

Meeting:	Cabinet
Date:	17 December 2009
Subject:	London Development Agency (LDA) Contract Employment Programme for Parents
Key Decision:	Yes
Responsible Officer:	Andrew Trehern, Corporate Director Place Shaping
Portfolio Holder:	Marilyn Ashton, Portfolio Holder for Planning, Development and Enterprise
Exempt:	No
Enclosures:	None

## Section 1: Summary and Recommendations

This report sets out the proposed agreement Harrow Council will enter into to deliver the LDA funded CAP09 Parents into employment programme. The programme would be delivered from January 2010 – 31 March 2012. The proposed agreement would release funding to support workless parents and parents in low income households into employment (lasting 12 months or more).

### **Recommendations:**

Cabinet is requested to

- (a) Note and agree the contents of this report.
- (b) Agree to enter into a CAP09 Agreement to support Harrow parents into sustainable employment.

### **Reason**

The project will help meet the vision and national indicators detailed in the Sustainable Community Strategy. “to provide local work opportunities and minimize barriers to work”(pg 17), supporting “NI 152 to reduce the number of working age people on out of work benefits”(pg 18), and for a “reduction in child poverty in Harrow”. (pg 20)

## **Section 2 – Report**

### **1. Introduction**

1.1 Harrow Council's expression of interest for the Childcare Affordability Pilot (CAP09) was successful. The Council's following Project Initiation Document (PID) to deliver the Support Offer Pilot, has been approved in principle. CAP09 is funded by the London Development Agency (LDA) - in partnership with the Department for Children, Schools and Families (DCSF), Child Poverty Unit (CPU) and Her Majesty Revenue and Customs (HMRC). CAP09 is one of a number of Child Poverty pilots exploring innovative ways of eradicating Child Poverty by 2020.

1.2 Five boroughs have been selected to work with the LDA to deliver the supported offer pilots. Successful Boroughs will be funded to engage Employment and Childcare brokers who will provide an enhanced package of support to assist parents into sustainable employment.

1.3 Harrow's proposal was developed by the Economic Development unit, with the Early Years Service, and Corporate Funding Manager. The proposal builds on the work of the Xcite project, which ends in March 10. Xcite has primarily been working with workless social housing tenants and has been restricted to delivering a service in the most deprived wards in Harrow. The new CAP09 project (working title Xcite for Parents) will be able to support parents wherever they live in Harrow. It will also be able to support people who are often below the radar. Those parents who do not work and are not registered for out of work benefits because their partner is working, albeit the family income is less than £20k p.a. This pilot is focused on people with a low household income, in order to maximise the impact on lifting children out of poverty.

1.4 If Harrow Council enter into Agreement with the LDA for the CAP09 programme, the LDA will provide the council with a "balloon payment" of £250,000, followed by output related payments to support up to 203 parents into work. The total contract value would be £720,000 if all outputs were met. This will be a revenue grant.

### **2. Options considered**

2.1 The following options have been considered. At all times the need to minimize risk to the council has been at the forefront of thinking.

- (a) The first option considered was to do nothing. There is some employment provision available for unemployed residents through Jobcentreplus initiatives. However, these programmes only start after someone has been long term unemployed, they do not cater for the non working partner in a household with children, and these programmes, do not provide support to clients for 12 months. Therefore this option is not recommended.
- (b) The second option considered was to develop a programme that would support Harrow parents, and where fixed salary costs are kept within the balloon payment and additional support costs for parents when they enter employment are funded by output related payments from the LDA. This option is recommended.

### **3. Background**

3.1. Harrow has the highest number of households in West London of parents in working households with income below £20,000. There are large gaps in provision for lone parents in Harrow. There were 2,690 lone parents in Harrow in August 2009 claiming Income Support, but there is no mainstream Department of Work and Pensions / Jobcentre Plus provision for 1,850 of those lone parents. (Rocket Science “West London Working Commissioning Structure and Succession Plan” May 2009)

3.2 The proposed project will help meet Harrow’s strategic objectives defined in Harrow’s Sustainable Community Strategy and Enterprising Harrow (the 10 year Economic Development Strategy) to reduce residents in workless households and reduce child poverty. It also contributes to Harrow’s key corporate priority of Building Stronger Communities by helping parents into work.

### **4. Implications of the Recommendation**

#### **4.1 Staffing implications**

The Xcite team are currently working to fixed term contracts, and subject to a job match, the contracts will be extended. Contract extensions would initially be for 12 months, with a further extension subject to performance against contract.

#### **4.2 Legal implications and eligibility proposals**

Harrow Council is currently adhering to European Social Fund (ESF) and West London Working funded programmes under contract to the LDA. The team have experience of working to claims and administration clauses to ensure there is no claw back of funding.

The PID developed by Harrow forms part of the Agreement with the LDA. The PID clearly states the link between the performance of the London economy and the ability to meet targets. The application clearly states performance will be affected by the underlying condition of both the Harrow economy and London economy.

The Agreement with the LDA clearly states that there would only be a clawback of the £250k balloon payment if Harrow Council ceases to deliver the project. There will not be clawback as a result of underperformance.

### **5. Financial Implications**

5.1 This proposal will be externally funded. The LDA have developed a funding model, which it believes will act as an incentive to suppliers. They will provide a balloon payment of £250k as a one off payment on signing the contract. This will be followed by output related payments when a parent enters a job (£312.50), further payments will be made after the parent has stayed in work for 6 months (£625), and then at 12 months (£1250). The total potential contract value is £775k, but this assumes a project places 203 parents into sustainable employment.

