

CABINET MEMBER REPORT APPENDIX 1

Project Title: **Westminster
Employment Service**

Business Case

Sponsor: Ed Watson

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VERSION HISTORY

Version	Date Issued	Brief Summary of Change	Owner's Name
Draft 1.8	03.08.16	<ul style="list-style-type: none"> • First draft version 	Greg Ward
Draft 2.0		<ul style="list-style-type: none"> • Preferred option agreed by EMT • Financial and commercial cases detailed (Laura Hulme) 	Greg Ward
Draft 3.0	28.10.16	<ul style="list-style-type: none"> • Investment objectives amended to reflect EMT & Cabinet Member feedback and inclusion of a sustainability 'test' (Tom Harding) • Updated information on the size of the cohort and what we know about the cohort group (Tom Harding) • Case for change revised to better reflect demand and provision and need; and the role of advisors / coaches in our model (Tom Harding) • Revised Appendices to reflect evidence collated for Scrutiny Committee and via research (Tom Harding) • Options revised and rearticulated (Tom Harding) • Revised financial and sustainability plan including a detailed 4 year cash flow for the preferred option (Tom Harding) • Indicative service numbers and targets for first 4 years (Mervyna Thomas) • Evaluation frameworks included (Damian Highwood) 	Greg Ward
Cabinet Member despatch	9.12.16	<ul style="list-style-type: none"> • Financial risks and contingencies included in the Annex following meeting and agreement with Cabinet Member for Finance 	Greg Ward

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1. Purpose

This report seeks Cabinet Member approval for the business case to establish a Westminster Employment Service. The preferred delivery option is detailed at 4.1.3

1.1 Vision for Westminster Employment Service

The vision is a new Westminster Employment Service, designed to support a one-third reduction in the number of long-term unemployed. The investment criteria are set out below.

- **Effective:** The new service will offer a significantly enhanced customer experience.
- **Efficient:** The service will be streamlined and simpler than existing arrangements. Duplication will be eliminated and interventions, hand offs and processing times minimised.
- **Economic:** Improved employment outcomes will realise cashable savings across other council services and in the wider public sector.
- **Sustainable:** The barriers created by short-term programmes that often leave clients without the support they need will significantly reduce.

2. Strategic Context

The preferred model is consistent with City for All and the council's Economic Development Framework. It complements the activity of partners and the London devolution deal.

2.1 City for All

City for All is the council's three-year strategy (2015-2018) for Westminster. The ambition is to be an unrivalled city of choice and aspiration, where the connections amongst residents, businesses and visitors intensifies because everyone plays their part in, and benefits from the city's continued success. A central plank is the pledge to 'work with, and challenge our partners, to reduce long term unemployment'.

2.2 Economic Development Framework

The council's Economic Development Framework articulates the approach to supporting Westminster's working age population to overcome barriers and access opportunities. This is through:

- Commissioning fewer small-scale projects instead, focusing on shaping mainstream employment and skills provision. The aim is to join with partners to deliver effectively.
- Generating local employment opportunities through utilising the council's position as an employer, buyer, landowner and regulator (particularly through the use of planning powers)
- Integrating local services to tackle unemployment and support Westminster residents with multiple or complex barriers. This is to include dedicated work around childcare, health and social housing and temporary accommodation
- Ensuring there is as much clarity as possible for residents, employers and providers through coordination, influence, signposting and monitoring.

2.3 Public Service Reform and Devolution

Working with London Councils and Central London Forward, Westminster has, over two years, spearheaded a programme of work with the Mayor and London Boroughs. This initially led to government awarding central London the 'Working Capital' pilot that over four years, will work with 4,000 people across central London who currently claim Employment and Support Allowance. The programme provides tailored support to help place members of this cohort into work. Integrating council services such as health, debt advice and housing creates a more effective level of assistance for eligible residents, particularly where support is channelled through dedicated caseworkers.

Building on this initial deal, the government agreed further devolution of employment programmes to London. As a result, following lengthy negotiations with DWP, DCLG and HMT, the Government has agreed to devolve the Work and Health Programme to London Government. Whilst the scale needs confirmed, there is expectation a budget of £50m for Central London.

2.4 Better use of our estates

The council's emerging Hubs programme seeks to make better use of existing assets. This offers opportunity for employment services to co-locate with libraries, children's centres and housing.

2.5 One front door

Triage, assessment and referrals are not yet entirely consistent across services. The new 'One Front Door' programme seeks to address this, giving residents appropriate and tailored support and information at the right time. Effective initial triage will also increase appropriate client flows towards respective services.

2.6 Brexit and managing risks to funding

The principle risk arising from Brexit concerns the potential loss of European Social Fund Programmes which target disadvantage in the labour market. The Treasury has confirmed that the Commission will continue to make payments for ESF Programmes until 2020. This includes Working Capital and the new Work and Health Programme as both are in receipt of the European Social Fund. However there will be longer-term implications for European funding and this paper touches on these below.

2.7 Health and Wellbeing Strategy

Westminster's Health and Wellbeing Strategy, a joint strategy between the council, Central London Clinical Commissioning Group, West London Clinical Commissioning Group, the city's voluntary and community groups sets out a central role of employment as a wider determinant of health and wellbeing. Groups prioritised through the Health and Wellbeing Strategy include residents with disabilities, long-term health conditions, mental health illnesses, and drug and alcohol dependency. The new Westminster Employment Service will target these cohorts. Wider public health outcomes will be captured through new monitoring and evaluation, including progression to work and, where possible, assessing reductions in demand to health and adults services.

