




# Executive Decision Report

<b>Decision maker(s) at each authority and date of Cabinet meeting, Cabinet Member meeting or (in the case of individual Cabinet Member decisions) the earliest date the decision will be taken</b>	Full Cabinet: 1 December 2014	
	Cabinet Member for Housing, Property and Regeneration  Date of decision (i.e. not before):  Forward Plan reference:	 THE ROYAL BOROUGH OF <b>KENSINGTON            AND CHELSEA</b>
	Cabinet Member for Housing, Regeneration, Business and Economic Development  Date of meeting or formal issue(i.e. not before):	 <b>City of Westminster</b>
<b>Report title (decision subject)</b>	<b>NEIGHBOURHOOD REFORM PILOTS TO TACKLE LONG TERM WORKLESSNESS</b>	
<b>Reporting officer</b>	Ben Denton (Westminster) Tony Redpath (Kensington & Chelsea) Mike England & Antonia Hollingsworth (Hammersmith & Fulham) : 020 8753 5344/1698	
<b>Key decision</b>	Yes	
<b>Access to information classification</b>	Open report	

## **1. EXECUTIVE SUMMARY**

- 1.1 In 2013/14 the three Tri-borough Councils were jointly awarded £500,000 as part of the DCLG Transformation Challenge Award (TCA). A further £500,000 was allocated from the same fund in 2014/15. This report seeks Cabinet members' agreement that the funding should be used to establish and test a new approach to support long term workless residents into sustainable employment (termed in Westminster and RBKC the "Local Employability Aspirations Project" or LEAP).
- 1.2 For Hammersmith & Fulham further work is required to identify how the £333,000 available can best be used to support local priorities to tackle long-term worklessness. In particular this will look at how TCA funding can link with existing services in the borough. At this stage this report is seeking the approval of Cabinet members to the use of TCA funding for this purpose.

## **2. RECOMMENDATIONS**

- 2.1. That Westminster City Council's Cabinet Member for Housing, Regeneration, Business & Economic Development agrees the use of the Transformation Challenge Award as set out in this report
- 2.2. That the Royal Borough of Kensington & Chelsea's Cabinet Member for Housing, Property and Regeneration agrees the use of the Transformation Challenge Award as set out in this report.
- 2.3. That the London Borough of Hammersmith & Fulham undertake further detailed work to identify how the funding can be best used to support local priorities to tackle long-term worklessness, and that incurring this expenditure be delegated to the Cabinet Member for Economic Development and Regeneration.

## **3. REASONS FOR DECISION**

- 3.1. The use of TCA funding to introduce the LEAP pilot was agreed in principle by the Tri-borough Leaders' Group on 12 September. Formal agreement is now needed from relevant Cabinet members in each borough.

## **4. BACKGROUND**

- 4.1. The three Councils have a strong track-record of reforming local public services, for instance by

- reducing the average length of care proceedings from 49 weeks to 26 weeks,
- turning around over 1,500 families' lives through the troubled families programme
- reducing rates of offending by 10%
- saving £6.1m over five years by providing services more efficiently.

4.2. The Government has established a Transformation Challenge Fund to support Councils to

- re-design their business processes by sharing their corporate services, workforces, information technology systems and assets;
- re-design services in the public, voluntary and community sectors to deliver better outcomes for citizens for less money.

The three Councils have received two tranches of funding under the fund (in 2013/14 and 2014/15) each valued at £500k.

4.3. There are currently 24,470 adults claiming Employment Support Allowance (ESA) across the three boroughs at an average cost to the Exchequer of £8,831 per person per year and a total cost of £216m 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 holding on to 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 programme began.

