

Recommendation: Leaders' Committee is asked to:

1. Note the progress in relation to:
 - Employment
 - Skills
 - Health (including the London health pilots)
2. Note the work which is progressing within boroughs and council groupings pursuing elements of the devolution and reform agenda.

Devolution and Public Service Reform – Update

Introduction

1. London Borough Leaders have driven a programme of work over the last two years in pursuit of devolution and reform of public services in London, working closely in partnership with the Mayor of London and the GLA. This led to the development of the London Proposition which set out practical ideas for further devolution to London in support of public service reform.
2. This report notes progress on key components of the London Proposition for devolution, including in relation to:
 - Employment
 - Skills
 - Health (including the London health pilots).

This encompasses continuing negotiations and preparations for implementation as a result of announcements made as part of Spending Review 2015.

3. The March 2016 meeting of Leaders' Committee invited council groupings pursuing elements of the reform and devolution agenda to provide reports to future meetings encapsulating progress in each of the appropriate groupings. In response to this invitation, officers working for the following groupings have provided short reports which are attached as Appendix A:
 - Central London Forward.
 - Local London
 - South London Partnership.
 - West London Alliance.

Progress on Employment Support Devolution

4. Within the London Proposition, submitted to the Government in September 2015, London government proposed 'central and local government jointly designing and commissioning employment support for disadvantaged residents in London, on a sub-regional basis reflecting local priorities. This would use the framework of devolution to achieve extra investment and meaningful integration of support around an agreed cohort.'

5. The Government has given a commitment to London in relation to the new Work and Health Programme that will launch during 2017. The Government's specific commitment, made as part of the Spending Review announcement, is that the Mayor of London and London boroughs will jointly commission employment support (outside the Jobcentre Plus regime), to assist the very long term unemployed and those with health conditions and disabilities to (re)-enter work.
6. London Councils, boroughs, borough groupings and GLA officials have been in discussion with DWP to develop an agreement about how the Work and Health Programme will be designed, commissioned and procured in London. The agreement is still in draft and has not been fully agreed with DWP ministers. It sets out the principles of DWP and London boroughs working together, as well as the different roles and responsibilities at each stage of programme development and implementation. Key points to note about the proposed agreement are:
 - London, via its sub-regions, will lead the design, development, commissioning and management of the Work and Health Programme, working with DWP;
 - DWP will lead the development of the national Work and Health programme and there will be core minimum policy and commercial design elements of the programme in London that are consistent with the national programme;
 - Within this framework, sub-regions will design and procure the Work and Health programme, to reflect local priorities and to enable the alignment and integration of local services with the programme. This means there will be four separate programmes in London, operating within a national framework;
 - DWP and London are exploring how to set up joint governance arrangements for the programme and to work together to evaluate and share learning from the programme.
7. This means that London government is set to secure many of the features of the London Proposition, including much more control and influence over the commissioning of national employment support programmes, tailored to the needs of borough groupings.
8. The indicative national timescale is challenging and will require swift mobilisation of resource and capacity within the sub-regions, with the procurement process starting in summer 2016 and the Invitation to Tender being issued in Autumn this year, with the

provision starting in Autumn 2017. There are a number of outstanding issues around the programme that still need to be resolved, including:

- Detailed governance, performance management and evaluation arrangements.
 - Attracting European Social Fund (ESF) resources to the programme, potentially working through the GLA and borough groupings.
 - The formal chain of accountability and transfer of funding.
 - The administrative costs of managing the programme.
9. The agreement with DWP will be considered by Leaders at the sub-regional level, aiming for final consideration by Leaders' Committee in July 2016. It will also need to be agreed by DWP ministers.

Progress on Skills Devolution

10. London Councils and the GLA continue to have discussions with the Government on skills devolution, with a view to concluding negotiations before July 2016.

11. The Government has indicated that the Adult Education Budget (AEB) will be devolved to London government from 2018/19 onwards. The AEB currently amounts to approximately £400m based on 2014/15 allocations in London. London government would need to meet current statutory entitlements¹ using this funding, but would be free to create additional entitlements and set outcome measures. In addition, relevant powers² may also be transferred from the Secretary of State to the Mayor.