2.8 The Target Group

Defining the City for All Commitment

The Service will support long-term unemployed residents into work (see section 2.9) but will also seek to prevent unemployment for those most at risk. Therefore, over the first four years, the target is for 70% of beneficiaries to be long term unemployed, particularly those in receipt of benefits. The remaining 30% will include claimants who are less than a year unemployed, or classified as economically inactive but not in receipt of DWP benefits (including carers), or NEETS and care leavers.

The council has undertaken an analysis of the customer journey to inform its understanding of the needs of residents and their barriers to employment as well as this cohort's current interaction with services and the present constraints to provision. Further information is appended. Analysts from PPC, with expert advice from across the council, have conducted a wide-ranging survey of over 40 cohorts¹ of the unemployed. The results have helped create a shortlist of priority sub cohorts. The list takes into account two central factors: a) the likelihood of successful employment (volume), and b) impacts of employment (cost avoidance²).

Drawing on the analysis,³ three recommendations are made:

1. Target unemployed people who have been claiming unemployment benefit for over 1 year
2. Target cohorts where there is no existing provision
3. Prioritise those cohorts with the greatest scope for a combination of employment and cost avoidance. The top five cohorts are residents in: 1) Temporary Accommodation, 2) with children, 3) known to social services, 4) Troubled Families, 5) with Physical Disabilities and 6) in Supported Accommodation.

Cohort Group	Size of unemployed cohort	Rank through WCC analysis
Temporary Accommodation	1090	1
Troubled Family	250	2
Child known to Social Services	500	3
In Supported Accommodation	400	4
Having a physical disability	4000	5

*NB: Some people may include in several groups so the size column cannot be totalled. Some of the numbers of "long-term" unemployed within these groups are estimates.

2.9 Current size of target cohort

In the first year following the announcement of the City for All Target, long-term unemployment in Westminster fell by 5.3%. The estimated number of long term unemployed residents is now 9,600. To achieve the total target there needs to be a further reduction to 7,285.

The majority of long term unemployed (84%) claim Employment Support Allowance (ESA); the highest proportion of any borough in London. Furthermore, Employment Support Allowance groups are the hardest to move off benefits. Over half of the ESA population in Westminster are in this support group. In

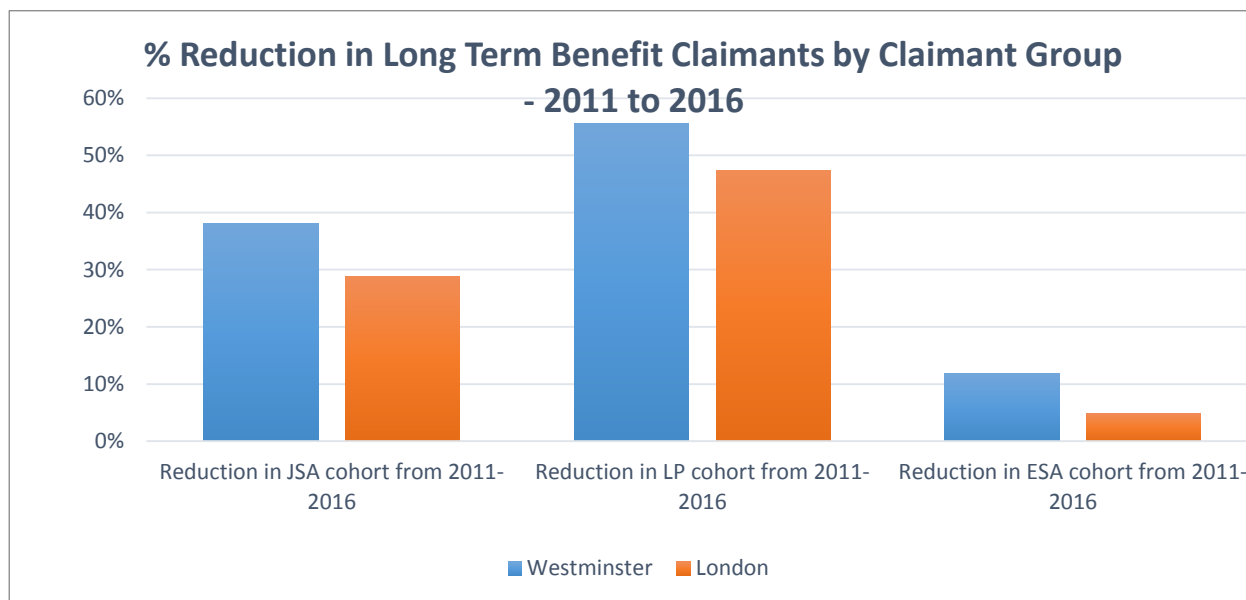
¹ A cohort in this context is a group of people with similar characteristics. The 40 groups are not discrete.

² Note this direct measure was chosen as it is easy to understand, however other benefits such as economic and social could also have been regarded.

³ Further information about the analysis is available from the Council's Business Intelligence Unit (dhighwood@westminster.gov.uk). Also see cost benefit tables set out in the Appendices.

fact, because of the severity of their health conditions, these claimants are not expected to seek work. Indeed, all ESA groups will have significant health or other issues that may need tackling before employment becomes a realistic option.

These challenges underline the ambitious nature of the pledge. Yet Westminster has been more successful at reducing Long Term Unemployment than London as a whole. The new Employment Service aims to deliver ever-greater numbers year on year.



3. The Case for Change

3.1 Addressing gaps in provision

There is likely to be insufficient specific future support for the long-term unemployed through mainstream government programmes. This includes through the new Work and Health Programme. An overview is set out in the appendices.

National programmes overseen by the Department of Work and Pensions, the Work Programme and Work Choices, are to be replaced by the more tightly targeted Work and Health Programme from 2017. The focus will be on health barriers and people unemployed for longer than two years.

