



The London Challenge

MAKING DEVOLUTION WORK



A consensus is crystalising. The debates sparked by the Scottish referendum make greater devolution in England politically essential. There is a clearly emerging view that better management and accountability at a more local level is essential if we are to accelerate Britain's growth and ensure all our citizens share in the fruits of success. That view is increasingly shared by business leaders, investors and leaders in England's major cities.

Across a range of social policies the benefits of local integration have become increasingly clear. It is evident in the successful work to turn around troubled families and the global evidence that people with chronic conditions need care that is joined-up. In each case, professionals and citizens have found that joining-up care needs to happen locally. That local integration depends on greater devolution from the centre.

London Councils, which represents the 32 London boroughs and the City of London, working with the Mayor of London, has proposed reform along these lines to central government. Some of our ideas have been taken up in the London Growth Deal announced in July this year. London local government is working with England's other Core Cities to show how much more can be achieved when solutions are designed locally.

This paper from London Councils describes the kinds of enhancement to growth and improvements to public services that Londoners can expect from further devolution, particularly in the area of employment support. Our examples are reflected in the aspirations of major cities across England. The business case for devolution is increasingly clear and increasingly urgent.

What difference will this make to Londoners?

One of the most important challenges facing the capital is the creation of employment programmes that support people with complex needs back into the job market, and ultimately help them get into work. Successive national programmes have not been effective in dealing with this challenge. Despite London's growing economy, almost half a million Londoners have been out of work for more than six months.

London Councils sets out here how boroughs, faced with this problem, have devised their own local projects to help people back into the job market. These schemes have a proven track record of success at a local level by integrating otherwise fragmented public services around the individual at a time and place where they have the most benefit.

More people able to play an active role in their community and less dependent on benefits

London Councils is calling for a radical shift away from nationally determined employment support to a single funding pot for employment services in London, made up of co-commissioned mainstream funding between DWP and groups of boroughs. Targeted funds dealing with those who have the most complex needs and are furthest away from the jobs market should be fully devolved to the local level. Over time, we would see this model of commissioning taking the place of a number of mainstream national employment programmes.



Devolving: EMPLOYMENT SUPPORT

Despite the economic successes of London, there are almost half a million* people in the capital who are long-term unemployed or who are economically inactive but would like a job.

London boroughs are at the forefront of designing employment programmes that overcome the complex barriers many of these residents face. They often take responsibility for those residents who are unable to access, or who are not effectively served by, mainstream employment programmes. These would include people who are not claiming benefits, people with health problems, those in unstable housing situations, people with substance misuse problems and those who do not speak English as their first language. Many residents may have a combination of these issues and, for some, employment is not even seen as an achievable goal. Despite these challenges London boroughs have been successfully working to support these Londoners into work:

- **Wandsworth's Workright** programme helps to match people with disabilities to real job opportunities within the council. The council has asked departments and local schools to look at roles that can be made flexible and appropriate for people with physical and mental health problems and achieved a sustained job outcome rate of 33 per cent.
- **Southwark's Vocational Recovery Service** was co-designed and funded, by the South London and Maudsley Health NHS Foundation Trust (SLaM) and Southwark Council to provide specialist training and advice programme to people with a range of mental health barriers to employment, as part of the Southwark Works programme. SLaM achieved a sustained job outcome rate of 28 per cent.
- **Brent in 2 Work** was a borough-wide network of local specialist voluntary, private and public sector organisations delivering employment support, with the council's arms-length employment agency focused on supporting the hardest to reach residents. At its peak, the agency supported more than 1,000 residents a year into work. Much of the focus of the team was Language2Work, an eight week English language course to assist those with little or no English to gain the skills and confidence

to enter the UK labour market. Brent in 2 Work achieved 40 per cent job sustained job outcomes.

Given more freedom, local partnerships can do more to help Londoners into work, but they are reaching the limit of what they can do within the current structures.

Growth Deal pilots

That is why London boroughs are working with central government to design pilots that demonstrate how integrating services at the local level can better help Londoners with complex needs to find work. These pilots will show how better outcomes and value for money can be achieved compared to national programmes:

ESA Pilot - From April 2015, eight central London boroughs will begin working with Employment Support Allowance claimants who have been unsuccessful at finding work through the Work Programme. The pilot will test whether better outcomes and value for money can be achieved compared to national programmes, by commissioning locally at scale and integrating a range of services to deliver interventions tailored to the often complex needs of those claimants.

Mental Health Trailblazer - This trailblazer, based in West London boroughs, will inform future national and local employment support for people with mental health conditions.

Flexible Support Funding Pilot - Work is currently underway to agree a common set of principles for both the DWP and London boroughs that will lead to improvements in the strategic use of this fund for unemployed Londoners.

Local Support Services Framework - This is an opportunity to integrate Universal Credit support services into other local services, including employment programmes. The government has awarded pilots in three areas of London. The pilot in Lambeth, Lewisham and Southwark will test out on how best to integrate employment and skills support with Universal Credit support services.