12. Government has set out a high level, staged process for devolution of the AEB over a three year period:

- I. In the 2016/17 academic year localities will have the opportunity to develop delivery arrangements with grant funded providers about what should be delivered in return for allocations;
- II. For the 2017/18 academic year, the Government will work with devolved localities to vary the block grant allocation made to providers via local

¹ To first full Level 2 qualification, English and Maths to Level 2 and first full Level 3 for 19-23 year olds

² Under the Further and Higher Education Act 1992.

outcome agreements. However, recent discussions with government suggest that the ability to flex this funding could be limited;

- III. From 2018/19 there will be full devolution of funding. Devolution will be subject to a number of 'readiness conditions' being in place. These are set out in Appendix 1. A funding formula for calculating the size of the grant to each devolved area will be developed, taking into account a range of demographic, educational and labour market factors.

13. The London proposition proposed a two tier commissioning system for the devolution of adult skills funding – at a pan-London and a sub-regional level. Commissioning at the sub-regional level provides the opportunity to join up employment and skills activity across London.

14. London Councils and GLA officers are continuing discussions with Government officials on the following issues before making recommendations about any skills devolution deal:

- Making the case for sufficient administrative resources to be devolved alongside the Adult Education Budget so there can be effective management;
- Being clear on the extent of any financial risk that could be transferred to devolved areas;
- Being clear on the system requirements for managing the AEB and whether there will initially be access to any systems or services within the Skills Funding Agency (SFA).
- Ensuring that London receives a fair share of resources through any new funding methodology for the AEB.

15. The Government has indicated that devolution of apprenticeships funding (where funding follows the learner) and 16-18 funding are not being offered as part of any devolution deal. However, officers will continue to discuss how London government can influence this funding in the capital, alongside adult learning loans, as part of any skills devolution deal.

Progress on Health and Care Devolution

16. Two public agreements on health and care were concluded in December 2016:

- I. A London Health and Care Collaboration Agreement between London Partners, CCGs, London boroughs, the Mayor of London, NHS England in London and Public Health England in London
- II. A London Health Devolution Agreement between the Chancellor, Mayor of London, the Chief Executive of the NHS, the Chair of

London Councils, the Secretary of State for Health, the Chair of the London Clinical Commissioning Council and the Chief Executive of Public Health England

17. The London Health and Care Collaboration Agreement describes the role of five pilots in delivering transformation across London:

- Sub-regional care transformation – Barking and Dagenham, Havering and Redbridge
- Sub-regional estates – Barnet, Camden, Enfield, Haringey and Islington
- Local care integration – two pilots – one in Hackney and one in Lewisham
- Local prevention – Haringey

Pilots will be running, with engagement and support from national bodies, by April 2016. Over the next year, they will develop transformation plans and co-produce business cases for devolution to unlock these. London devolution pilots are due to report on progress and emerging asks by the end of 2016.

18. The Collaboration agreement also sets out the commitments made by each of the London partners to meet the aspirations of the programme. Specifically, the Mayor commits to ensuring that the London Land Commission supports work to transform the health and care estate and to lead engagement with Londoners on the future shape of the health and care system in the capital. London boroughs and CCGs commit to working towards the success of the pilots in their areas, while in other areas the commitment is to prepare for the swift transfer of learning from pilots areas to the rest of London.

19. The London Health Devolution Agreement describes agreements to jointly explore reform and devolution across six areas: capital and estates; system finances; provider regulation and inspection; workforce and skills; transformation funding; public health; and, employment and health. Detailed work in each of these areas will emerge over the course of 2016.

20. Taken together both agreements present a significant programme of work for London boroughs engaged in the devolution pilots and will require governance at a borough, sub-regional and pan-London level. pan-London Devolution Programme Board is being set up, comprised of senior officers across partner organisations and accountable to the London Health Board.