Compared to the national benchmark, current programmes funded by DWP indicate a below average performance. In March 2016, Learning and Work conducted a study of Work Programme job outcomes (measured 12 and 24 months after referral). This study compared data across 307 principle authority areas. Westminster ranks 296 making it the 11th worst performing

National Work Programme Performance				
Outcomes at:	12m	24m	Overall	Unemployment Rate
Top LA area	12%	41%	42%	4% Brentwood
West London CPA	12%	25%	28%	
Westminster	9%	19%	22%	7% 11th worst
Worst LA area	2%	10%	17%	4% Purbeck

It is reasonable to conclude therefore that the conditions in Westminster present particular challenges compared to other local authorities. Excluding the ESA Support Group, there are approximately 5,000 Long Term Unemployed candidates for an employment programme. However, as the survey above indicates, there is a significant shortfall in provision. Even the current level of support will diminish; the new Work and Health Programme will reduce to 25% of the size of the outgoing programme. It is anticipated that once operational, the national service will support 50 residents into employment per annum.

3.2 Supporting residents with multiple barriers to work

However, the Council on its own cannot make up the shortfall. The Westminster Employment Service therefore needs to be a co-operative venture, joining up with other local stakeholders and partners, including charities, to maximise all public funding and other resource in the City. This reflects the collaborative spirit of the *City for All* ambition.

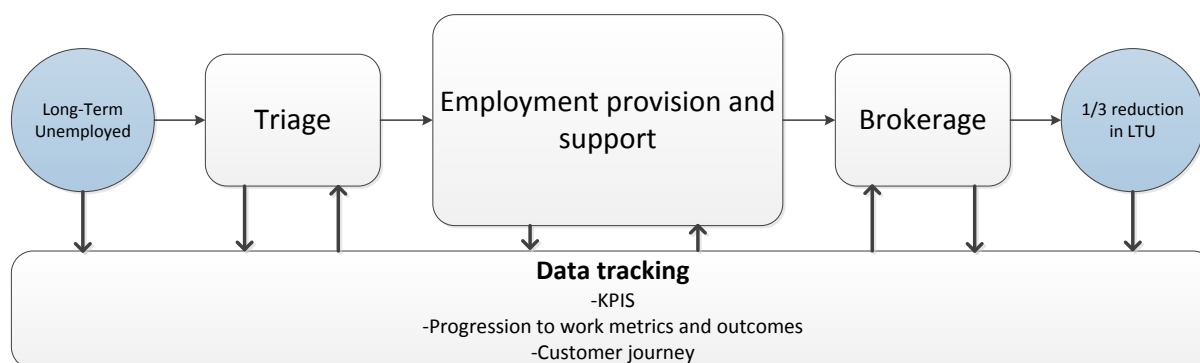
A promising way to improve performance would be for the City Council to use its convening power to facilitate ever more tightly targeted provision. This might include an expansion of the T200 High Potential approach to compensate for the diminishing capacity of mainstream DWP programmes. The Council will also look to deliver more support for Lone Parents, residents with Disabilities and those in Supported Accommodation. These groups are particularly under-served through current, provision.

Currently employment support within the local authority is delivered and commissioned through individual departments. This can mean that cohorts are not effectively catered for across council services, outcomes not consistently recorded and economies of scale lie unachieved. The referral routes for these services and pathways into work greatly differ. Processes are unaligned. By integrating the design, delivery and commissioning of employment services, as well as referral routes and, by creating a single brokerage service, the council will provide a better service to users, providers and local employers.

The lack of a caseworker management tool means service users cannot be tracked accurately and then supported across programmes. Introducing such a tool will also allow for cross referrals, and reduce the duplication of data entry.

This cross referral is important because a lack of employment is often symptomatic of other challenges. The target cohort faces multiple barriers to work. Health, housing and family difficulties are also common amongst this group, so it is essential to address these issues concurrently and holistically. Barriers are deeply entrenched, requiring more and different support; support over and above the traditional CV and interview preparation this group frequently receive but which is largely ineffective. The current model is therefore no longer fit for purpose because it does not offer an end-to-end integrated service.

The minimum requirements for an integrated service



3.3 Engaging and knowing our customers

The role of employment advisors in supporting term unemployed residents

Clients interviewed for research commissioned by the Council, reported investing a high degree of trust in their Employment Advisors. They felt they were listened to and valued; that the advisor was their advocate, representing their interests with employers and services alike.

A number of advisors also gave examples of the wide range of support they provide to their clients. Many in the cohort do not understand how public services work, their rights and responsibilities, or the resources that might be available to them. They rely heavily on the Employment Advisor to help them cope with and navigate the system. Advisors often also needed to help people tackle immediate pressures around housing, benefits and debt.

3.4 Future needs

Given the short-term funding routes and an ever more volatile economic environment, the new WES will need to be agile and flexible. Robust initial triage and assessment will ensure that the relevant sub cohorts, identified above, are referred through to a second specialist triage function. Effective tracking and the monitoring of outcomes will identify what works best for priority cohorts at a local level (allowing improvement to the cost-benefit analysis for future use).

Despite reductions in service, there is a range of employment support at a local and national level (see mapping in **appendix**). The council should play an enabling role, ensuring this provision is maximised and targeted at the priority cohort. This could be achieved by service level agreements between the council and local providers.

There is also the opportunity to harness the council's transformation programme, *Route Map to Success*, to implement changes at little cost. Libraries are undergoing significant transformation, focusing on better supporting their service users. The re-commissioning of the Housing Options Service will permit new ways of working, particularly during the initial stage triage. New initiatives such as the Advisor Academy may be expanded to include staff from all frontline services, so these staff are prepared and equipped to have conversations with services users and therefore make every contact count. All this would more effectively target the priority cohort in the places where they already come into contact with council services.

