significant infrastructure projects** – this allows developers who wish to include housing within major infrastructure projects to apply for consent under the nationally significant infrastructure planning regime. The current system prevents this.
- **Planning performance**- 50% of major applications already have to be determined within statutory time periods. The Bill now provides for underperformance measures to be extended to minor applications too (likely also to be set at 50%) and to PIPs. “Fixing the Foundations” sets out the government’s intention to publish league tables, setting out local authorities’ progress on providing a plan for the jobs and homes needed locally. Targets will also be set for Starter Homes. In London, it is reported that the Mayor of London is planning to fix a target of 25% for affordable homes in

the capital's key housing zones and opportunity areas. While this may improve delivery in more expensive central areas, it will effectively prevent local authorities from being able to negotiate up the number of affordable homes on a development above the 25% threshold.

- **Urban Development Corporations-** the government see these as good delivery agents and so are looking to make it easier and quicker to set them up.
- **Compulsory Purchase-** A wide range of changes that are the result of a consultation last year. These are broadly supported and DCLG state that it was the most widely supported consultation they have ever undertaken. However it just sorts out the current CPO regime and does not extend it to give effect to initiatives such as “use it or lose it”, but further changes are still under consideration.

## **Implications**

The main impact is likely to be that developers seek to renegotiate existing s106 agreement and remove affordable rent components and include greater use of Starter Homes at the expense of other forms of affordable housing. The Greater London Authority (GLA) is concerned that potential quotas for Starter Homes would leave The Mayor unable to fulfil his pledge to get 250,000 Londoners into shared ownership within the decade. The Mayor is now pushing for the power to set his own targets for Starter Homes in London.

The Bill will result in additional performance monitoring duties to be published in the Annual Monitoring Report, with only limited practical benefit. Likewise, imposing a statutory time limit for the determination of neighbourhood designation applications is unnecessary as timescales should reflect local conditions to ensure due consideration to each application. Government guidance already makes clear that councils should set out and share a decision making timetable which provides clarity for applicants.

Some of the provisions will be beneficial, namely the changes to the Compulsory Purchase rules, which are designed to speed up and reduce the costs of the process, helping to bring more land forward for development.

It will be important that Councils lobby to ensure that the new burden to provide a register of brownfield sites is fully funded to cover the costs of councils preparing, publishing and updating the proposed register. The introduction of a sequential test for brownfield land would help councils to ensure developers prioritise brownfield sites.

## **Financial**

There are a number of broad financial implications arising from the provisions contained in the Bill.

### **Impact on Housing Revenue Accounts**

- Each borough will have modelled the impact on its HRA of the 1% rent cut. There will also be impacts from the sale of high value stock, which reduces rental income, and the introduction of Pay to Stay. The impact of these latter policies is harder to quantify.

## **Affordable Homes Delivery**

The pressures upon Borough HRAs and constraints imposed by the Bill may impact on funding to existing and planned new build and estate regeneration schemes. In addition, the national Affordable Homes Programme is being refocused to fund the provision of low cost home ownership products, rather than homes for social or affordable rent.

November's joint Spending Review and Autumn Statement announced that funding for the housing budget will be doubled to £2bn from 2018-19. However, there is no additional funding available as part of the 2015-18 Affordable Homes Programme (AHP). This means that any remaining funding from the current AHP will be realigned to the government's priorities set out in their "Five Point Plan" to:

Deliver 400,000 affordable housing starts by 2020-21, focussed on low cost home ownership.

Launch a pilot of the Right to Buy with five Housing Associations.

Accelerate housing supply and get more homes built

Extend the Help to Buy: Equity Loan scheme to 2021 and create a London Help to Buy scheme, offering a 40% equity loan in recognition of the higher housing costs in the capital.

Charge Higher rates of Stamp Duty Land Tax (3%) on the purchase of additional residential properties, such as buy to let properties and second homes, from 1 April 2016.



# West London Economic Prosperity Board

**17<sup>th</sup> February 2016**

<b>Title</b>	<b>Jointly Designing the Future Skills and Employment Support Offer in West London</b>
<b>Report of</b>	Cath Shaw, Commissioning Director Growth & Development, LB Barnet
<b>Wards</b>	All West London Boroughs
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	Yes
<b>Enclosures</b>	None
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## Summary

Negotiations continue on proposals for devolution and public service reform in London between the Government, Greater London Authority (GLA), London Councils (LC) and boroughs. The London Proposition covers six themes: Employment and Complex Dependency; Skills; Enterprise Support; Crime & Justice; Health; and Housing, as a platform for authorities and groups of authorities to improve outcomes. This report focuses on the 'Employment and Complex Dependency' and 'Skills' themes, which are increasingly being treated as a single work stream.

Negotiations are ongoing, but there are currently four emerging elements to the skills and employment devolution package:

- Increasing co-location of job centres with local authorities.
- Introduction of a new work and health programme, to be jointly commissioned with boroughs and provide support to claimants with health conditions or disabilities and the long term unemployed.
- Devolution of the "adult education budget" by 2018/19, combining the existing non-apprenticeship adult skills budget with the adult community learning budget, and estimated to be worth £330m for London.
- Leadership by London Government of the post-16 education and training reviews (the 'Area Reviews', covered in a separate report).

Each of these elements has a significant sub-regional dimension and West London, comprising the West London Alliance boroughs, is widely recognised to be a coherent sub-region. Consistency with the European Social Fund area boundary is also an advantage.