Further ambition

The commitment in the London Growth Deal to unlock progressive steps to give London local government greater influence over employment support programmes more broadly is welcome. But more reform is needed. London Councils believes this should include:

- **A single funding pot for employment services in London**, made up of co-commissioned mainstream funding between DWP and groups of boroughs and targeted funds that should be fully devolved to the local level. This would replace mainstream employment programmes.
- **Involving local government in the commissioning process** for any new national programmes.
- **Freedom to better link the skills system with employer need, including:**
 - *Responsibility and budget* holding to be devolved to the London Enterprise Panel, working closely with groups of London boroughs, including the ability to vary funding rates for qualifications. Groups of boroughs would act as strategic brokers, bringing together employers and skills providers to identify the needs of local businesses.
 - *Changes to incentives:* linking a much greater proportion of providers' funding to individuals' progression in work or learning.

- *Improvements to information:* publishing better data on providers' success in giving people the skills to find and progress in work.

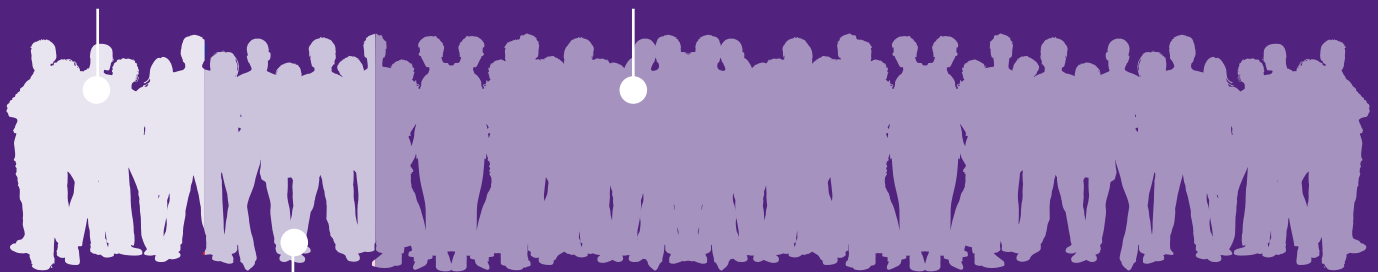
The **Sutton Skills Match** strategy is developing links between local businesses, training providers, schools and residents to ensure skills are aligned with the needs of the local economy. Having mapped future labour market trends in Sutton, the council is organising events bringing together businesses, local skills providers and schools to look at current and future skills needs across priority sectors and how providers can respond to those needs. The strategy is overseen by the Sutton Economic Taskforce, whose priorities include developing the green economy, a STEM centre and an apprenticeship hub.



* Despite London's success, there are 465,935 long term unemployed and economically inactive people who want to work, this includes:

68,515 people who have been claiming JSA for six months or more (Nomis Data at July 2014)

339,000 people who are economically inactive (i.e. not claiming a benefit but not working) that have stated that they would like to have a job (from the Annual Population Survey April 2013 – March 2014)



58,420 ESA WRAG claimants who have been claiming for six months or more (Nomis Data at Feb 2014) – ('ESA WRAG' refers to people who have been assessed to have a sickness or disability, but are considered well enough to be working/ job searching)



The Future: LONDON CALLING

Across a range of different areas that matter to local residents and businesses - skills, welfare, crime, housing, education and adult care - there is a real potential to improve services and reduce costs by devolving services to integrate them at the local level:

Skills Provision, Employment Support and Welfare to Work

We seek to build on the detailed devolutionary proposals developed through the London Growth Deal and engagement with central government, to develop a more integrated skills, employment and welfare-to-work offer.

Families with Complex Needs

We seek to build on the excellent performance of London's boroughs in turning around troubled families to develop and embed the local multi-agency model this programme has exemplified, and to broaden the scope of families worked with.

Personalised Health and Adult Care

We seek to build on the successful devolution of public health by aligning the incentives of organisations involved in the local health economy and by drawing on local leadership to embed integration.

Rehabilitation

We seek to build on London's response to the Transforming Rehabilitation reforms and ensure that in the future there is effective local leadership of personalised and integrated offender management and rehabilitation.

Housing

We seek to build on the proposals set out in the London Growth Deal proposition for improving housing supply and freeing artificial restrictions on borrowing against the housing revenue account.

Education

We seek to build on the successful track-record of London authorities and allow them to play a key role in championing the interests of pupils, parents and places in respect of improvement in the performance of all schools.

Fiscal Devolution

Underpinning all of the above, we are seeking the wider devolution of fiscal powers to promote growth and enable investment in infrastructure and housing as set out by the London Finance Commission.

London Councils represents London's 32 borough councils and the City of London. It is a cross-party organisation that works on behalf of all its member authorities regardless of political persuasion.
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