Matching this cohort with suitable provision will ensure that they are better prepared for work. It will also lead to better management of demand for services through the more effective initial triage stage. An aligned brokerage function will complement this, providing employers with a single point of contact in the council. Providers will also have a clearer offer for their service users. This function will include detailed information for employers so they are prepared to support these future employees in their workplaces.

3.5 Benefits against the investment objectives outlined in section 1

Investment objectives	Main benefits criteria by stakeholder group
<p>Effectiveness: The new service will offer a significantly better quality customer experience and increased employment outcomes</p>	<p>Increased percentage rate of job and job-ready outcomes for service users</p> <p>Effective partnership working with other organisations</p> <p>A greater number of satisfied residents</p> <p>Closer engagement with business</p>
<p>Efficiency: The new service will be streamlined and simple. Duplication of services will be eliminated and interventions, hand offs and processing times will be minimised</p>	<p>Improved customer experience</p> <p>Accurate data to support clients</p> <p>Faster referral times and streamlined processes</p>
<p>Economy: Improved employment outcomes will release cash savings across council services and the wider public sector</p>	<p>Savings in temporary accommodation through job outcomes</p> <p>Savings in other council and external services</p>
<p>Sustainability: Income is committed or anticipated to support the new service for a minimum of three to five years.</p>	<p>Support is in place over the medium term to help residents with multiple needs.</p> <p>Reduced time spent commissioning or re-commissioning</p> <p>On-going Service improvements</p> <p>A clear financial plan will mean less disruption of services.</p>

3.6 Risks

Investment objectives	Main risks	Phase of project (design/ build/ operational)
<p>Effectiveness: The new service will offer a significantly better quality customer experience and increased employment outcomes</p>	<p>No increase in job outcomes</p> <p>Brexit could increase or stock of LTU</p> <p>Reductions in unemployment is offset by new waves of unemployment resulting in no change in overall number</p> <p>Local and national evidence is not sufficient to design an effective service</p> <p>Uncertainty regarding future Council budgets for employment and skills</p>	<p>Operational</p> <p>All</p> <p>Operational</p> <p>Design</p> <p>All</p>
<p>Efficiency: The new service will be streamlined and simple. Duplication of services will be eliminated and interventions, hand offs and processing times will be minimised</p>	<p>Council services continue to commission employment provision in silos</p> <p>Technology is not capable of supporting efficient processes and data sharing</p>	<p>Design or operational</p>
<p>Economy: Improved employment outcomes will release cash savings across council services and the wider public sector</p>	<p>Savings are not realised</p> <p>Savings cannot be claimed from non-council services</p> <p>Upfront investment required cannot be found or is insufficient</p> <p>ESA support is being withdrawn or reduced</p>	<p>Operational</p> <p>Design or Operational</p> <p>Build or Operational</p> <p>All</p>
<p>Sustainability⁴: Income is committed or anticipated to support the new service for a minimum of three to five years</p>	<p>Income profiled is not realised.</p> <p>The complexity and logistics of managing multiple income streams, with different timescales, and one-off ring fenced grants whilst maintaining the programme.</p>	<p>All</p> <p>All</p>

⁴ See Financial Risks and Mitigations at Appendix 2.

4. Available Options

A number of options for delivery has been generated through workshops, consultation and research with staff and external subject experts. The starting point was a long list of options drawn up by cross service and partner groups. These were measured against the investment objectives. The short list contained a 'do minimum'.

The activities to reduce long-term unemployment are guided by detailed analysis as set out in the appendices. Below are some wider design principles which came out of the consultation and research and which complement the investment objectives in section one of this paper:

- Support the City for All ambition to reduce long term unemployment
- Flexible service, responsive to changing needs of service users & commissioning behaviours
- Improve the customer experience for residents and businesses
- Evidence based intelligence-led service and commissioning function
- Address identified constraints in the system and reduce duplication
- Align with the Council's Transformation Agenda

4.1 Short list of options

Definitions

Each short listed option describes to what extent these service elements differ from the current position. Each option details the role of the council and the proposed consequential investment.

Triage describes how service users are identified, assessed and allocated, and how initial data is collected. In all of the options assessed, triage is integrated alongside other services. The outcome will be that people are correctly identified, offered appropriate support and that the subsequent data is captured.

Employment provision and support describes targeted interventions delivered through employment advisors, either through national or local programmes.

Job brokerage will furnish the provider network a single access point to jobs and employers and a single access channel to the council and associated providers. Reflecting the needs of the long term unemployed cohorts, a wider range of work related opportunities would be also be brokered, including pre-employment training, work trials and mentoring as well as job opportunities. Research into the needs of the long term unemployed cohorts also demonstrates the value of intermediary or supported employment and brokers working as a single team with advisors that hold the relationship with the client.

Data is captured from the triage stage through to job outcome with all services accessing the same platform allowing tracking of the customer journey, including interim steps to work.

4.1.1 Option 1: Do minimum by realigning Council services and processes

Overview

In this scenario, the council would continue to manage with any discretionary or external funding. In the do minimum option, efforts would continue to join up internal teams and functions, for example, employment advisor teams. The focus would still be on reducing long-term unemployment. Wider programmes, including the One Front Door initiative would support referrals to employment services through the New Health and Work Programme. The council would not actively pursue new external and discretionary funding for existing services such as High Potential or the Local Employment Service Team.