West London now needs to develop robust and workable approaches to developing these new services, the success of which will provide the basis for further negotiations with the Department for Work and Pensions, Department for Business Innovation and Skills and the Treasury. This will require consideration of the following key points:

- **West London's vision for universal and truly integrated employment service.** DWP has committed to working with London to enhance the core job centre plus offer (including via co-location). This as an opportunity to develop a customer-centred offer, leading to a more effective and joined up service. There is a risk that this will be overly influenced by a key driver for DWP: to make savings in estate costs. LB Brent has begun developing a vision of what integration could look like, what outcomes it could deliver, and a customer journey blueprint to show how a more integrated model could work and would welcome further input from other boroughs
- **Development of a credible commissioning function for skills and employment support at regional and sub-regional level** - capable of commissioning up to £25m for the Work and Health programme (replacing Work Programme and Work Choice) and £330m for skills, plus ESF matched funds, per year across London. In the immediate term work is needed to design and co-commission the work and health programme with DWP to be procured during 2016/17, to take advantage of the opportunity to influence outcome agreements and funding for adult education providers at the sub-regional level over the next two years prior to full devolution. This will include work to identify and articulate the particular needs and priorities of the sub-region, as well as the assets and contributions (including financial) it can bring to the table; consideration of how increasing control over skills budgets could support this; and, potentially, leadership of a process to commission

and procure the Work and Health programme for the sub-region, including all commercial aspects followed by on-going contract management and system governance.

- **How to resource this work.** Each sub-region will need to determine how to organise, resource and manage this work (with support from London Councils and the GLA). Some of these functions could be partly or wholly undertaken jointly between the sub-regions at the pan-London level. The division of responsibilities is currently being explored with partners, and resourcing the administration of devolved functions remains a key part of the negotiation with central Government. It is recommended that West London Chief Executives agree a resourcing plan for this work based on the emerging requirements from pan-London discussions. This will need to take account of increasing activity around delivery of the West London Area Review of post-16 education (see separate agenda item).

Next steps will depend in part on negotiations with Government and Whitehall, and in part on the extent to which the Board chooses to invest in the capacity and resources needed to take advantage of these opportunities<sup>1</sup>.

## Recommendations

**That the West London Economic Prosperity Board:**

1. **Welcomes progress in developing a devolution package for skills and employment, and acknowledges that greater influence over the commissioning of these services could bring benefits for West London residents and businesses.**
2. **Requests the Barnet Chief Executive, Barnet Growth Director and West London Alliance Director, supported by all West London Alliance Growth Directors, oversee the design and commissioning of the Work and Health Programme and the move towards local hubs, while representing West London in the negotiation team to push for sustainable funding and joint-governance arrangements.**
3. **Requests West London Chief Executives and Growth Directors to develop and agree a resourcing plan for devolution of skills and employment commissioning taking account of the emerging requirements from the pan-London discussions.**
4. **Requests that West London (through the West London Alliance Director and Growth Directors) engages DWP strategically at a national, London and sub-regional level, to ensure that co-location is taken as an opportunity to deliver more integrated services, for example building on the learning from Working People Working Places pilots.**
5. **Requests officers Head of Employment and Skills and Partnerships and Innovation Manager at LB Brent investigate councils' responsibilities within an 'integrated front door'.**

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<sup>1</sup> The London Proposition states that "*London is prepared to make a significant investment, through cash and services, to achieve this goal*" [of meaningful reform].

6. Considers whether coterminous Job Centre Plus and Sub-Regional boundaries should be sought<sup>2</sup>.
7. Requests a report identifying priority cohorts, outcomes and costed delivery models for both skills and employment support for agreement at the June meeting of the WLEPB.

## 1. WHY THIS REPORT IS NEEDED

- 1.1. One of the functions of the West London Economic Prosperity Board is:  
“Seeking to be the recipient of devolved powers and/or funding streams for the local government areas of the participating local authorities, which relate to the economic prosperity agenda” (WLEPB Function and Procedure Rules).
- 1.2. Concentrated areas of deprivation, unemployment and low skills endure within all West London Boroughs, illustrating the need for a more inclusive approach to growth. The West London Local Economic Assessment finds that there is a mismatch between the skills of the population and the needs of businesses, which is likely to become more acute over the next ten years and as the population continues to increase<sup>3</sup>. While the London labour market has seen strong employment growth in recent years and a subsequent reduction in the numbers of people claiming Job Seekers Allowance (JSA), long-term unemployment remains a significant issue and claimants of Employment Support Allowance (ESA) are by far the largest group.
- 1.3. While councils play an active role in shaping the employment and skills system - through strategic influence and partnerships, commissioned and in-house delivery - most of London’s employment support is currently delivered through the DWP:

### Work Programme

The Work Programme is the DWP’s main welfare-to-work programme for the long-term unemployed. It commenced in 2011 and will be **re-commissioned in 2017**. While delivering satisfactory outcomes for Job Seekers Allowance (JSA) claimants once the economy recovered, performance for complex groups, particularly those with health conditions and disabilities (who claim Employment Support Allowance [ESA]) has been poor (albeit improving on initial outcomes). There are two main reasons for this

- (a) lack of integration with local public services
- (b) insufficient funding for complex cohorts leading to ‘parking’ of the most difficult cases.

<sup>2</sup> For West London this only affects Barnet.

<sup>3</sup> It is important to note that the skills and employment propositions will need to be aligned to ensure they work together to improve skill levels and enable improved levels of employment.