4.4. With Government encouragement a Tri-borough Neighbourhood Reform Group comprising officers from Jobcentre Plus, the Clinical Commissioning Groups, Public Health, Adult Social Care, Children's Services and corporate teams from across the three Councils has developed a new model to help people with complex needs to gain sustainable employment. The key feature of the model is the appointment of dedicated caseworkers who provide clients with intensive support to tackle the issues that are inhibiting their path into employment. Caseworkers will be the key point of contact with the customer throughout their time on the Pilot and will:

- carry out an in depth assessment to identify a customer's barriers to employment, including health needs, drug and alcohol addiction, family issues and financial and digital capability;
- cross-reference existing support services with which the individual has already engaged;
- develop an action plan with the individual;
- act as the key-worker, assessing needs, making and coordinating appointments and facilitating "warm handovers" to the relevant local

support services according to the individual's needs and agreed action plan;

- be the key point of liaison with regard to employment and employability, track the client and manage relationships with local services (such as health, housing, substance misuse specialists, skills, employability and employment provision), as the individual progresses towards employment;
- maintain contact and provide in-work support to the customer once they are in work, and if appropriate, support to the employer;
- ensure a suitable handover to other services if the customer does not secure employment at the end of their period on the programme to ensure some continuity of support.

4.5. The design of the model has been informed by best practice from the Individual Placement and Support (IPS) service delivered by the Central North West London Mental Health Trust, the Family and Community Employment Service (the employment arm of the Tri-borough Troubled Families Programme), and the Family Coaching model, as well as detailed quantitative and qualitative analysis of the client group. It will be characterised by low caseloads, allowing intensive engagement that addresses the full range of client's needs e.g. better management of medication, access to child care, resolution of housing issues, support from community health trainers, free college courses for those on work-related benefits and support from employment mentors and peer groups. A key feature of the delivery model will be the integration of such support so that it is delivered at the optimum time for the client.

4.6. The intention is to establish a LEAP pilot covering the wider Church Street area in Westminster and Dalgarno and Golborne wards in Kensington and Chelsea. It is anticipated that the new service will

- improve the client experience, because case workers will help to sequence and join up the services that clients access, removing duplication and the risk that clients' problems get shunted from one service provider to another;
- improve outcomes, because in combination the support that clients receive will mean that a higher proportion succeed in obtaining and sustaining employment;
- reduce public expenditure by improving the efficiency and effectiveness of services and migrating a higher proportion of clients off welfare and into work.

4.7. Hammersmith & Fulham will undertake further analysis before deciding the local delivery model that will best meet the needs of its borough's residents.

4.8. LEAP will be introduced by way of a small trailer (to test assumptions, processes and service design) beginning in RBKC and Westminster before the end of 2014 and transitioning from Summer 2015 into a wider service that will operate across central London.

- 4.9. Alongside the work to design a Tri-borough LEAP pilot RBKC and the City of Westminster have been taking part in the design of a similar model to be applied more widely across central London. This wider work is being taken forward under the auspices of the Central London Forward (CLF) Growth Deal which is currently being negotiated with Government. Subject to final Ministerial sign-off, the central London pilot is expected to begin in summer 2015 and run for 5 years. It is anticipated that funding secured through the Growth Deal will meet the longer-term costs of the LEAP pilots in Westminster and Kensington and Chelsea. Hammersmith & Fulham will explore options for sustaining the service, including s.106, London Council's ESF allocation and Public Health Grant.
- 4.10. The Growth Deal pilot is expected to begin delivery in early summer 2015 across the eight central London boroughs. The eight boroughs are expected to be awarded £10m collectively to fund specialist case workers. It is envisaged that the LEAP will transition into the wider service that will operate across central London and will host the case workers across Westminster and RBKC when they are recruited.
- 4.11. The experience gained through the LEAP pilot, and its central London counterpart, will inform discussions that are underway between CLF, London Councils and central government to secure greater decentralisation of power from Whitehall to local government. In particular, it is expected that the success of the new model will yield greater influence for local government in the design and delivery of the next iteration of the Work Programme, which is due to be re-commissioned by 2017.
- 4.12. Over the full period of the LEAP and the CLF pilots it is anticipated that a total of some 500 clients will be referred across Westminster and Kensington and Chelsea. For planning purposes it has been assumed that the pilots will succeed in securing sustained job outcomes for 15% of this client base. This success rate would give an average cost per successful outcome of £18,837. These costs are broadly comparable to those calculated for similar models being trialled in Greater Manchester and Glasgow. Success will be measured against a range of indicators, including starts, progress, job entry and job outcome, (defined as being in employment for 26 out of 32 weeks). The target will be to achieve job outcomes that are at least 3-5% greater than those achieved by the randomized control group.