Strengths, Weaknesses, Opportunities and Threats

Strengths/Opportunities	Weaknesses/Threats
<ul style="list-style-type: none">• Achievable as it would require limited intervention or planning the Council.• Data reporting will increase intelligence regarding services and cohort.• Less risk to the Council because even if funding does come in, it will only be utilised in the short term with no expectation of on going funding or employment for the job advisors.	<ul style="list-style-type: none">• Unlikely to achieve an increase in outcomes as there is no improvement to current delivery.• Overly focussed on Council activities.• Fails to bring partners into supporting delivery.• Likely provision will diminish, further reducing available support.• Fails to meet investment objectives

Conclusion

This option is discounted because it fails to meet the investment objectives and critical success factors

4.1.2 Option 2: Do Moderate: a local framework, no on-going advisors or brokerage functions delivered by the Council

Overview

This option focuses solely on the Council's convening power to connect residents with local services. This would be through triage, front line services and business engagement but not specifically through commissioned brokerage. The internal employment advisors team would be discontinued and any funding received would be used to make external services more effective, for example, through peer-to-peer job clubs, a new website, mapping provision for external providers and by seeking ways of rewarding providers with employment contracts.

Specifically, the service offer would work as follows:

Triage

- Triage to encourage a consistent customer experience and to assist in data collection, to be delivered as an imbedded function
- In-depth assessment to define the level of support and refer or signpost to appropriate provision
- Initial triage delivered in libraries and through the Housing Options Service
- Second stage assessment delivered in person or by phone by an employment specialist that is then referred into services
- The Advisor Academy used to train triage and assessment providers

Employment provision & advisor support

- Maximise the use of existing and available programmes
- The Council would not deliver employment support through advisors.
- There would be effective partnership working
- A practitioner network providing peer learning on what works.
- Support for front line advisors would continue through the Advisor Academy.
- Provision of a comprehensive digital offer for those with medium or low needs.

Brokerage

- Council's role would be to broker opportunities solely through its supply chain and through planning gain. There would be no commissioned brokerage function although a function could continue, for instance if Recruit London received funding from BIDs and developers.
- Employers would receive more information on local services through the Council's website.

Strengths, Weaknesses, Opportunities and Threats

Strengths/Opportunities	Weaknesses/Threats
<ul style="list-style-type: none"> • Integrated with other services including those delivered by partner agencies • Recognise the Council’s role in joining up provision in the interests of residents. • Consistency of provision and experience • Strong emphasis on triage • Demand management through triage and assessment function • Triage in the community ensures priority cohorts are captured • Low-cost because there is no longer support for certain elements including advisors and brokers. 	<ul style="list-style-type: none"> • No additional provision for target group. • Relies on existing provision, therefore less control for the Council • Significant reduction in support for long term unemployed groups because the Council would withdraw employment advisors • Non-commissioned services may not ‘sign up’ to something larger, to a new Service. • Difficult to convince employers to work with harder to help cohorts without offering intensive levels of in-work support.

Conclusion

This is a low cost option for the council. Withdrawing advisor support would reduce support into employment. This would have a negative impact on the credibility of a new Service offer. The Council’s ability to re-shape brokerage to provide a single offer for employers would also be limited if the Council no longer invested in the function.

4.1.3 Option 3: Do moderate through a Local Framework and an on-going commissioning and service delivery role

Overview

This option incorporates the convening function described above (Option 2) as well as the new triage functions. However, this model is extended to include direct delivery or commissioning. There would continue to be a team of employment advisors and growing this capacity. Brokerage would also continue to be re-shaped to deliver appropriate work related opportunities for long term unemployed and with new capacity to manage relationships with council contractors. A single point of contact for employers will make it easier to engage with the offer. The service offer is as follows:

Triage

- As referenced above at Option 2.

Employment provision and advisor support

- Secure additional funding for people not served by existing programmes to support and where possible expand advisor teams. Subject to funding, commissioning or the incentivising of external provision could be included.
- Delivery agreements with external providers would seek to develop a team of advisors working as part of the Westminster Employment Service. The team would be bound by agreed practices and standards and would work under the overall Westminster Employment Service brand.
- Other elements of provision are set out at Option 2. They would include services valued by providers to support delivery such as the Advisor Academy.

- Develop an online portal for low and medium needs, non-priority groups and self service

Brokerage

- Create a single interface with local employers to improve job availability for residents. Brokerage continues to be funded from 2017 onwards.
- Higher volumes of work related opportunities are brokered and shared with charities and local providers working as part of the new Westminster Employment Service.
- Realignment of resource to broker work related opportunities with Council contractors and harness social value commitments to long-term unemployed cohorts.
- Online portal for brokerage of work related opportunities and job advertising

Strengths, Weaknesses, Opportunities and Threats

Strengths/Opportunities	Weaknesses/Threats
<ul style="list-style-type: none"> • Opportunity to develop combined advisor teams, including the Council’s teams, all under the Employment Service umbrella. • Addresses opportunities at low cost • Co-commissioning helps residents, providing joined up, wrap around support • The brokerage element includes most of the components of what works for the long term unemployed cohorts. • One point of contact for employers and providers. 	<ul style="list-style-type: none"> • Risks associated with discretionary income. • Delivering increased outcomes is dependent on partner agencies being part of the new Service. • Between 2017-21, non-Council employment support is likely to change significantly.

Conclusion

The option best responds to analysis, feedback from experts, front line practitioners and additional complementary research. The operation would need to be agile to manage the risks associated with external funding.

Justification

For the reasons outlined above and based on income projections, **option 3 is the preferred option**. As sustainable funding is the main challenge in building the new Westminster Employment Service, the preferred option is dependent on the level of investment that can be achieved. The service will need to flex according to the waxing and waning of external funding. If additional funding is secured prior to or during the project’s lifetime, there is the opportunity to increase the provision delivered by the Council as well as through co-funding with other commissioning partners.