### **Job Centre Plus (JCP)**

JCP's role is to administer the working-age benefits system and to provide employment support to individuals claiming out-of-work benefits. Approximately 80% of JSA claimants find a job within six months, with little need for public service support, and the introduction of Universal Credit means the majority of future support for this group will take place on-line. JCP services are far less effective at dealing with more complex claimants (such as those with mental health conditions). JCP also has relatively limited levers with residents who aren't mandated to participate (because they do not claim a benefit or do not claim an active benefit). The core business objective of the service is the reduction of the benefit register, rather than entry into sustainable work, with a substantial number of clients in a 'low pay, no pay' cycle.

### **Skills Funding Agency**

Adult skills provision (from age 19 and over) is currently funded by the Skills Funding Agency with allocated funds passed directly to local skills providers. Funding structures currently incentivise providers to deliver courses in-demand by learners (rather than employers) although outcome related payments are increasingly influencing providers to work with local employers to tailor skills provision to their needs. All individuals have a basic skills entitlement enabling them to access free courses to acquire 5 GCSEs A-C including English and Maths and a first Level 3 ("A" level equivalent) qualification. JCP also works with local providers to deliver basic skills courses to support JCP customers into work – including Basic Skills and ESOL as well as short courses aimed at improving their employability in specific industries.

- 1.4. The West London Alliance has already made significant progress in developing more integrated local employment and skills services (within the current constraints) that reflect the aspirations of the CSR. Including:
  - The Mental Health Trailblazer, which is seeking to pioneer an alternative and more effective way to provide integrated health and employment support to residents with low to moderate mental health needs. This is currently being procured for Harrow and Barnet, soon to be rolled out to all 7 West London boroughs.
  - Working People Working Places, which has created integrated models of front-line employment and skills support, with Jobcentre Plus co-location at its heart, along with a more holistic assessment of residents needs, drawing upon a wide array of local resources including public services and the voluntary and community sector.
  - The Skills Escalator which aims to support in-work benefit claimants to increase their skill levels with short targeted courses (e.g. Fork Lift Drivers Licence) which enable them to progress in work and increase their income.
- 1.5 Evidence from these pilots and demonstrated through detailed business cases consistently shows that the types of cohorts being supported will otherwise place significant demand and cost pressures on public services.

- 1.6. Nationally, devolution deals have been agreed in cities such Manchester, Sheffield and Liverpool and regions such as the West Midlands while debates continue about the future of a devolved Scotland and, increasingly, Wales. The London Proposition articulated a comprehensive devolution agreement to raise the employment rate in London (and halve the disability employment rate gap), to address the skills gap and to put forward a model for joint governance of employment and skills, including a financial 'Gain-Share' or AME/DEL split<sup>4</sup>.
- 1.7. The Government has responded to these proposals in a number of ways. London Boroughs must now respond with some urgency:
- The joint Comprehensive Spending Review (CSR) and Autumn Statement on the 25<sup>th</sup> November 2015 stated: *"the Mayor of London and the boroughs [to] jointly commission... A new **Work and Health Programme** after current Work Programme and Work Choice contracts end, to provide specialist support for claimants with health conditions or disabilities and those unemployed for over 2 years."*
  - The CSR also announced £115 million of funding for the **Joint Work and Health Unit**, including at least £40 million for a health and work innovation fund, to pilot new ways to join up across the health and employment systems.
  - London has been offered a **devolution deal on skills** similar to those announced with Manchester and Sheffield. That being steps towards full devolution of Adult Education Budget (including former non-apprenticeship Adult Skills Budget, Community Learning budget and bursary funding), expected to be circa £300m for London, from 2018/19. This includes the opportunity for London and sub-regional government to influence outcome agreements with FE colleges for 2016/17 and change allocations for individual colleges during 2017/18. From 2018/19 there is an expectation that while London Government will commission the majority of Adult Education for London sub-regions will have the ability to control a proportion of this budget, aligning it other devolved and local funds.
  - Central Government also agreed for London to take the lead on the London **Area Reviews**, covered in a separate paper on this agenda [Post 16 – Education and Training Review: Implementation Plan].

## 2. REASONS FOR RECOMMENDATIONS

- 2.1. The immediate priority is to confirm our commitment to the West London sub-region for this purpose, so that all boroughs are covered and the potential to pool investment and drive integration is maximised (for example, via links to

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<sup>4</sup> To encourage investment by government in support to deliver outcomes (from Department Expenditure Limits), to make savings to the reactive investment such as out of work benefits (Annual Managed Expenditure) and for the savings to be used, in turn, to sustainably finance devolved provision.

devolved ESF and adult education budget provision<sup>5</sup>). This is essential to accelerating the vital work needed to:

- Influence Universal Support, via 'local hubs' (co-located and integrated with JobcentrePlus).
- Commission and procure the Work and Health Programme.
- Manage the devolution of adult education budget (linked to Area Based Reviews).

### Local Hubs

- 2.2. As DWP's property contract with Telereal Trillium draws to a close, a number of the West London local authorities are in touch with their Jobcentre Plus District Managers about property co-locations. However, without a clear agreement on the desired service model, there is a real risk that the opportunity for transformative service re-design will be missed as 'business as usual' continues in different buildings. While there is local JCP commitment to the idea of integration and service redesign rather than just physical co-location, there remains a need for **WLA to engage with DWP at a strategic level** to ensure the outcome of better integration is not lost in the pursuit of back office savings.
- 2.3. Given the reductions in spending, it may not be easy to define the Borough's estate and services for 2017/2018 onward. In this context, it is necessary to **gain a detailed understanding of council's responsibilities within an 'integrated front door'** such as support to access benefits and other services and ensure that the associated costs of this are reflected in any deal. This would help to ensure these essential services are not under resourced and guard against cost being transferred from Central to Local Government. JCP will now be dealing with a greater volume of residents due to Universal Credit, weekly signings and increased numbers of people who would have previously been referred to the Work Programme. These people will have more complex needs and may well be accessing council services, therefore local authorities are well placed to assist them. It is important for boroughs to gain an understanding of how their contributions can be well targeted to appropriately resource new demands *and* achieve council priorities.
- 2.4. London Job Centre Plus districts are not coterminous with the sub regional partnerships in London; for West London this means that Barnet is part of the North London JCP. The Board should **consider whether coterminous alignment across London should be sought** to facilitate closer integration and clearer accountability in an increasingly devolved employment and skills system.