5.2 The LDA will provide £250k on signing of the contract. The budget for the proposal assumes project spend commences in Quarter 1 of 2010/11 and money will be carried over to 2011/12. Therefore underspend will need to be moved between financial years. This will be achieved by setting a project code and Economic Development and Finance will monitor and carry forward any underspend.

5.3 The model developed, will pull down funds to support the needs of beneficiaries and potential project partners as outcomes are achieved.

5.3 Our financial model shows potential salary costs of £306,514 over two years. Given a one off payment of £250k, this leaves a deficit of £56,514. However, if staff are on fixed term 12 month contracts, then if year 1 did not meet sufficient targets to cover costs, the project would scale back salary costs, by reducing the number staff team. Please note, the 250k would only be clawed back by the LDA if the project ceases to continue to operate. There will be no clawback if the project continues to deliver.

## **6. Equalities Impact**

6.1 The project will set equality and diversity targets at the outset, based on local information and achieve outcomes by responding to diverse needs of individuals through individual action planning.

6.2 The project will use Human Rights Commission guidelines to promote positive images and consult with representative groups to ensure faith; gender, age, sexuality and disability are promoted positively. We will consult BAME, lone parents and organisations for people with disabilities about channels and locations for project advertising. Project documentation and training materials will meet guidance on accessible design and we will seek to make them available in other languages and easy read on request where appropriate. We will use other means of communication for people who are visually impaired eg screenreader, as required.

6.3 Key equalities and diversity groups are likely to be lone parents, parents with disabilities and from BAME groups, particularly Somalis, living in housing owned by RSLs and the Council, but project will be available to all parents in the qualifying income groups

6.4 Training Needs Analysis (TNA, summer 2007) on the largest estate Rayners Lane identified multiple needs. The TNA identified that the adults in one in three households had not been in paid employment for last 5 years. 34% of working age are lone parents. 9 out of 10 lone parents are women, BAME lone parents on the estate are largely Black Caribbean with 1,000 BAME lone parents heading up households and on very low incomes, 3 out of 10 have long term health problems and a higher than normal percentage have children with disabilities.

6.5 Rayners Lane has higher levels of Black / Black British households, 24%, at least 15% of these are African origin, largely Somali, and Somalis have 2-3 times higher unemployment rates than non-BAME. They have English for Speakers of Other Languages (ESOL) and basic skills needs or unrecognised overseas qualifications and twice the average rates of child poverty. Needs include access to the following; flexible on-going advice and support for skills training, learning opportunities and jobs, to local employers and work placements and trials, to community-based advice on social and financial issues, on-going advice and support on enterprise and self-employment, affordable, flexible childcare and access to buildings for physically disabled people.

6.6 Harrow Housing Needs Survey (HNS) 2006 shows that targeting these groups helps to move them away from high levels of incapacity and other benefits towards positive, valued contributions to local economy and social capital. Supporting them has the most impact as they are furthest from labour market, most distanced from mainstream advice and support, on lower incomes than Borough average with resulting child poverty levels, twice as likely to have long-term ill health or physical or mental disability (20%). Harrow is the most religiously diverse borough in the UK, so we will work with churches, synagogues, temples and mosques to reach, engage and support clients.

## 7. Performance Issues

7.1 Economic Development is measured by NI 152 Working Age People on Out of Work Benefits. There are delays in obtaining Performance for 2009/10 will not be known until 2010/11, however given the recession, performance is likely to be below profile.

Table 1 shows the underlying trend for NI 152, which is for an increase in the total percentage of working people on out of work benefits.

May 08	August 2008	November 2008	February 2009
10.9%	11.1%	11.4%	12.1%

7.2 Not doing anything would only allow the position to worsen which will adversely affect the indicator.

7.3 Table 2 shows how performance is rewarded

Parent entering employment	£312.50
Parent staying in employment for 6 months	£625
Parent staying in work for 12 months	£1250

## 8. Environmental Impact

8.1 This proposal would boost household income, and enable investment in fuel poverty initiatives. The project can link parents to projects addressing fuel poverty, which can help residents minimise energy waste and costs.

## 9. Risk Management

Risk Included on Directorate risk register? No

Separate Risk Register in Place? No

The project would support the achievement of Harrow's Economic Development Strategy (EDS). The EDS has a separate risk register.

## Section 3 - Statutory Officer Clearance

Name: Narinderpal Heer



on behalf of the  
Chief Financial Officer

Date: 10 November 2009

Name: Mathew Adams

on behalf of the  
Monitoring Officer

Date: 13 November 2009

#### **Section 4 – Performance Officer Clearance**

Name: Liz Defries

on behalf of the  
Divisional Director  
Partnership, Development  
and Performance

Date: 2 November 2009

#### **Section 5 – Environmental Impact Officer Clearance**

Name: Gemma Moore

on behalf of the  
Divisional Director  
(Environmental Services)

Date: 2 November 2009

#### **Section 6 - Contact Details and Background Papers**

**Contact:** Mark Billington (Interim Head of Economic Development, Enterprise and Research)

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**Background Papers:**

Harrow LDA CAP09PID, Harrow Support Offer Proposal, CAP09 Support Offer, Childcare Affordability Pilots Next Steps 2009, LDA Standard Grant Agreement, LDA e mail 21 October CAP09 Grant Agreement.