It should be said that, as with all of the options, there are clear limitations to how far the Council can go to address wider barriers to work. These external factors include affordable childcare, mental health provision and changes in the economy, including recruitment behaviours in a recession and policy changes such as that of Welfare Reform.

By making use of external funding however, option 3 does provide value for money. Some comfort can be taken from the fact that the council has a strong track record of securing discretionary investment.

The option therefore best responds to the key tests for the service outlined at Section 1.1:

- **Will it be more effective?** Yes, by offering an enhanced customer experience, making every contact count, the development of a new portal and by directing residents to the most appropriate service. The aim is to improve employment outcomes for long term unemployed residents year on year.
- **Will it be more efficient?** Employment coaches will be one team. Handoffs to other services are supported by a digital tracking platform. Meanwhile, the mapping of services will minimise duplication.
- **Will the service be Affordable?** Yes, the Service will be resourced through discretionary and external funding, with budgets set over a four-year period.
- **Will it be sustainable?** In collaboration with the Corporate Finance Team, a detailed cash flow has been developed for the first four years, including a robust assessment of profiled income.

Performance

The Westminster Employment Service will provide support for between 2,000-2,500 residents per annum by bringing together internal and partner advisor teams and through more effective identification and triage. In the first two years, our forecast is that the service will support over 1,400 jobs, of which, 1,000 will be for long term unemployed residents.

Realistic targets for the period 2019-21 will be set by 2018 when further information is known about funding for services and the nature of the demand from residents. The ambition is to sustain or increase provision and outcomes to achieve 2,000 jobs for long term unemployed residents through the service from 2017-2021.

Performance measures for the Service will include starts, interim measures, jobs and sustained jobs as defined in the table below. All performance measures are used by employment services and will allow the Service to be benchmarked with other initiatives.

Starts	Clients receive a minimum of six hours support which could be advice and guidance.
Interim measures	Including volunteering and work placements
Jobs	The definition of a job is as paid full-time or part-time employment. It includes PAYE, self-employment, apprenticeship or paid internship. To note that depending on the hours of contract and personal circumstance, the resident may not need/be able to sign off claimed benefit.
Sustained Jobs	A sustained job is defined as remaining in employment for three months (for Income Support and Employment Support Allowance claimants) and six months for residents who claim Job seekers Allowance.

The profiled performance of the Service, 2017-19 is set out below. Contributions to performance will be through in house provision funded by the Council as well as services such as Westminster Adult Education Service, funded directly by the government. Outcomes will also be recorded for programmes delivered by partners organisations funded by the Council as well as partners delivering in Westminster funded without

council investment; for example, through charitable giving or the Big Lottery. It is important to note that the Service will include only the outcomes from partners willing to play a part in the new Service and agreeing to a way of working with the Council, including sharing performance data.

WES Forecast Performance 2017-2019

April 2017-March 31 st 2019	Starts	Achieving job-starts	Of which, Long Term Unemployed
Council funded or delivered	4806	1349	944
Delivered by partners, not funded by WCC	653	241	169
Forecast total (lower – upper projections)	4094 - 5459	1193 - 1590	835 - 1113

Other performance measures introduced from 2017 will include off flow rates to record clients that stop claiming benefits and a self-rating measure to record improved self-confidence, motivation to work and self-esteem; measured at pre-mid and post programme.

Continuous evaluation of the Service will track outcomes for priority cohorts including the groups which cost the council most. By way of illustration, using figures from New Economy Manchester, endorsed by HM Treasury, the fiscal and economic benefits of a workless person entering employment are estimated at £9,000 per annum. If this formula is applied in Westminster and, the new Employment Service were to support 700 residents per annum, annual savings to the Exchequer would be in the region of £6.3M, with a direct saving to the Local authority of £440,000. Evaluation of the service will provide a more accurate assessment of actuals and costs avoided.

However the following sensitivity factors will impact on the performance of the Service during the first four years and will be modelled into projections and updated on going:

Boosting performance

- Additional advisor support through Council services and commissioned provision.
- Services and advisors within the Council working with partners as a single advisor team.
- Integrating skills and employment provision and the outputs of the Westminster Adult Education Service recorded on going.
- A greater internal and external focus on the long term unemployed.

Reducing performance

- As tracking of individuals improves across agencies, the risk of double counting is significantly reduced.
- The assumption is that double counting, potential under performance across the contributing providers and uncertainty regarding future funding will reduce reported outcomes by between 15-25%.
- To note that the worst case scenario of 25% reduction in reported numbers has already been factored into the figures above and is shown in the table above the lower forecast total.

- The new Health and Work Programme is anticipated to be 25% smaller than the current Work Programme.
- Uncertainty regarding WAES' future funding from the Skills Funding Agency and GLA following the anticipated devolution of adult skills budgets from 2018.
- External programmes, for instance European Social Fund projects, delivering in Westminster but commissioned by other organisations may experience delays leading to delivery time lags.

Delivery scenarios for the preferred option

The following scenarios set out how the service will work with and support stakeholders who are integral to the integrated service: local employers and charities. Further information is set out in the Appendices regarding the indicative customer journey through the recommended option.

A local developer is committed to helping residents through planning obligations. The developer currently focuses on apprenticeships and entry-level jobs connected with its development portfolio.

What they need: Developers need to understand the different ways in which they can support long term unemployed residents. For example, if there is insufficient interest in apprenticeship opportunities, the council could work with developers to roll out pre-employment training. Ideally, the developer would have a point of contact that they can work with to broker relationships connected with what they do but also with their wider supply chain.

What can we do at low cost or no cost: help developers choose how they can help through a menu of "asks". The council can also capture their commitments as a sector through the Construction Developers Group and promote their contribution through case studies on-line and our media output.