### Work and Health Programme

<sup>5</sup> The current expectation is that London will be able to influence the adult education budget in 2017/18 (via Outcome Agreements), with full devolution of funding in 2017/18.

2.5. The national budget for the Work and Health Programme will be £130m over four years, with a likely annual allocation in London of between £15m-25m (so perhaps £60m-£100m in total)<sup>6</sup>. This could be matched with ESF in London and linked to any future devolved adult education budget. The programme will be for very long term JSA claimants (24 months plus) and certain unemployed individuals with a health condition or disability. London Boroughs are set to move rapidly to an intensive phase of joint work with DWP to design the programme and develop the commissioning strategy.

- **January – April 2016:** Finalise programme design
- **April to summer 2016:** Develop commissioning specification
- **September 2016:** Issue Invitation to Tender (ITT)
- **April 2017:** Award contract
- **September 2017:** Go live (four year programme)

2.6. Initial conversations since the spending review suggest that DWP is, subject to further discussions, open to using London's four emerging sub-regional geographies as the contract package areas for the Work and Health Programme and for **sub-regional partnerships to lead on the commissioning, procurement and contract management of the programme**. This provides the potential to: draw in additional investment (for example, from ESF<sup>7</sup> and adult skills spend where we will have greater control in 16/17 and 17/18 and a devolved budget from 2018/19); drive meaningful integration of local services (for example, health services); and develop more innovative approaches to supporting residents into work.

2.7. Each sub-region will need to **determine how to organise, resource and manage this work** (with support from London Councils and the GLA). Set out below are headlines of the kind of functions which will need to be undertaken or developed over the coming months, working with DWP (some could be undertaken jointly between the sub-regions at a pan-London level, which is currently being explored). It is essential that London and its sub regions can demonstrate that suitable and credible arrangements are in place.

- Governance arrangements for the sub-regional employment and skills system;
- Programme management – including for the Work and Health Programme;
- Analytics, forecasting and financial planning;
- System design – including design of the Work and Health Programme, and devolved skills budgets and how it will be integrated with other local services;
- Commissioning strategy – for Work and Health Programme and Adult Education;
- Procurement of Work and Health Programme;
- Influence of skills outcome agreements for 2016/17 and allocation of funding in 2017/18

<sup>6</sup> This will be determined on the basis of participant volumes and unit pricing per participant.

- Mobilisation of Work and Health Programme – embedded with other local provision;
- Contract and performance management of employment and skills providers;
- On-going active partnerships and service integration function;
- Review, learning and evaluation.

2.8. Sub-regions must **identify priority cohorts, outcomes and costed delivery models**. Modelling of delivery model costs and outcome payments is currently being developed, commissioned by Central London Forward to Westminster Policy Institute for use by all London boroughs.

2.9. Work is also underway to consider a more ambitious longer term programme, including London's aspiration for a 'gain share' approach. This will need careful consideration and balancing of opportunities and risks. Further reports will be provided to the Board as appropriate

### Skills Devolution

2.10. The Mayor of London and the Chancellor of the Exchequer, emphasised the importance of skills as a driver for growth when they announced "...a skills deal which would result in the devolution of the Apprenticeship Grant to Employers and a remit to work with government to reshape skills provision in London". Subsequently, the Chancellor announced that "**the government is devolving further powers to the Mayor of London, including over planning and skills**" in the 2015 budget

2.11. London Government has entered into a negotiation with HMT and BIS on the proposed devolution deal (set out in paragraph 1.7), to shape a deal which recognises the unique nature of the London labour market – for example by including appropriate influence over apprenticeships and 16-18 education and training in London, not included in deals with other cities – and provides clarity on the how administrative costs and financial risks will be shared between London and central government given that 16-18 education funding will not be devolved.

2.12. Nevertheless while a deal is being negotiated, the department for Business Innovation and Skills is looking to London Government – including the sub-regions, to begin to influence how skills funding is deployed in the sub-regions during 2016/17 and 2017/18. West London boroughs **must carefully consider their collective local skills priorities and develop our capacity of commissioning skills** in order to make the most of this opportunity. The Area Review process will assist with this, but additional work will need to be undertaken. London Government is also beginning to develop the detail about how we might manage a devolved employment support and adult education budget including:

- how we would set regional and sub-regional priorities;
- how we would approach the development of an element of the adult education budget to sub-regions;

- how we would link our employment and skills offer.
- Who the key target cohorts would be for this offer and wider skills delivery

### **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1. The alternative is to not engage with the employment and skills devolution agenda. This is not recommended as significant opportunities to influence and improve employment and skills provision for our residents and employers would be missed. The reductions in overall expenditure on skills and employment support (especially impacting on the numbers of residents able to access specialist provision) as a result of cuts in previous years and the 2015 spending review risks leaving even more of our disadvantaged residents without support to access relevant skills development to enter and compete in the labour market. Without reform, an increasing number of West London residents will be locked out of the labour market and the benefits of work, which will continue to drive increased demand and costs for public services at a time of sharp spending reductions and west London employers risk not having access to the skilled workers they need to drive productivity and growth.

