

Date:	16th July 2014
Classification:	General release
Title:	Growth Deal for London
Report of:	Chief Executive
Cabinet Member Portfolio	Leader of the Council
Wards Involved:	All
Policy Context:	London Enterprise Panel, local growth deal negotiations with Government
Financial Summary:	No immediate financial implications; initial investment from European Social Fund and Government match; potential longer-term financial implications through generating savings for public purse
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1. Executive Summary

This report provides an overview of the Growth Deal for London, recently agreed with Government by the London Enterprise Panel, the Mayor of London, London Councils and London boroughs. It summarises the context of the negotiations, the opportunities arising from the Deal and Westminster's involvement to date and going forward.

2. Key Matters for the Committee's Consideration

- Reflections on the areas covered in the Deal
- Potential priorities for the next round of Growth Deals

3. Background

Overview

Policy context

1. Westminster City Council has been pursuing the idea of a growth deal for London since 2012 with partners across the Greater London Authority (GLA), Central London Forward (CLF)¹ and London Councils. This has been seen as a way to secure greater freedoms, flexibilities and funding to drive growth and jobs in London, Central London and Westminster. The work builds on the two waves of 'City Deals' pursued between Government and cities elsewhere in the country, and the publication of Lord Heseltine's review of growth in October 2012, which recommended the extension of the 'city deal' approach. In its response to Lord Heseltine's review, in March 2013, the Government confirmed that all Local Enterprise Partnerships (LEPs) across the country would be able to negotiate 'local growth deals' with Government.
2. Following discussions with London Councils and the GLA in which Westminster played a key role, a joint approach was made to Government to initiate discussions on a Growth Deal by the Chair of London Councils and Mayor of London in July 2013. Guidance from government to all LEPs also released in July 2013 explicitly stated that London could pursue a Growth Deal with Government via its LEP, the London Enterprise Panel, through the same process and timescales as the rest of the country.

Growth Deal process and key areas of interest

3. Following significant work on the development of proposals and evidence in which Westminster was heavily involved alongside partners, and a draft submission in December 2013, a Growth Deal proposal was put forward to Government from the London Enterprise Panel in March 2014. This focused on four main areas:
 - **Employment support**
 - **Skills provision**
 - **Housing investment and supply**
 - **Fiscal devolution**

¹ Central London Forward is the partnership of the eight central London local authorities: LB Camden, City of London, City of Westminster, LB Islington, Royal Borough of Kensington & Chelsea, LB Lambeth, LB Southwark, LB Wandsworth

4. Of these, the main focus for Westminster to date has been supporting our hardest to help residents to overcome barriers and move towards employment. While the City Council commissions and influences a range of successful programmes to support residents into employment, including the Workplace Coordinator scheme and the recently launched FACES programme for families with barriers to employment, these have been on a relatively small scale compared to the extent of the long-term unemployed cohort within Westminster. Recent scoping work has made clear the concentration of entrenched worklessness in North Westminster, within social housing and among older residents (50+) and the number of residents experiencing significant barriers to employment, particularly relating to mental health issues.
5. The majority of long-term unemployed residents in Westminster are supported through mainstream Department for Work and Pensions provision including Jobcentre Plus and the Work Programme. However, there is growing evidence, including from Government performance monitoring and evaluations, that this mainstream provision is not working for these cohorts and that a more tailored, localised approach would be more effective. To make a serious impact on long term unemployment in Westminster there is a need to progress negotiations with Government to redesign the way in which mainstream provision is commissioned, funded and delivered. This has been the subject of negotiation with the Cabinet Office, HM Treasury and the Department for Work and Pensions, on which Westminster has jointly led on behalf of Central London Forward and London Councils.
6. Another significant area of focus for Westminster, alongside other local authorities, has been seeking flexibility to borrow against housing assets in order to invest in affordable homes.
7. Following the submission in March, negotiations were progressed between London and Government prior to the announcement of the final growth deal in July.