With additional resource: as set out in the current proposal, the council will recruit a relationship manager to work with suppliers and developers to recruit them to this cause.

A local charity works with prioritised cohorts, fundraising locally to support residents to access employment provision but is not directly funded by the Council. Activities delivered by the charity include ESOL and 1-2-1 coaching. The residents they support include the long term unemployed as well as those most at risk of long-term unemployment.

What they need: Charities want more information about the range of local services so that their advisors can more effectively orchestrate support for individuals. They also need to retain 1-2-1 advisor staff so crucial to efforts to move people off benefits and into sustained work.

What we can do at no cost / low cost: following a mapping of local services, provide information on-line for front line staff on the range of local services. Through the council's relationships with larger sub-regional providers, it can also connect services and facilitate sub-contracting. The council can encourage local charities to share the data tracking system.

With additional resource: Consider co-commissioning charities and social enterprises to employ additional advisors to support greater volumes of priority cohorts and or, establish a beneficiary fund for local providers to access which could address barriers to work e.g. childcare and activities known to work, for example through peer-to-peer support.

5. Procurement Route for the preferred option

Triage will be delivered in-house as there is the appropriate level of resource and skills and staff are already embedded in services. Training existing staff will be more effective and better value for money will therefore be achieved. Training will be delivered through the One Front Door programme and the Advisor Academy.

Digital Platform will be designed in-house, delivered by the Digital Team in PPC. External resources may be brought in to help complete the platform. The cost will impact on the scope and timeframe for the project.

CRM system

The preference is an in-house solution procured through the council's wider Digital Programme. Only if this is not possible will an external specialist solution be procured. Requirements for the system have been gathered from service areas, market testing completed and a preferred supplier identified.

Employment Support

Based on cash flow projections set out at Section 7, employment support including brokerage will be delivered in-house. Funding allowing, the council will seek to design and fund additional internal programmes to address gaps in market provision for the target cohorts or buy additional outcomes from existing provision.

6. Funding and sustainability

6.1 Overview

The Westminster Employment Service will be self-funding with no call on the Council's General Fund. Income is profiled from existing committed reserves including the Civic Enterprise Fund, bids for external funding, discretionary investment and new commercial income. The council has a sound track record of securing funding to support employment services, attracting on average, over £1M was secured per annum over the past 5 years.

Receipts set out in the cash flow below are achievable and reflect opportunities at a point in time. Three scenarios have been modelled based on differing levels of income ranging from the mid case, profiled at £1.2M per annum, worst-case scenario at £0.75M and a best-case scenario of £1.9M.

New income streams include section 106. This is by introducing new thresholds for developer contributions and aligning to an existing City Plan policy. The West End Business Rate Mechanism is included and miscellaneous grants that might include contributions from the Department for Work and Pensions.

Officers will continue to seek additional income to sustain the service beyond 2020/21 including from Public Health. The City Council's Economy Team will manage the external funding function. All elements of the Westminster Employment service will seek only to plug gaps in current provision identified during the design and consultation phase. Service budgets for coaching and brokerage anticipate the level of income available.

If functions duplicate external services or are no longer needed, funding will be scaled back or withdrawn. Mapping provision on an annual basis will help to ensure that the Council is using income to fill gaps and for the Council to understand the provision of available support overall. To manage the risks associated with the short-term nature of a number of the income streams, wherever possible, reserves will be built up. The profiled cash flow shows a net surplus of £190K.

Services funded by the Council will be based on agreements over the initial four-year period of the Westminster Employment Service, with break clauses and clear levels of performance set out and benchmarked against comparable London and National provision. Budgeting over this period allows the Council to effectively plan and deliver the Service. Moreover, the budget provides greater security for services thereby reducing the risk of losing advisors. The initial four-year period also provides a reasonable timescale for the Council to evaluate performance of the Service as whole. This will be attractive to potential investors, donors and commissioners wishing to contribute to the Service.

The Cabinet Member will be notified of variations to income and budgets. The variances will also be agreed with the Executive Director for Growth Planning and Housing who will have delegated authority to adjust and agree the budget for the Service. Every month, income and expenditure will be reviewed with City Treasurer's Department. There will be quarterly reports to Cabinet Members, including the Cabinet Member for Public Health and Adult Services.

If additional income is received, the Council will scale up provision whilst building up reserve. If income is less than profiled, service level agreements will be reviewed and provision scaled back

Figures from New Economy Manchester, endorsed by HM Treasury suggest the fiscal and economic benefit of from a workless person entering employment is £9,000. Based on this formula, If the new Westminster Employment Service supports 700 residents per annum, this would represent an annual saving to the Exchequer of £6.3M per annum and a direct estimated saving to the Local authority of £440,000. Evaluation of the service will provide a more accurate assessment of actuals and costs avoided.

6.2 Proposed Income Sources

- Applying existing planning policies with regards to contributions from developers
- Jobcentre Plus' Flexible Support Fund and Community Budgets.
- Public Health Investment Funding.
- European Social Fund
- Income generation opportunities through seeking contributions from external employment support providers for referrals that are generated through triage.
- Work related opportunities brokered through the supply chain or local businesses.
- Procurement including asking suppliers to make a voluntary contribution to an Employment Fund.
- Working with the Clinical Commissioning Groups to co-commission employment support
- Through the West End Business Rate ask to the Treasury.