### **4. POST DECISION IMPLEMENTATION**

- 4.1 London Councils has put forward the following structure for negotiating with DWP and co-designing a Work and Health programme for London.
- A negotiating team to have regular meetings with DWP. This would comprise two representatives from London Councils; a representative from Islington (Lesley Seary as the Lead Chief Executive for employment devolution); sub regional partnership Directors (including the WLA Director) from each of the four sub-regions (based initially on the ESF sub-regions) and one representative from the GLA.
  - A wider reference group where London Councils provide updates to and gain feedback from all boroughs. This would meet regularly; the frequency of meetings will depend on how intense and quick the development of the new Work and Health Programme is.
  - To demonstrate the real added value of sub-regional influence while addressing the likely objections and robustly argue for a longer term 'reward share' or AME:DEL switch element, the following detail is needed from boroughs with regards to the Work and Health Programme:

Work-steam	Lead
1. A blueprint/vision about how the programme should be designed to reflect local needs, assets and priorities <sup>8</sup> .	Boroughs within sub-regions and sub regions within London collaborating together
2. Concrete and plausible avenues for drawing together funding pots and services around the programme which would generate additional investment and enable meaningful integration (that would not be possible if DWP pursued a standard national commissioning process).	<p><u>London Councils</u>: seeking to make progress on a pan-London basis to clarify the possibilities in a few key areas:</p> <p><b>ESF</b> – In dialogue with the GLA, with the aim of identifying a broad level of investment that could be drawn into a programme across London, and under what conditions sub regions could themselves become co-financing organisations if necessary .</p> <p><b>Skills devolution</b> – similarly seeking to clarify what resource might be available via the adult skills budget from 2017/18 to integrate into a sub-regional employment/skills programme.</p> <p><b>Social investment</b> – seeking a discussion with the cabinet office about whether the £80m ‘outcomes fund’ to support social finance could be drawn on.</p> <p><b>Health</b> – seeing whether any resource from the £115m allocated to the joint DWP/DoH unit could be used to test and trial new approached via the Work and Health Programme in London.</p> <p><u>Sub-regions</u>: to explore any other investment possibilities, such as from s106<sup>9</sup> or local health commissioners (CCGs or public health).</p>
3. Clear sub-regional geographies in place that cover the whole of London and which have the capability and governance arrangements to effectively run the commissioning procurement and contract management.	Sub-regions (West London geography is aligned with the ESF contract package areas, with effective governance and evidence of operational collaboration). Discussions about appropriate commissioning, procurement and contract management arrangements and accountability are ongoing.

<sup>8</sup> In anticipation of the spending review announcement, London Councils commissioned Westminster Policy Institute to create a tool to cost interventions for potential client groups. This tool will allow sub-regionals to input the variables listed below in order to agree: eligible match (cash and in-kind); eligible customers, size of cohort (volumes) and unit prices.

<sup>9</sup> It should be noted that Central London boroughs are in far stronger position with regards to Section 106 income. Outer London boroughs are more likely to be reliant on seeking funding contributions from CCGs or Public Health.

- 4.2 The West London Alliance Director will work with chief executives and growth directors to developing a resourcing plan which enables the WLA boroughs to engage fully with the skills and employment devolution offer from central government.

## **5. IMPLICATIONS OF DECISION**

### **5.1. Corporate Priorities and Performance**

- The proposals support the West London Vision for Growth on employment and skills, as well as the WLEPB ambition for devolution.

### **5.2. Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

- 5.2.1 The recommendations propose more detailed investigation into the devolution proposals. Taking forward any or all of the proposals will have resource implications<sup>10</sup>.

**Potential co-location with Jobcentre Plus:** This will result in property deals with financial implications. Feasibility work with JCP is yet to be started in detail.

**Co-commissioning with DWP to deliver the Work and Health Programme:** This will require boroughs agreeing shared accountability for performance with the DWP, the level of devolved funding, as well as the level of investment of local resources. More detailed work is required to agree with the DWP the co-commissioning governance and accountability, to agree the level of investment from DWP and local parties, and the payment by results model. Risks need to be fully considered by boroughs in light of this additional detail.

**Investment in the employment support co-commissioning pot** will need to be considered alongside the relative merits of investing in other devolution co-commissioning pots such as adult skills or the European funding opportunities that require match funding.

### **5.3. Social Value**

There may be potential for the West London Alliance to collaboratively procure a provider of the Work and Health Programme and ensure Social Value is duly considered.

### **5.4. Legal and Constitutional References**

Not applicable

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<sup>10</sup> If boroughs officers are to spend time on influencing / delivering it will impact on their borough roles.

## 5.5. Risk Management

- The risk of not progressing the devolution proposals for co-location, co-commissioning and 'gain share' are that opportunities for the West London boroughs to influence the design and investment of provision will be missed, which in turn could lead to programmes that don't meet the needs of our residents.
- Each proposition has its own risks that will need to be explored when they are considered in more detail:
  - The co-location proposal risks being a property solution for JCP without providing the integration of services that boroughs require. To mitigate this, boroughs need to clearly negotiate the benefits of integration and have a clear view of minimum expectations.
  - Co-commissioning entails financial and delivery risks, if the right deal isn't reached regarding the total level of DWP and local investment to create a viable and successful programme. Accountability arrangements for performance also need to be developed and agreed with the DWP and HMT.