## **5. OPTIONS AND ANALYSIS**

- 5.1. The following options are available:

### **Option 1: Do nothing**

Continue with the current system of providing limited employment support through current borough provision, with mental health services continuing in silos within primary and secondary care.

### **Pros**

- No additional costs
- Already providing services so meeting statutory requirements

### **Cons**

- Does not support priorities to create more resilient communities.
- Councils miss an opportunity to redesign local services to achieve better outcomes at lower cost
- Risk that ESA claims will remain static or increase and that the problems experienced by clients (especially in relation to mental health) will intensify.

## **Option 2: High volume localised case managed interventions**

Create a localised case management approach geared to support the maximum number of people on ESA back into sustained employment. A single assessment process would signpost most people to mainstream services and additional support and coaching would be restricted to those furthest from work. Case workers would focus on triaging clients from the Work Related Activity Group (i.e. those who have been assessed as capable of work by the Government's Work Capability Assessment) who would be referred to the pilot by Job Centre Plus with a mandate to attend.

### **Pros**

- Pilot would be scalable and easily adapted to local areas.
- Evaluation could be carried out using a similar population in adjoining areas as a control group.
- Pilot would be suitable to link with housing renewal and other current initiatives
- Caseworkers would be able to process a higher number of clients than under Option 3

### **Cons**

- Similar project models (such as the Work Programme) have produced low success rates and have been unpopular with clients
- The caseworkers will only see clients for around 30 minutes once a week, which would not allow them to develop a holistic response
- The levels of need exhibited by clients whom the Work Programme has not been able to assist may be so high that this model fails to make any significant difference to their employment prospects
- Such a model does not acknowledge learning from other programmes i.e. that intensive, low caseload models (such as the Individual Placement and Support undertaken by CNWL) deliver the highest success rates in supporting people with mental health needs into work.

## **Option 3: Intensive integrated support with low caseloads**

Create an intensive integrated support programme with low caseloads and dedicated support workers as described in paragraphs 4.4-4.10 above.

### **Pros**

- Proposal is scalable and easily adapted to other areas.
- Evaluation can be carried out using a randomised sample of the cohort as referred by JCP
- Pilot can deliver cashable savings but also deliver longer term improvements to health and wellbeing, including potentially reducing future service use
- Pilot would be following established models of good practice – IPS typically achieves more than 80% of clients actively searching for work within 3 months and at least 40% finding work within 6-8 months (Vocational Services Annual Report 2013-14)

### **Cons**

- The model would offer a significantly higher 'cost per outcome' per client than Option 2

- 5.2. The model is to be funded through grants from the DCLG Transformation Challenge Award (TCA). As this is a pilot with the objective to test whether a hypothesis of low caseload and high intensity work can improve employment outcomes, there will be no expected savings to the Councils, but equally the Councils are not expected to incur any costs.
- 5.3. Whereas Option 2 could possibly achieve some of the work-related targets, it is unlikely with a high caseload model that wider wellbeing outcomes or sustained employment would be achieved. Option 3 would be able to return a higher percentage to work and also achieve wellbeing outcomes, and is therefore the preferred option.