5 Year Cash flow forecast - Projected

	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Receipts						
<u>Confirmed</u>						
E&S reserves	341	163	-	-	-	504
West End Partnership	50	-	-	-	-	50
Transformation Challenge Award	190	70	-	-	-	260
Civic Enterprise Fund	80	420	-	-	-	500
Civic Enterprise Fund Research	25	10	10	-	-	45
JCP FSF funding	134	-	-	-	-	134
Innovate UK	10	32	-	-	-	42
Public Health	50	-	-	-	-	50
New Homes Bonus	210	-	-	-	-	210
Housing & Childrens	13	13	-	-	-	26
Public Health Investment fund	157	-	-	-	-	157
Public Health (supported employ)	200	200	200	200	200	1,000
Subtotal	1,460	908	210	200	200	2,978

Unconfirmed, profiled

Garden Bridge (Citti Foundation)	10	15	-	-	-	25
European Social Fund	-	-	-	-	-	-
Paddington s106	-	200	200	200	-	600
s106 (new thresholds)	-	100	200	200	200	700
Miscellaneous Grants	-	200	200	200	200	800
BIDS	-	-	-	-	-	-
West End Business Rate Mechanism	-	250	250	250	250	1,000
Triage & brokerage commercial offer	-	25	50	50	50	175
Public Health Investment Fund	-	-	-	-	-	-
Web advertising/page sponsorship	-	-	-	-	-	-
Church Street Dowry	-	100	100	100	100	400
Sub-total	10	890	1,000	1,000	800	3,700
Total Receipts	1,470	1,798	1,210	1,200	1,000	6,678

	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>

Expenditure

Triage and Assessment	20	40	40	40	40	180
Data sharing platform	50	-	-	-	-	50
Website	15	-	-	-	-	15
Management and Admin costs	42	70	70	70	70	322
Office supplies	2	2	2	2	2	10
Communications	10	10	10	10	10	50
Commissioning Local Provision	50	50	75	75	75	75
Equipment costs	-	-	-	-	-	-
Brokerage	200	260	260	260	260	1,240
Evaluation & Research	35	15	15	15	15	95
Coaching (Westminster Employment)	150	-	-	-	-	200
LAC co-ordinator	20	20	60	-	-	100
Advisor Academy	50	30	30	30	30	170
Business Engagement (Parental emp.)	41	-	-	-	-	41
Coaching (LEST & FACES)	488	605	605	605	605	2,908
Public Health Tri-boro Supported Emp.	-	200	200	200	200	800
Inflation	26	27	27	25	25	130
Total Expenditure	1,199	1,329	1,394	1,332	1,332	6,586
Net Cash Flow	272	469	(184)	(132)	(332)	93
Cash Deficit/(Surplus) at Year End	272	741	557	425	93	

7. Management Arrangements

7.1 Project Management

A full time Programme Manager from the Economy team will oversee the project plans and implementation of the Westminster Employment Service. Project Managers will be selected from respective departments for the individual projects to ensure an appropriately wide representation.

The programme team will meet monthly to review updates, dependencies, risks and issues. Each project will submit a PID, a risks and issues register and a progress report in line with Westminster guidelines. The programme team will report into the corporate portfolio office.

Proposed Programme Team				
	Project Role	Responsible	Department	Position
1	Sponsor <i>Ed Watson</i>	Providing direction	GPH	Executive Director of GPH
1	Programme Director <i>Greg Ward</i>	Direction of programme	GPH – Economy	Director of Economy
2	Programme Manager <i>Mervyna Thomas</i>	Delivery and management of programme	GPH – Economy	Programme Manager, Employment and Skills
3	Project Manager (s) <i>(See project plan)</i>	Delivery of programme design	Various	Various
4	Evaluation Design <i>Damian Highwood</i>	Evaluation framework	PPC – Evaluation & Performance	Evaluation and Performance Manager
6	Financial lead <i>Steve Muldoon</i>	Providing financial support	City Treasury	Assistant City Treasurer

7.2 Risk Management and contingency plans

Programme and project risks identified during the design will then monitored and updated throughout the life of the project. Risks will be identified as either threats or opportunities, and then prioritised according to impact and probability. Risk tolerance will be decided by the sponsor and will be managed by exception. Risks will be communicated through the programme’s communication strategy.

The sustainability of the programme is dependent on securing revenue funding. Deliverables will be prioritised to ensure that should the budget be reduced, the service is still able to function. If additional funds are secured, money will be diverted into areas able to generate outcomes.

7.3 Post-project evaluation

The Westminster Employment Service will be reviewed during design, implementation and post implementation by the Economy team, with support from Evaluation and Performance. The evaluation workstream will seek to deliver the following benefits

- Provide accountability for the investment (set outcomes and outputs, transparent and accountable decision making)
- Intervene at an early stage if there are problems with service delivery (clearly defined process measures)
- Evidence future spending decisions (based on expected outcomes and outputs)
- Learn which schemes deliver cost-effective employment solution (economic evaluation)
- Enhance the operational effectiveness of existing schemes or future schemes
- Improve future initiatives based on learning

The WES business case proposes a number of different outcomes, with associated output measures. The broad approach to the evaluation workstream then is to align evaluations to these, splitting them into:

- Process - how well different aspects of the model have supported the outcomes – this will likely cover Triage, Employment and Support
- Outputs - how effective WES been in contributing to non-job outcome related benefits
- Outcomes - how effective WES been in delivering sustainable employment.

The WES Programme team will provide guidance as to the level of evaluation required for each aspect of the programme based on a classic 5 step evaluation process, where 1 is the least resource intensive to undertake but delivers limited value, and 5 is gold-plated evaluation, and likely the most resource intensive.

7.4 Programme governance

A steering group will oversee the programme with the sponsor, Ed Watson, representing the corporate function. Senior users and suppliers will be taken from the businesses and external suppliers. The corporate portfolio office will provide assurance and Gateway peer reviews.

7.5 Programme resource

Additional programme resource will be required for six months to ensure project plans are written and delivered on time. These will be dedicated resources for the programme which will be resourced using department underspend. See appendices for project overviews.