## 5.6. Equalities and Diversity

- The devolution proposals for West London are aimed at supporting vulnerable residents with complex dependency. However, full equality impact assessments will still be undertaken when they are taken forward in more detail, including; co-location; co-commissioning; and 'gain-share'.

## 5.7. Consultation and Engagement

- It is proposed that client groups that would be supported by the provision would be involved in the design process for the services, along with key partner organisations.


## 5.8 Insight

- 5.8.1 The West London Economic Assessment provides a baseline of key economic performance and employment data for the sub-region.

## 6. BACKGROUND PAPERS

- 6.1 The West London Vision for Growth may be found [here](#)
- 6.2 The London Proposition may be found [here](#)
- 6.3 Congress of Leaders – London Councils 14 July 2015 Item 2 - Devolution & Public Service Reform [here](#)

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	<b>West London Economic Prosperity Board</b>  <b>17<sup>th</sup> February 2015</b>
<b>Title</b>	<b>London Post 16 Education and Training Area Reviews</b>
<b>Report of</b>	Cath Shaw, Commissioning Director, Growth and Development, LB Barnet
<b>Wards</b>	All West London Boroughs
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	Yes
<b>Enclosures</b>	None
<b>Officer Contact Details</b>	Dan Gascoyne, West London Alliance Director, <a href="mailto:gascoyned@ealing.gov.uk">gascoyned@ealing.gov.uk</a>

## Summary

In November 2015 the Board discussed proposals for the Area Review process in London in the context of the West London Economic Assessment and the London devolution deal on skills.

Since November, discussions and negotiations have been ongoing between stakeholders across London, including the GLA and the FE and Sixth Form Commissioners, and this report provides an overview of the agreed process for the West London Area Review and desired outcome for West London.

West London will be the first sub-regional area review undertaken in London, with most of the work happening between February and July. However no final recommendations will be made until all sub regional reviews have taken place and the outcomes considered by the pan London steering group, likely to be in September.

## Recommendations

1. That the Board agrees the outcomes they hope to see from the review to help guide the work of the West London Area Review Steering Board (as suggested in paragraph 2.4).
2. That the Board delegates authority to the lead Chief Executive for skills and the lead director for skills in West London to seek to ensure these outcomes are reached the interests and views of West London boroughs are fed into the review process in a timely and appropriate manner.
3. That the Board notes the timetable and membership of the West London Area Review steering groups.

### 1. WHY THIS REPORT IS NEEDED

- 1.1 One of the functions of the West London Economic Prosperity Board is: “Seeking to be the recipient of devolved powers and/or funding streams for the local government areas of the participating local authorities, which relate to the economic prosperity agenda” (WLEPB Function and Procedure Rules).
- 1.2 The function and procedure rules also allow for the Joint Committee to discharge on behalf of the participating boroughs the function of “Representing the participating local authorities in discussions and negotiations in relation to pan-London matters relating to economic prosperity” (clause 3.1.7)
- 1.3 Further to the announcement in Budget 2015 of a skills devolution deal for London, the Post 16 Education and Training Area Reviews (Area Reviews) are the first tangible demonstration of the wider proposals for devolution of skills budgets and commissioning in London.
- 1.4 The West London Local Economic Assessment finds that there is a mismatch between the skills of the population and the needs of businesses, which is likely to become more acute over the next ten years and as the population continues to increase. Key findings on skills include the importance of higher skill levels to future prosperity of both the economy and the population in particular for those with low skills at risk of being affected by automation. Both school performance and life-long learning are seen as critical to ensure businesses and residents capitalise on infrastructure investment Ensuring new migrants have access to facilities to develop language and job skills will also be important.
- 1.5 The Area Reviews provide a unique opportunity to fundamentally review skills provision across London. This will help and to ensure that West London residents have access to job opportunities in London and West London Businesses are able to access the skilled labour they need to grow and improve productivity - supporting the West London vision for growth.

- 1.6 Thanks in part to the level of readiness demonstrated by the West London Economic Prosperity Board, West London will now be the first such review within London.
- 1.7 This report explains the process for the Area Review in west London and seeks the Board's views on what is expected for a successful outcome.

## **2. REASONS FOR RECOMMENDATIONS**

### **Outcomes**

- 2.1 The government's objective with Area Reviews is to ensure the future sustainability of the state funded FE and sixth form sector in the context of diminishing funds and that it is fit for purpose. London Government (GLA and the boroughs) welcomes this but also sees the reviews as an opportunity for a more fundamental reflection on the roles of all types of professional and technical training providers in delivering a clear skills vision for London. Central and London government agree that the review must be based on a robust analysis of both current provision and future economic and demographic demand for skills. The recommendations will aim to set out how the skills sector in London needs to develop in scope, quality and specialisms to meet that demand.
- 2.2 The West London Vision for Growth sets out our strategic goals in terms of skills:
- To achieve a step change in partnership with business and industry to facilitate sustainable economic growth
  - To remove the skills gap and support low-paid residents in work to enable them to achieve pay levels that can sustain and improve their living arrangements
  - To radically improve success rates for employment programmes for residents with all young people in education, employment or training
- 2.3 A recent economic analysis goes further, emphasising the importance of improved performance in schools and FE colleges to inclusive economic growth, particularly to ensure this benefits people from deprived areas.
- 2.4 An initial review of West London's Economic and Demographic projections suggest the following outcomes would support our work towards meeting our economic objectives:
1. Increased quality and capacity to deliver higher "Level 4" qualifications (foundation degree or equivalent) in key industrial growth sectors where higher level skills are in demand.
    - 49% of WLA residents hold Level 4 qualifications (equivalent to London average) but some boroughs are below that (Hillingdon

(40%), Barnet (44%) Brent (46%)). Raising L4 qualification rates in these boroughs, at least to the London average, in part by improving the attractiveness and accessibility of the L4 offer will support our overall economic objectives.

