

Leaders

Devolution and Public Service Reform – Progress Report

Item no. 6

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Summary: This report notes progress on key elements of London Councils' devolution and public service reform programme.

Recommendation: Leaders' Committee is asked to note progress, particularly in relation to:

- Skills – including work to influence the Area Reviews of Further Education and the review of Adult and Community Learning.
 - Health - including the work of the London health pilots, which are expected to lead to draft 'asks' of Government to support integration and reform.
 - Criminal Justice
 - Business Rates
 - Employment support – including progress towards reaching an agreement with DWP on the Work and Health Programme
 - Housing
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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 negotiations with Government and partners in relation to key components of the London Proposition for devolution and public sector reform, in particular:
 - Skills
 - Health

The report also provides a brief update on devolution in relation to criminal justice, business rates and housing.

Progress on Skills Devolution

3. London Councils and the GLA remain in a dialogue with the Government with the aim of ensuring that London remains on course as part of the first wave of skills devolution areas.

Area Reviews

4. In 2015, the Government announced a programme of Area Reviews of post-16 education and training provision with a goal of delivering a rationalised FE sector, comprised of fewer, more financially sustainable institutions that are more responsive to local economic need. This process has been underway in London since March 2016.

Changes in Area Review Timescale

5. London agreed a sub-regional approach to its area reviews, with two sub-regions (West and Central) starting in March 2016 and two (South and East) starting in May. It has now been agreed that all four sub-regional reviews should be aligned. They will now run

in parallel from September 2016, with the final Steering Group meeting taking place in either November or December. This will be helpful in ensuring London government influence on the final result.

Long-Listing of Emerging Area Review Options

6. The Government's Joint Area Review Delivery Unit (JARDU) will be developing a long list of emerging options for institutional change in each sub-region over the summer. The first phase will focus mainly on finance, with the aim being to model and confirm the potential financial benefits (or otherwise) of proposed college groupings. Once the results of the modelling exercise have been obtained, JARDU will identify a short list of the most promising options, according to each option's ability to strengthen college's financial security and deliver the local, sub-regional and London-wide priorities for learners and employers. A more detailed assessment of these shortlisted options will then be developed for consideration by the sub-regional area review steering groups.
7. London Councils has commissioned the Learning and Work Institute (LWI) to work with boroughs and sub-regions to develop potential delivery models for adult skills to support borough input into both the Area and Adult and Community Learning Reviews. This work is due to complete by the end of August, allowing it to inform Steering Group meetings in September.

Adult and Community Learning Review

8. Adult and Community Learning (ACL) funding in London is allocated by the Skills Funding Agency and provided mainly to local authorities and Specialist Designated Institutions (SDIs). ACL services spend just under 19% of the overall Adult Education Budget (AEB) in London.
9. The Adult and Community Learning (ACL) review was established after interest from around half of the ACL services and most of the SDIs to opt into London's area review. The ACL Review is being undertaken by HOLEX¹ and will establish the long term strategic direction of post-19 adult and community learning provision, provide a comprehensive picture of adult education in London and develop recommendations for the commissioning and delivery of ACL provision post-devolution. The ACL review

¹ A national membership organisation for adult and community learning organisations

covers all ACL services commissioned by London boroughs, five SDIs² and a small number of other ACL providers³. All of these services/providers have agreed to participate in the review.

10. The review began in April 2016 and will run until November 2016. It will include an analysis of curriculum and funding data, supplemented by qualitative information from visits to all participating services and providers and stakeholder engagement. The ACL review will report into and inform the area review process at both a sub-regional and pan-London level.

Emerging Adult and Community Learning Issues

11. The initial data and provider statements are showing that the services broadly have good or outstanding Ofsted ratings; are learner and community led; focus on getting adults into work; support those most disengaged and furthest away from integrating into society and have high satisfaction levels. Demand for ESOL and basic skills is greater than supply. There are a number of emerging issues, outlined below, that the review will explore further:

- The absence of a clear narrative on what is on offer or should be on offer;
- Curriculum duplication or commonality;
- Good practice but no common policy in a number of areas including ESOL and basic skills;
- Costly backroom services are often disproportionate to the size of the service being provided;
- Poor signposting of progression routes;
- No common policy on recruitment, training and development or salary level;
- Underdevelopment of impact and outcomes.

Emerging recommendations from the review will be considered by members both locally and at London Councils.

² City Lit; Mary Ward; Morley College; WEA; Working Men's College

³ Barnet & Southgate College; Richmond Adult Community College; The London Learning Consortium

Progress on Health and Care Devolution

12. The London health devolution pilots are now well established and pan-London arrangements are in place to provide support to the pilots and to draw insights to:
- Inform a strategic view on the implications for sustainable and high quality health and care across the whole of London;
 - Ensure the learning from pilots is made available to other parts of London; and
 - Work with national partners to agree the conditions other parts of London would need to satisfy to unlock devolution from the contingent menus to support and accelerate their own transformation plans.
13. Pilot areas are beginning to develop “asks”, with support and input from partners, and the aim is to produce a first draft of the London “asks” of national partners during the summer. These are expected to focus on removing barriers to integration including the better utilisation of estates. The “asks” will need to be further refined with pilot areas and will need to be considered by Leaders’ in the autumn, in order to allow a report on proposals to Government for December 2016.
14. 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 View⁴’ and manifested in the Sustainability and Transformation Plans (STPs) which local health and care systems were due to be submitted by the end of June 2016. Broadly, the June submissions should seek to address three high level questions. Those are:
- What is the agreed base financial case across the footprint?
 - What are the strategic opportunities across the 5 year period?
 - What support would be necessary in 2016/17?
15. There is an expectation that following the June submission, STPs will fall into a number of separate waves for approval. The first wave is expected to be those approved for delivery following June submissions. The second wave is likely to have further work to do to lead to finalising plans for approval during the autumn. Finally, a third wave is expected to have finalised and had plans approved by the end of the financial year. Descriptors of how each wave of plans is characterised and expectations of content has not been published, nor has any clarity around the benefits to being in earlier waves, though it would appear that one of the most obvious benefits would be access to funding.