## **6. CONSULTATION**

- 6.1. Over the Summer in depth interviews were carried out and 'customer journey maps' were built for 19 ESA claimants known to local services. For those with mental health problems, key barriers were isolation and the lack of expertise (outside of health and care services) when it came to overcoming the inherent barriers created by mental health issues, such as: lack of confidence and low self-esteem, the time needed for recovery, and the detrimental effects of punitive or demanding benefits conditions. For families, childcare was (unsurprisingly) a barrier, with many describing the need to structure any work around childcare needs and of course the need to balance the costs of childcare against earnings. For many there was also a sense of a 'barrier spiral' in that what started as a health problem had become a debt problem, compounded by benefits caps or sanctions, and subsequent housing problems, all of which ate into time and mental resources.
- 6.2. No significant barriers were encountered in terms of language, literacy or basic skills. However, some respondents did talk about the need for support to turn skills they did have into 'work ready' skills such as interview techniques, CVs etc.

- 6.3. The most common complaints about local services centered on the inflexibility of certain services, and unwillingness amongst service providers to listen to the specific details of people's cases. It was also apparent that lack of confidence or fear of stigma had made some respondents reluctant to volunteer information about (for example) their own mental health, making it more difficult for services to properly assess clients' needs.
- 6.4. Respondents most valued services that involved one-to-one support free from assessment and 'box ticking'. As is often the case, it was not a specific service that was praised – but rather specific people e.g. a social worker who was helping with forms, or advocating on behalf of a respondent. This supports the idea of building a new 'key worker' based service.
- 6.5. This proposal and draft service model has been developed by officers from local Jobcentres, the three CCGs covering the Tri-borough area, Public Health, Adult Social Care, Children's Services and corporate teams from across the three Councils.

## **7. EQUALITY IMPLICATIONS**

- 7.1. Across the cohort of ESA claimants, the two largest groups of health conditions experienced by claimants are mental and behavioural disorders (53% of cohort) and diseases of the musculoskeletal systems and connective tissue (14%). An analysis of the age groups shows that 46% are aged between 25 and 44, 27% between 45 and 54 and 16.5% between 18 and 24 years. The cohort is 60% female and 40% male. In terms of ethnicity, 40% of claimants are White and 35% Black or Black British.
- 7.2. The proposed service will be tailored to meet the specific needs of the cohort, including in particular those with a variety of physical and mental disabilities and ethnic minorities who may experience cultural or language-related barriers to employment.
- 7.3. The service will monitor the effectiveness of the model in relation to different client groups, and to adjust the model or commission additional services if needed to address under performance in relation to any particular group.
- 7.4. The design of the model has been informed by best practice from the Individual Placement and Support (IPS) service delivered by the Central North West London Mental Health Trust, the Family and Community Employment Service (the employment arm of the Tri-borough Troubled Families Programme), and the Family Coaching model, as well as detailed quantitative and qualitative analysis of the client group.
- 7.5. I am confident that the best practice models from the groups mentioned above will have taken full account of equalities impacts and that therefore the proposal is beneficial from an equalities perspective.



7.6. Implications verified by: David Bennett, Acting Head of Change Delivery, Innovation and Change Management Division, 020 8753 1628

## **8. PRIVACY IMPACT ASSESSMENT**

8.1. A privacy impact assessment is being prepared as part of this report

8.2. Implications verified/completed by: Alan Parry, Procurement Consultant, Tel: 020 8753 2581

## **9. PROCUREMENT AND IT STRATEGY IMPLICATIONS**

9.1. There are no current procurement related issues identified in the report.

9.2. Implications verified/completed by: Alan Parry, Procurement Consultant, Tel: 020 8753 2581

## **10. LEGAL IMPLICATIONS**

10.1. There are no particular legal implications arising from this report. The TCA Grant did not mention any specific conditions to be complied with. The Councils can utilise the grant under their wellbeing power under Sec 1 of the Local Government Act 2000 for the welfare of its residents.