21. The London health and care devolution and collaboration initiatives are taking place against the background of the NHS's own national planning exercise which is rooted in the 'Forward View'³ and manifested in the Sustainability and Transformation Plans (STPs) which local health and care systems are required to submit by the end of June 2016. The national guidance for this place-based planning approach states that STPs must demonstrate the local vision for better integration with local authority services, including prevention and social care, "reflecting local agreed health and wellbeing strategies". The STP process is the subject of a complementary report on today's agenda.
22. There is a clear intersection between the goals of the devolution pilots and the STP process and the latter may be the key to unlocking funding and organisational support for devolution. The challenges presented by the STP process, including the ambitious pace and the array of national requirements, pose potential obstacles to building local plans which reflect local ambitions for devolved and responsive approaches. Nevertheless, given the importance of STPs to the future transformation of health and care in the capital, it is likely that London local government will want to maximise its impact on the process through local and sub-regional health working with health partners.

Progress on Crime and Criminal Justice

23. The London Proposition presented a number of proposals for the devolution of crime and criminal justice responsibilities to London, including: the integration of London's blue light services, oversight of probation and a proposal to test the devolution of youth justice budgetary, performance and commissioning responsibilities to the capital.
24. Progress in both these areas has been influenced by developments at a national level, including the Secretary of State for Justice's ambitions for wider reform of the criminal justice and prison systems.
25. The London Crime Reduction Board has a long established goal of securing oversight of the commissioned community rehabilitation (probation) service in London and the Board recently discussed the potential of developing a collaborative approach to youth

³ 'Delivering the Forward View: NHS Shared Planning Guidance 2016/17 – 2020/21'

justice devolution in London. It is likely that further discussions involving London boroughs, London Councils and MOPAC will take place in the context of both the Charlie Taylor review of youth justice, which was commissioned by the Ministry of Justice, and the emerging priorities of the Policing and Crime Plan which the Mayor's office will develop throughout 2016/17.

Conclusion

26. Substantial progress has been made on proposals for devolution and public service reform across a number of areas contained in the London Proposition. Continued engagement by officers from London boroughs, London Councils and the Greater London Authority will be needed to ensure momentum is retained in the coming months.

27. In the medium term, it may be appropriate to consider reviewing progress of the London Proposition with the Mayor of London, and contemplating potential next steps, within the forward programme of the London Congress and the London Congress Executive.

Recommendations

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 - Employment
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Financial implications for London Councils

None

Legal implications for London Councils

None

Equalities implications for London Councils

There are no direct equalities implications for London Councils as a result of this paper.

Attachments

APPENDIX 1 - updates from the following borough groupings:

- Central London Forward
- Local London
- South London Partnership.
- West London Alliance.

Updates from Borough Groupings on Progress In Relation to Public Service Reform And Devolution**A) Central London Forward**

Central London Forward's focus is on Jobs, Skills and Growth and for the purposes of this update our existing progress is exclusively on employment and complex dependency and skills devolution. Health and Criminal Justice is not being taken forward through CLF.

Working as part of a new partnership

- In line with the agreement of London Council's and the CLF Board CLF officers have extended our existing partnership to include the boroughs of Haringey, Tower Hamlets, Hackney and Lewisham for the purposes of employment and skills devolution. This new working relationship is still embryonic and progress on joint work is accelerating as we get deeper into the Area Based Review of Skills and now that we are closer to agreeing a deal on the Work and Health Programme.
- Due to the nature of this new partnership officers are working on establishing governance arrangements that are inclusive and provide all boroughs with the ability to input into decisions and policy direction at both officer, Chief Executive and leader level.

