

## **Council Meeting: 12 November 2014**

### **Briefing Note**

#### **Subject: The London Growth Deal**

#### **Background**

Growth Deals provide funds to local enterprise partnerships or LEPs (partnerships between local authorities and businesses) for projects that benefit the local area and economy. The Growth Deal with the London Enterprise Panel (London's LEP) was announced by HM Government on 7 July 2014.

#### **New powers and funding for London**

As part of the deal the London Enterprise Panel has secured **£236m from the Government's Local Growth Fund to support economic growth in the area**. By 2021, HM Government expects this Deal will create at least 6,000 jobs and allow 5,000 homes to be built.

The London Growth Deal focuses on three key areas:

- 1. Building London's Skills Base and Supporting Businesses** by providing capital investment in, and freedoms and flexibilities for, Further Education colleges and other providers so as to increase the numbers of learners taking up opportunities, support increased numbers of apprenticeships, and reduce the people not in employment, education or training.
- 2. Helping Londoners into Sustainable Employment** by providing additional funding and freedoms to the eight central London boroughs that make up Central London Forward (including the City of Westminster) to develop a time-limited pilot for Employment Support Allowance claimants who have been unsuccessful at finding work through the Work Programme.
- 3. Improving Housing Supply** by investing £200m of the £400m Affordable Rent to Buy programme in London and increasing the Housing Revenue Account borrowing limit for a number of boroughs to help support the development of new affordable homes. The City of Westminster's borrowing limit was raised by £8.47m.

#### **Implications for the City of Westminster: supporting the hardest to reach into work**

The City of Westminster will be a major beneficiary of the pilot for Employment Support Allowance claimants and the Council has played a leading role in negotiating the settlement. There are currently over 10,000 adults claiming Employment Support Allowance (ESA) in Westminster at an average cost to the Exchequer of £8,831 per person per year. Mental health is the biggest single cause of ESA claims, but many clients have a variety of complex needs that prevent them from easily obtaining and staying in employment. Success rates through conventional services such as the Work Programme are very low. In London only six per cent of new ESA claimants and 11 per cent of claimants with disabilities have found sustained work since the Work Programme began.

Westminster City Council, working with the Royal Borough of Kensington of Chelsea, the Corporation of London and the London Boroughs of Camden, Southwark, Lambeth, Islington and Wandsworth as part of Central London Forward, expect to be jointly awarded £11.15m of additional funding to deliver a five year pilot that will help almost 4,000 Work Programme returners claiming Employment and Support Allowance (ESA) to find and sustain work. The pilot will test how the integration of employment support and wider public services can be better achieved at a local level for the very hardest to help, thereby delivering better job outcomes and producing increased fiscal savings in terms of a reduction in benefit expenditure and reduced demand for public services.

The key feature of the pilot will be the appointment of dedicated caseworkers who will provide residents with intensive support to tackle the issues that are inhibiting their path into employment. The design of the model has been informed by evidence of what works locally, including our Work Place Coordinator Scheme, Troubled Families programme and the Family Coaching Service. The pilot will aim to significantly improve on the performance of the Work Programme.

To provide the capacity to deliver the pilot, Central London Forward will jointly procure a provider that will work on behalf of the boroughs. Detailed work is underway to ensure that a provider is selected that understands our local neighbourhoods and does not repeat the mistakes of the Work Programme. Robust governance and contract management arrangements will also be established to ensure the provider is directly accountable to the boroughs for delivery and correctly incentivized to deliver the level of service we specify. Success will unlock a series of progressive steps towards further local service integration. HM Government has immediately committed to *'open discussions on ways for London Government to play a greater role in the commissioning of the next phase of employment support programmes [including the Work Programme]'*. Over the longer term, and subject to the success of the pilot, HM Government will also grant London 'priority status' for any future policy changes to locally led commissioning arrangements for future employment services for the hardest to reach.

The pilot is one of only three to be granted nationally (the other two have been awarded to Greater Manchester and Glasgow) and it sets an important precedent that supports the Council's longer term objective of capturing a greater proportion of the upside of economic growth which can then be re-invested back into local services to benefit residents. The Council has played a leading role in securing this ambitious pilot which has positioned Westminster as a leader in the wider national and London wide debate on devolution, enhancing our influence with the Mayor and HM Government.