Ongoing influence

8. In January 2014 the Leader was invited to join the London Enterprise Panel as one of the four London borough members. The Leader also sits on the London Infrastructure Group, one of the LEP's sub groups. A governance review currently in progress is likely to recommend greater borough representation on the LEP.
9. Westminster is also working with partners in Central London Forward to ensure a clear direction of travel for joint work on growth and reform across central London, underpinned by appropriate resourcing and partnership structures.

The Growth Deal

10. The Growth Deal for London was announced, alongside Growth Deals for regions across the country, on Monday 7th July 2014.

Helping Londoners into sustainable employment

11. Westminster's Chief Executive has jointly (with the Chief Executive of LB Islington) led negotiations in this area with the Cabinet Office, HM Treasury and the Department for Work and Pensions, on behalf of Central London Forward and alongside London Councils and the GLA.
12. Central London Forward (CLF) will now work in partnership with London Councils, the GLA, the London Enterprise Panel and government, establishing a joint project team to develop a time-limited, five-year initiative for Employment Support Allowance claimants in Central London. This will focus on those who have been unsuccessful at finding work through the Work Programme and will trial an innovative locally led model of delivery. At least £10 million will be invested, coming from London's European Social Fund allocation with match funding from Government.
13. Through the negotiation significant commitments on devolution have been secured. The Growth Deal publication makes a commitment that 'Success will unlock a series of progressive steps towards further local service integration across London'. Over the next three months, alongside the detailed design of the scheme, a timetable will be agreed for specific steps towards devolution linked to the performance of the initiative. On this basis Government is committed to involving London Government in co-designing the successor to the Work Programme, drawing on lessons from this initiative. There will also be a detailed agreement on how successful performance of the initiative will see the approach rolled out to other areas of London and the scope of the joint work widened to address other services and cohorts. Ultimately there is an aspiration to negotiate to retain a share of the savings we create, through reduced expenditure on benefits and reduced demand for broader public services, by helping people into work. Officers can provide a further update to the Commission verbally.
14. The new approach will build on learning from the 'Troubled Families' programmes, which local authorities have led. The initiative will see each claimant working with a single, multi-skilled support worker to help them implement an individual plan of action. Working closely with existing council, health and voluntary sector services, the support worker will be able to bring in specialist support such as mental health provision or specific skills training as and when needed in order to guide the individual through their journey towards work.
15. A joint project team is now being established between London and the Government to design the detail of the programme and agree a series of review points, where successful performance as assessed by an independent evaluation will unlock steps towards further local service integration across London. Delivery is expected to start in Spring 2015 and will be integrated in Westminster with wider work being developed to support long-term unemployed residents.

16. An initiative is also taking place in West London to better integrate employment services and mental health services.

Improving housing supply

17. The Growth Deal also included greater flexibility to borrow money against our housing stock in order to deliver more affordable homes – a point which the City Council has consistently advocated. Westminster will initially receive £8.5 million of additional borrowing capacity – the largest allocation to any London borough – to help deliver more affordable homes and will continue to advocate for flexibility in this area.

18. Other measures announced included Government engagement with London to explore the potential of transferring surplus land to London government for housing delivery; investment of £200m from the previously announced Affordable Rent to Buy programme in London; and support to kick-start regeneration of up to five of the most deprived housing estates in London.

Building London's skills base and supporting businesses

19. Measures announced included an allocation to the London Enterprise Panel of £65m for capital investment in skills institutions in London; investment in a pilot digital skills programme for the capital; greater influence for London to ensure that nationally funded skills provision through the Skills Funding Agency meets London priorities; support for a single integrated apprenticeships offer for London employers; influence over the National Careers Service in London to ensure employer priorities are reflected; support for a payment by results pilot for unemployed learners aged 19 and above; and better data sharing.