Area Based Review and skills devolution

- The Central London Area Based Review has met twice and will be meeting for a third time in June. Early progress has been made on curriculum analysis and our colleges are working together to create a framework for rationalization, specialization and an annual cycle for curriculum planning in collaboration with local authorities.
- Mergers are in discussions across the wider geography with strong progress being made in the North and East of the Central London area. Further work is required across South Central.
- As part of the review CLF and the wider partnership has developed a new framework to understand economic demand and employer need drawing on local sectoral expertise and the creation of Key Sector Panels focusing on Health and Social Care, Construction, Retail and Hospitality, and Emerging Sectors in phase 1. The panels will consist of analysts, LAs, groups of employers (HR Managers) and college curriculum planners and tasked with producing skills needs and priorities and reforms to meet the needs of employers. It envisaged that the relationships created through these Panel's will form the basis of future collaboration between key actors for that sector.
- Officers will be working up a wider set of key themes to inform the final recommendations of the ABR. These will be discussed by leaders and officers in the coming months and are likely to focus on areas to improve teaching quality, models of pastoral care, Information, Advice and Guidance, apprenticeships (and the apprenticeship levy), a future planning cycle for skills and borough, employer and college collaboration.

Work and Health Programme

- Following recent progress on the Work and Health Programme in April officers have set up an initial information and ideas workshop to develop the underpinning policy to inform the development of the new programme on 18 May.
- A Programme Board chaired by a Chief Executive will be established to enable progress and decisions to be made in the development of the new programme. It is our intention to build on the CLF's Working Capital model for the new programme.
- Officers are developing an accountability framework following advice from DWP and DCLG to prepare the partnership to receive HMG funds. This will include the creation of a single accountable Local Authority for the funding and procurement of the Work and Health Programme with financial and reputational risk shared across the partnership.
- A Special Board Meeting will be arranged to agree the strategic direction and key principles of the New Programme that includes Leaders of the wider partnership. The Programme Board will report into this group.

Working Capital

- As part of the Growth Deal in 2014 the Government and CLF agreed to develop Working Capital as a precursor to further devolution. This programme went live in September 2015 and is in its first year of delivery. An interim process evaluation will be published in July

B) Local London

Governance

- The eight boroughs of Local London have agreed to establish a formal joint committee. By the end of July 2016 all boroughs will have taken the decision through their Council/ Cabinet process.
- Local London is also in the process of recruiting a director for the partnership. It has been agreed that Redbridge will be the accountable body and Sir Robin Wales was nominated as the chair of the partnership.

Health and Work

- Local London continues to engage with discussions between the other sub-regions, London Councils and DWP regarding the devolution of the Work and Health programme. Leaders of Local London continue to have concerns about the current ambition of the devolution proposals. They are keen to ensure that the outcome includes the flexibility to meet the needs of the different boroughs in the sub-region and complements existing services in the area. Local London is committed to a truly devolved system rather than a limited co-commissioned model.
- In March, Local London commissioned the Learning and Work Institute to explore the skills and jobs challenge in the sub-region; identify existing education, training, and employment support across the eight boroughs; and propose opportunities and

options for how to benefit from devolution. This work is helping to inform the sub-region's position on devolution models which is in turn supporting its position on discussions with DWP and the rest of London.

Skills

- As part of the area review process the local authorities in the Local London partnership have been working closely with the FE and Sixth Form Colleges to develop ambitious proposals for skills provision across the sub-region. While the immediate goal is on delivering the necessary information and proposals for the area review, all partners are committed to working towards the longer term goal of devolution and establishing a skills system that meets the significant demands of a growing population and the future needs of employers in the sub-region.

Health

- Barking & Dagenham, Havering and Redbridge along with health partners are continuing to develop plans for the pilot health devolution programme. As this work progresses they will be sharing learning with the other boroughs in the sub-region. Outside of the formal devolution pilots boroughs continue to be involved in a range of programmes focused on improving health services including the Transforming Services Together programme, Integrated Care coalition, and Healthier Children Healthier Place scheme.

C) South London Partnership

The South London Partnership's priorities for 2016/17 are growth, skills, jobs and health and care.

Growth

- Following publication of a high level Growth Prospectus "Distinctly South London" in April, the partnership is now developing its future sustainable growth proposition. By the autumn we will have explored the contribution that South London can make to the London and wider South East growth agendas, supporting its current and future residents. As well as identifying the partnership's priorities for joint work to further our growth opportunities, we will be seeking engagement and deals with the new Mayor of London, government and others to enable this.