⁴ ‘Delivering the Forward View: NHS Shared Planning Guidance 2016/17 – 2020/21’

16. London Councils' Leaders' Committee received a report on STPs on 7 June 2016 and Leaders' may well wish to consider revisiting the issues raised by the STPs during the late summer or autumn, given the importance of the plans to the future transformation of health and care in the capital.
17. The London Health Board met on 28th June, chaired for the first time by the new Mayor of London. Progress on health and care devolution was discussed as was the role of the London Health Board in supporting this agenda.

Progress on business rates

18. London Councils' Leaders' Committee received a report on 7 June 2016 and agreed a set of 'Statement of Principles' underpinning London's approach to Business Rates.
19. Following that meeting, officers met with the new Mayor of London's office and GLA officials, who indicated their agreement to a joint submission of the statement to Government, without any amendment. This position has subsequently been approved by the Mayor. We are therefore writing jointly to the Chancellor and the Secretary of State for Communities and Local Government, seeking the appointment of named senior civil servants to work with London's government on developing and implementing a business rates proposition for the capital.
20. At the time of writing CLG was still intending to issue the first consultation papers on business rate localisation during the first week of July, that is, shortly after the despatch date for this committee. This consultation is expected to cover changes to the business rates system that will require legislation, along with priorities for the transfer of grants and responsibilities to be funded from business rates in the future. Officers will update the committee verbally on progress with this anticipated consultation.

Progress on Employment Support Devolution

21. The Spending Review announced the creation of a new Work and Health Programme that will launch from 2017 onwards. It contained a specific commitment 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. The Work and Health Programme will provide employment support for Jobseekers Allowance (JSA) claimants unemployed for 2 years or more and for people with health conditions and disabilities. It will operate over a four year period (2017-2021).

22. On 10 May 2016, London Councils Executive considered the draft agreement with DWP on the delivery of the Work and Health Programme in London and approved the progress to date. Since then, London Leaders have discussed the proposed agreement at a sub-regional level as well. London Council officers, alongside officers from the London boroughs, sub-regional partnerships and the GLA, have continued discussions with DWP officials about the agreement and the design of the Work and Health Programme in the capital. The basis of the agreement to date is that London, via its four sub-regions, will lead the design, development, commissioning and management of the Work and Health Programme, working with DWP and within some core minimum national policy and commercial design elements.

23. DWP officials have since confirmed that London local government will be a joint signatory to the contract with appointed providers, alongside DWP. However, officials have now asked London to identify specific additional resources that we can add to DWP's core funding of the programme. These could include European Social Fund (ESF) and aligning some of the devolved Adult Education Budget (AEB) from 2018-19 onwards. This request is very late in the process. However, London Councils will respond and continue to push for the transfer of funding for the Work and Health Programme to London boroughs, which is still an option. The original timescale of starting the procurement process in summer 2016 is looking more challenging and may well be delayed until a final, satisfactory agreement between London boroughs and DWP is reached.

Progress on Criminal Justice Devolution and Reform

24. 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.

25. The Charlie Taylor review of youth justice, which was commissioned by the Ministry of Justice, was expected to be published shortly after this report was drafted. The report is expected to address the devolution and public service reform agenda.
26. An interim report of emerging findings from the Charlie Taylor review was published in February 2016 and included the following interim proposals:
- Giving local areas greater say in the way children are managed by devolving responsibility, control and money from Whitehall.
 - Re-designing the youth estate so that it can cater for a smaller, but more challenging, group of children in custody.
 - Placing education at the centre of youth custody, by drawing on the culture of aspiration and discipline which is evident in the best alternative provision schools.
 - Replacing youth prisons with smaller secure schools which help children master the basics in English and maths as well as providing high quality vocational education in a more therapeutic environment.
27. London boroughs, London Councils and MOPAC will wish to take stock of the final recommendations that Charlie Taylor sets out following his review of youth justice. The review may open up the potential for further discussions with MOPAC on next steps, including exploring the potential for collaboration in the light the approach that the Ministry of Justice takes following the review.

Housing

28. Sir Steve Bullock and Cllr Ravi Govindia are involved in a dialogue on the delivery of housing in London, with the new Deputy Mayor for Housing. They have also recently met with Rt Hon Greg Clark MP, Secretary of State for Communities and Local Government to discuss housing supply in the capital. Subsequent discussions have taken place within party groups and a tripartite headline agreement has been floated, potentially involving Government, the Mayor and boroughs. This may take the form of a two-stage agreement which could present opportunities for boroughs to secure some of the flexibilities around housing and planning which were articulated in the earlier London proposition.

29. A separate report appears on today's agenda describing progress in relation to the London Housing proposition.

Recommendations

Leaders' Committee is asked to note progress, particularly in relation to:

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- Health - including the work of the London health pilots, which are expected to lead to draft 'asks' of Government to support integration and reform.
- Criminal Justice.
- Business Rates.
- Employment Support.

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.