Fiscal devolution

20. The idea of greater financial autonomy for London, for example control over property taxes, was advocated in the independent London Finance Commission report in May 2013 and reiterated in London's Growth Deal submission. Though not mentioned in the Growth Deal document agreed, work on this will continue (including through partnership working between London and the eight largest regional 'Core Cities') which the City Council will support wherever possible. The GLA has also commissioned work on an infrastructure investment plan for London to 2050 which will set out infrastructure need and funding options, including fiscal devolution. This is being partly overseen by the LEP's London Infrastructure Group on which the Leader sits.

4. Health and Wellbeing Implications

21. The successful implementation of the initiative for ESA claimants, and influence over the design of mainstream employment support services likely to arise from this, will have significant positive impacts on health and wellbeing given the established links between health – particularly mental health – and employment

status. The evaluation of the initiative will be designed in order to capture these impacts.

If you have any queries about this Report or wish to inspect any of the Background Papers please contact:

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BACKGROUND PAPERS

London Growth Deal document

(https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/327605/23_London_Enterprise_Panel_and_Greater_London_Growth_Deal.pdf)

Central London Forward press release (below)

Annex: Central London Forward press release

Central London Forward press release: **EMBARGOED** until after Growth Deal announcements from Government (expected July 7th 2014)

CENTRAL LONDON PIONEERS NEW APPROACH TO SUPPORT LONG TERM UNEMPLOYED TOWARDS WORK

- Eight central London councils to pilot ground-breaking locally led approach to help those furthest from work move into the labour market
- Early success will see London working directly with government to help design the next generation of employment support services

Thousands of long-term unemployed residents in Central London will benefit from a fresh start in overcoming barriers and moving towards work as part of a ground-breaking Growth Deal agreed between London and central government today.

Central London Forward² (CLF) is working in partnership with London Councils, the Mayor of London, the London Enterprise Panel and government, establishing a joint project team to develop a time-limited initiative for Employment Support Allowance claimants in Central London. This will focus on those who have been unsuccessful at finding work through the Work Programme and will trial an innovative locally led model of delivery³.

Central London is the key driver of the UK economy, providing over half of London's economic output, and forecasts suggest that one in eight new jobs created nationally by 2023 will be in central London. The agreement follows several months of work by CLF working with London partners to support the Growth Deal, with CLF interested particularly in how the fruits of this growth are shared more widely in the capital.

Early success, against standards agreed jointly with government and assessed independently, will see London working directly with government to help design the next generation of employment support services, applying the lessons learnt from this initiative to shaping a more financially sustainable and integrated approach.

Mark Boleat, current Chairman of Central London Forward and Chairman of Policy and Resources Committee at the City of London, said: "This ambitious agreement is a great step forward in supporting the hardest to help in the capital and ensuring that the central London economy has the resilience to deliver for the UK. The CLF leaders look forward to working closely with London partners and government over

² Central London Forward is the partnership of the eight central London local authorities: LB Camden, City of London, City of Westminster, LB Islington, Royal Borough of Kensington & Chelsea, LB Lambeth, LB Southwark, LB Wandsworth

³ The new approach will build on learning from the 'Troubled Families' programmes, which local authorities have led. The initiative will see each claimant working with a single, multi-skilled support worker to help them implement an individual plan of action. Working closely with existing council, health and voluntary sector services, the support worker will be able to bring in specialist support such as mental health provision or specific skills training as and when needed in order to guide the individual through their journey towards work.

the next few months to shape how the programme will work and how it will lead to large-scale improvement of employment support.”

Mayor Jules Pipe, Chair of London Councils, said:

"London's councils are central to the task of getting Londoners back into work and equipped with the skills that they need. This London Growth Deal is a step on the way to the sort of more devolved and better joined up services that London needs to tackle its future challenges."

As part of the London Growth Deal, this initiative seeks to demonstrate how an ambitious approach to decentralising power from central government to London could bring significant benefits to the city and its people, the public purse and UK plc. Central London Forward will continue to be at the forefront of this debate over the coming months.

Ends