2. Ensure that there are appropriate accessible pathways towards Level 3 and Level 4 qualifications in important industries for WLA, and that these are of sufficient quality. This includes ensuring there is a strong, attractive professional and technical training offer at L2 and L3 for:
    - young people within reasonable travel distance – making it a viable choice - and they are supported to make appropriate choices about both subject choice and learning provider at 16. This should contribute to a continued upward trajectory in young people in employment education or training and in 19 year olds leaving compulsory education with L2 and L3 qualifications
    - adults in or returning to work with low level or no qualifications for whom a skills uplift could have a significant impact on their success in the labour market and their earning power.
  3. A high quality basic skills offer – accessible to our most vulnerable residents - ensuring all residents are able to access basic entitlement to education and have sufficient basic skills , in particular
    - those in and leaving care
    - young offenders
    - ESOL learners
    - Learners with Disabilities and/or Learning Support Needs (especially for those over 19 who remain the responsibility of the LA)
  4. An aligned family and community learning offer for WLA residents which:
    - a) acts as a stepping stone back into learning and/or work for economically inactive or those with health barriers to work and
    - b) provides targeted learning to vulnerable families focused on breaking the cycle of poverty in key priority areas of the sub-region (e.g. maths for parents of primary school children, ESOL (English Speakers of Other Languages), basic IT and personal finance management training, healthy living interventions).
- 2.5 Undertaking the Area Review will only go part way towards meeting these outcomes. For example tackling NEETS is also about wider value and support; Increasing L4 will also require support and education for older people to take up loans; an overall boost to professional and technical qualifications requires strong careers IAG for young people and adults etc hence the importance of the Board's wider ambition for skills and employment devolution.

- 2.6 The Board is encouraged to comment on their desired outcomes for the Area Review process in west London.

### **Governance**

- 2.7 The area reviews in London will be overseen by a pan-London steering board chaired by the mayor. There will be four reviews in London, roughly aligned with existing sub-regional partnerships (in the West this is co-terminus with the WLA membership), each overseen by a sub-regional steering boards. The West sub-regional steering board will be chaired by Cllr Steve Curran, Leader of Hounslow Council (as previously agreed by this board) and Deputy chaired by a business representative. Cllr Curran will also attend the pan-London steering group both as chair of the sub-regional steering board and representative of the West London Alliance boroughs.
- 2.8 The remaining membership of this sub-regional steering board comprises the Chairs and Principals of each of the colleges in the review area; representatives from any other institution that opts-into the area review (this now includes all WLA boroughs' Adult Community Learning service), representatives from the local authorities, Greater London Authority and the Local Enterprise Partnership; the FE Commissioner, Deputy FE Commissioner, Sixth Form College Commissioner and a Regional Schools Commissioner; the funding agencies; BIS and the area review team lead. In addition to the Chair, it is envisaged that the borough representatives would include a Chief Executive, a Growth Director, a Director of Children's Services and/or an expert in Special Educational Needs. It will be essential to ensure every WLA borough is able to contribute effectively to the review process.
- 2.9 The board will:
- Oversee and lead the sub-regional review to ensure that there is sufficient supply of quality post-16 skills provision available within the sub-region to meet forecast demand and the area's economic needs. This includes ensuring sufficient high needs provision.
  - Ensure effective stakeholder engagement within the sub-region, and that proper account is taken of the views of stakeholders from outside the sub-region who could be affected by the recommendations.
  - Ensure effective collaboration between sub-regional steering group members to consider findings and prepare robust recommendations for the sub region, to enable a financially sustainable post-16 education infrastructure, capable of delivering in line with the London skills vision.
  - Report on progress and prepare recommendations for agreement by the London Steering Group
  - Produce the sub regional implementation plan for reform following publication of final recommendations of London Steering Group
- 2.10 The chair of the sub-regional steering group will sign off the recommendations of the group, prior to their consideration at the pan-London steering group. The scheduled dates for the local steering group meetings are:

- Steering Group Meeting 1: Tuesday 8 March 2016, 3-5pm– venue TBC
- Steering Group Meeting 2: Monday 11 April, 3-5pm – venue TBC
- Steering Group Meeting 3: Monday 9 May, 3-5pm – venue TBC
- Steering Group Meeting 4: Monday 6 June, 3-5pm – venue TBC.
- Steering Group Meeting 5: Monday 4 July, 3-5pm – venue TBC

2.11 The Board is encouraged to review the proposed membership of the local Steering Group to ensure the right balance of stakeholders are represented.