10.2. Implications verified/completed by: Babul Mukherjee, Solicitor (Contracts) Bi-borough Legal Services, Tel: 020 7361 3410

## **11. FINANCIAL AND RESOURCES IMPLICATIONS**

11.1. The full costs of the project (including overheads), will be met by the Transformation Challenge Award.

11.2. Westminster City Council's City Treasurer will make provision for Kensington and Chelsea and Hammersmith & Fulham to invoice Westminster City Council for approved and evidenced use of Transformation Challenge Award. It should be noted that though the grant from CLG is unconditional, evidence will be required to support the spend incurred by each participating borough. Therefore, officers will agree in advance the nature of the evidence expected to ensure that locally agreed funding requirements are met.

11.3. The funding is expected to be spent in 2014/15 and 2015/16. When this period of funding comes to an end, European Social Fund, unlocked through the London Growth Deal from Summer 2015, will provide on-going funding for the service in Westminster and Kensington and Chelsea. To avoid the risk of duplication, and in preparation for LEAP transitioning into the sub regional delivery model for the central London ESA Growth Deal pilot there, there will be a review across Westminster and RBKC of all similar Council services designed to support the hard to reach into employment. In parallel, Hammersmith & Fulham will explore options for sustaining the service, including s.106, London Council's ESF allocation and Public Health Grant and will report back to Cabinet at a later date.

11.4. There will be two phases:

<b>Phase 1: 1 October 2014 – 31 March 2015</b>		
<b>Objectives:</b>		
<ul style="list-style-type: none"> <li>• To prototype LEAP - an integrated local approach to supporting the long term workless in Church Street and North Kensington.</li> <li>• To undertake further detailed analysis to identify how the funding can be best used to support local priorities to tackle long-term worklessness in Hammersmith &amp; Fulham. This work will be funded from a combination of existing local resources and the expected expenditure outlined below for Phase 1.</li> <li>• To undertake a strategic review of similar Council services designed to support the hard to reach into employment so as to avoid duplication and ensure value for money when LEAP transitions into the wider delivery model for the Central London Forward Growth Deal pilot</li> </ul>		
<b>Expected expenditure</b>		
Project Management	Fixed term for a period of 3 months c.£27,000	£27,000
Service Manager	c.£50k p.a. (£42k +on costs c.20%) for an 6 month period	£25,000
Customer journey mapping	Contract with ESRO	£36,974
<b>Total expenditure</b>		<b>£88,974</b>
<b>Phase 2: 1 April 2015 – 31 March 2016</b>		
<b>Objective:</b>		
<ul style="list-style-type: none"> <li>• To transition LEAP into the wider model for the Central London Forward Growth Deal pilot</li> <li>• To prototype a complementary programme of activity in Hammersmith &amp; Fulham</li> </ul>		
<b>Expected expenditure</b>		
LEAP Service Manager	c.£50k p.a. (£42k +on costs c.20%) for an 12 month period	£50,000
Contingency – to support other delivery/pilot costs	For example, the recruitment of specialist case workers and specialist provision, and research to examine how to mainstream the pilot and/or extend the intensive caseworker	Up to £528,000

	approach to achieve other policy goals.	
Local delivery costs in Hammersmith & Fulham	Subject to the analysis undertaken in phase 1	£333,000
<b>Total expenditure</b>		<b>£911,000</b>

11.5. Some £528k of TCA funding will be available to WCC and RBKC to meet contingencies and other costs associated with the pilot. TCA funding that is not required for the purposes of the LEAP pilot will be retained to support other work on public service transformation. Approval to commit these funds will be sought from Cabinet Members in accordance with each Council's constitution.

11.6. Following the completion of further detailed analysis to identify how the £333k of funding can be best used to support local priorities to tackle long-term worklessness within Hammersmith & Fulham, a further report will be presented to Cabinet Members recommending approval of a local delivery model together with the associated financial implications and funding requirements. Current expectations are that the Neighbourhood Reform Pilot project will be cost neutral to the Council.

11.7. Implications verified/completed by: Daniel Rochford, Head of Finance (HRD). Tel: 020 8753

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**Local Government Act 1972 (as amended) – Background papers used in the preparation of this report**

*None.*

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