Skills

- The South London post-16 education and training area review is underway, having had two meetings of the formal Steering Group, chaired by Councillor Dombey. This followed a series of informal discussions with colleges. As well as the area review enabling joined up consideration of the needs and college offer in South London, and prompting consideration by the colleges of the organisational implications of these in their future sustainability planning, we are aiming to use this process to develop a strategic partnership with the providers across the sub-region. This will identify useful joint working to support growth opportunities and address

other employer challenges, including for the public sector. Engagement with employers is being planned to inform the area review and shape practical collaboration with them on particular skills challenges.

Employment Support

- SLP Leaders will consider the agreement with DWP on devolution of the Work and Health Programme on 14th June. In the meantime, officers are developing the shape of the South London programme and the delivery and governance arrangements for it, to meet the procurement timeline.

Health and Care

- SLP is working with Wandsworth on health and care, reflecting the NHS sub-regional geographies. Leaders approached South West London CCGs in January about establishing a new sub-regional collaboration on health and care. A meeting of Leaders and CCG Chairs in March has led to the creation of a Collaborative Leadership Group to build this, including through engaging in the development of the South West London Sustainability and Transformation Plan (STP). Four specific areas for developing co-produced approaches between boroughs and the NHS have been identified: care markets, diabetes, dementia and estates. Ongoing officer engagement in shaping key aspects of the STP sub-regionally as well as through local discussion is supporting a strengthened focus on prevention, early intervention and integrated care closer to home in the STP.

D) West London Alliance

West London Alliance is a partnership of seven West London councils - Barnet, Brent, Ealing, Hammersmith & Fulham, Harrow, Hillingdon, and Hounslow
Summary of recent activity on devolution and public service reform:
Growth, Employment and Skills.

The West London Economic Prosperity Board (WLEPB) (joint committee) is overseeing a cross cutting plan to drive forward the ambitions outlined in the West London Vision for Growth. The action plan covers core themes of Housing; Skills, Employment and Productivity; Infrastructure; and Business Engagement and Support.

West London boroughs have made good progress in developing more integrated local employment and skills programmes. Groups of boroughs are delivering and evaluating Transformation Challenge Award funded projects including the Skills Escalator; Working People, Working Places and Opportunities for Young People. These projects are ready to be scaled-up using ESF funding.

The Mental Health Trailblazer will pioneer an alternative and more effective way to provide integrated health and employment support to residents with low to moderate mental health needs. The second phase of procurement has taken place and preferred suppliers for Barnet and Harrow have been agreed. The programme is still awaiting GLA and LC ESF

funding agreement to go live and the learning from the programme is already informing discussions on the NWL STP (see below).

The WLEPB was established in part to provide stronger governance to maximise the opportunities from devolution and has provided leadership to guide the Post 16 Education and Training Area Review and commissioning of the Work and Health programme. At its next meeting on June 8th the WLEPB will review the growth action plan and decide whether to amend its terms of reference to ensure it can agree contract award for the West London Work and Health programme in 2017. Ealing Council will decide at its June Cabinet meeting if it will be the lead borough for the procurement.

The post-16 education and training area review Steering Group has met three times and is chaired by Cllr Curran. Detailed discussions are ongoing to review the appropriate curriculum offer and explore options for institutional rationalisation, in partnership with West London FE colleges and ACL providers, and to align with the wider London review.

Health and Care

The North West London Sustainability and Transformation Plan (NWL STP) covers 6 of the seven core WLA boroughs plus Kensington and Chelsea and Westminster. WLA have commissioned work to outline the 'scale of the opportunity' through the NWL STP including reviewing BCF plans, pulling out common themes and starting to shape the content using reference groups focussed on prevention, integration and finance.

NWL local government partners are working together to ensure that the final STP acknowledges the need to allow local government leadership over NHS reconfiguration. The 'base case' submission in April included proposals for a NWL Health and Wellbeing Board that are being developed to deal with the democratic deficit.