### **Analysis underpinning the review**

2.12 Work is being undertaken to access, interpret and model skills supply and demand and to strengthen engagement with key stakeholders including colleges, local authorities and employers ahead of the formal review meetings beginning. Some of the key areas of analysis being considered include:

- **Economic demand** – GLA economics will provide some of this information for London and the sub-regions but, given it is high level in terms of industry sectors / occupations and lack of both strong sub-regional data and any modelling of future demand. WLA boroughs have commissioned further work to provide a richer evidence base.
- **Demographic / socio economic demand** i.e. capacity needed in WLA's FE sector to deliver 16-18 and adult professional and technical training (and steps towards that). WLA boroughs need to work together to undertake this analysis
- **Current Supply** – the Joint Area Review Delivery Unit (JARDU) will provide some analysis of the quantity and quality of current supply of professional and technical training, as well as travel-to-learn patterns. West London colleges have also commissioned RCU to undertake further, richer, analysis of their Individual Learner Record (ILR) data, supported by WLA. WLA boroughs are also considering undertaking a more detailed set of analysis of current adult and community learning provision.
- Further work is also needed to understand **progression routes / pathways for learners** and how this meets our analysis of demand, and additional **financial analysis**, for example to understand the extent of private (non-publically funded) provision.

2.13 The outcomes from this analysis need to feed into the first local steering group meeting.

### **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

3.1 N/A

### **4. POST DECISION IMPLEMENTATION**

4.1 The West London post 16 Education and Training area review steering group will have five meetings between March and July with the conclusions feeding into the Pan-London steering group in September, alongside the findings from other sub regional reviews.

### **5. IMPLICATIONS OF DECISION**

#### **5.1 Corporate Priorities and Performance**

The post 16 education and training area review represents one of the first tangible examples of London's Skills Devolution deal and gives west London boroughs an opportunity to ensure the provision of further education meets West London's current and future demand for skills in line with the West London vision for Growth and the terms of reference for the WLEPB.

#### **5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

All west London boroughs that commission adult community learning services have decided to 'opt in' these services to the Area Review process which could mean that recommendations from the review affecting those boroughs will need to be considered. For all boroughs to engage with the review process fully, including the additional skills demand analysis required, will require input from staff working in relevant service areas.

#### **5.3 Risk Management**

N/A

#### **5.4 Equalities and Diversity**

N/A

#### **5.5 Consultation and Engagement**

Drafts of this paper have been considered by the WLA Chief Executives' Board on 12<sup>th</sup> January 2016 and the WLA Growth Directors' Board on 29<sup>th</sup> January 2016.

#### **5.6 Insight**

N/A

### **6 BACKGROUND PAPERS**

N/A

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**West London Economic  
Prosperity Board Work  
Programme**

**February 2016 – March 2017**

Subject	Summary	Author
17 February 2016		
1.	West London Growth Priorities <i>Agreeing priorities to promote focus on growth and allowing development of an implementation plan</i>	Brendon Walsh – Growth Director - Hounslow
2.	Housing & Planning Bill 2015 – Challenges & Opportunities for West London <i>Review of the implications of the Bill for West London</i>	Pat Hayes – Growth Director - Ealing
3.	Jointly designing the future skills and employment support offer in West London <i>Proposal to engage in Area Reviews , governance, investigate required resources, formation of sub-regional group to progress analytical and other functions, maximisation of the potential co-location of DWP and prioritisation of services</i>	Cath Shaw – Growth Director - Barnet
4.	London Post 16 Education and Training Area Reviews <i>Progressing support and input into the West London Area Review and agreeing timetable</i>	Cath Shaw – Growth Director - Barnet
5.	Economic Prosperity Board Forward Plan – <i>For review by the Board</i>	Chair of Growth Directors - TBC
8 June 2016		
1.	Growth Action Plan 2016/17 <i>Agreeing key actions and measures to monitor achievement of the West London priorities for growth</i>	Chair of Growth Directors - TBC

Subject	Summary	Author
2.	Old Oak and Park Royal Development Corporation (OPDC) Presentation TBC	TBC
3.	Employment & Skills Devolution in West London <i>Progress on the design and joint commissioning of employment support and the devolution of the Adult Education Budget</i>	Cath Shaw – Growth Director - Barnet
4.	Housing Options for West London <i>Considering the best ways for West London boroughs to respond – individually and collectively - to the evolving pressures in the London Housing market, the impacts of the Housing &amp; Planning Bill and ongoing changes to the benefit system</i>	Pat Hayes – Growth Director - Ealing
5.	Economic Prosperity Board Forward Plan <i>For review by the Board</i>	Chair of the Growth Directors - TBC
21 September 2016		
1.	The London Plan <i>Reviewing implications for West London from the new GLA administration and the London Plan</i>	Growth Director - TBC
2.	Post 16 Education and Training Area Review <i>Summary of recommendations and recommendations from the pan-London Steering group</i>	Cath Shaw
3.	Business Engagement in West London <i>Ensuring effective and meaningful engagement with, and support, for businesses in west London</i>	Brendon Welsh – growth Director – Hounslow West London Business (tbc)
4.	Employment & Skills Devolution in West London <i>Progress on the design and joint commissioning of employment support and the devolution of the Adult Education Budget</i>	Cath Shaw – Growth Director - Barnet
5.	Economic Prosperity Board Forward Plan <i>For review by the Board</i>	Chair of Growth Directors - TBC

Subject	Summary	Author
7 December 2016		
1.	West London Jobs and Skills Programmes – transformation pilots <i>Initial evaluation of the Working People, Working Places; Skills Escalator; and Opportunities for Young People programmes</i>	Growth Director - TBC
2.	West London Mental Health & Employment Trailblazer Early evaluation of programme performance and implementation update	tbc
3.	Employment & Skills Devolution in West London <i>Progress on the design and joint commissioning of employment support and the devolution of the Adult Education Budget</i>	Cath Shaw
4.	Airport Capacity <i>Implications from the Government's expected decision in response to the Airports Commission recommendations</i>	Brendon Walsh
5.	Economic Prosperity Board Forward Plan <i>For review by the Board</i>	Chair of Growth Directors - TBC