

# GREATER LONDON AUTHORITY

## REQUEST FOR DIRECTOR DECISION – DD1505

**Title: London Works Project extension**

### Executive Summary:

This DD seeks approval of the variation of the GLA's funding agreement with the East London Business Alliance, approved under cover of DD1156 on 21<sup>st</sup> January 2014, to extend the funding repayment period.

The project will continue to deliver the same outputs via the London Works recruitment agency whose purpose is to support talented low-income, disadvantaged people to find and maintain jobs using their graduate or A-Level leaver skill through mainstream temporary and contract work.

### Decision:

That the Executive Director approves the variation of the GLA's funding agreement with the East London Business Alliance in relation to its London Works project to change the date for repayment of funding from 31<sup>st</sup> March 2016 (£50k) and 31<sup>st</sup> March 2017 (£50K) to 31<sup>st</sup> March 2018 (£50k) and 31<sup>st</sup> March 2019 (£50k).

### AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.  
It has my approval.

**Name:** Fiona Fletcher-Smith

**Position:** Executive Director-Development,  
Enterprise & Environment

**Signature:**



**Date:** 28/04/2016.

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 The London Works agency is the first of its kind in London working to place low income, disadvantaged people in employment with A- level qualifications or with university degrees to ensure maximisation of their skills and qualifications. The business is a wholly owned subsidiary of East London Business Alliance which delivers a number of programmes in education, employment and community development by encouraging and facilitating private and public cooperation. The London Works agency, which competes on a commercial basis, is a not for profit social enterprise.
- 1.2 The LEP and GLA (under cover of DD1156) agreed to the award of £100k to the East London Business Alliance as a contribution to the set up costs of its project and working capital costs of the agency. The originally approved repayment period was profiled to require repayment of £50,000 by the 31<sup>st</sup> March 2016 and £50,000 by 31<sup>st</sup> March 2017. The original GPF application sought to revolve funding to support the ongoing growth and expansion of the business. At the time it was discussed with the project delivery partners that this would not be possible however a review mechanism in the funding agreement was agreed which provided for the repayment requirement to be reconsidered. In January London Works submitted a proposal to the GLA for the repayment of the loan to be written off. This was considered by officers and whilst it was deemed inappropriate in terms of use of public funds to write the loan off, it was agreed that a proposal could be made to the LEP and for GLA approval for delayed repayment, on the basis of the case made. On the 9 of March 2016 the project was approved by the LEP for a new repayment schedule.
- 1.3 The London Works proposal maintains the principles of the agreement the East London Business Alliance originally signed up to and the principles of the Growing Places Fund, protecting funding for investment in future priorities of the LEP.
- 1.4 In making every effort to meet contractual targets and establishing itself in its set up phase the London Works project's focus has been on placing a high volume of candidates into a variety of economic sectors to meet high contractual targets. In order to achieve sustainability, the business now needs to refocus some of its efforts on areas of growth which will support its commercial competitiveness. This means targeting specialist sectors and opportunities where salaries and therefore LW fees are incrementally higher. Engagement of clients in specialist areas takes much longer than more mainstream opportunities (approx. 6 months) and therefore to date LW's focus has been on easier access opportunities.
- 1.5 Non-repayment of the funding at this stage will provide for an additional staff member to support the efforts to access more specialist opportunities within the existing employer client base. Access to opportunities in these areas is often more difficult and requires longer negotiations to agree. These more specialist opportunities also reflect a more sustainable option for candidates with more mainstream opportunities currently at higher risk of loss through restructuring as large companies contract out these services.

1.6 The previous objectives were to support low income, disadvantaged people to access employment appropriate to their graduate or A-level skill level and these will be maintained through this extended support to the project.

1.7 Previous Key Target Outcomes:

- 1216 adult Londoners receiving support which helps them to find or progress in employment (support/training of at least 14 hours) (KPI)
- 813 adult Londoners starting or progressing in employment ('adult Londoners starting or progressing in employment' is aligned to the corporate definition apart from that jobs will not last for 26 weeks at the point of being offered, as the nature of the project is that disadvantaged people are supported to find work through temporary assignments)
- At least London Living Wage paid by the Agency to contractors.
- Improved awareness of temping as a career option - supporting the reduction of unemployment and skills underutilisation

1.8 The table below indicates the KPIs which were achieved against targets:

Output/Outcome	Target	Actual	Variance against Final Outputs/Outcomes		Notes - Please specify any notes you think are appropriate e.g. assumptions made in meeting targets set
			Actual	%	
Candidates into employment	813	801	-12	-1.5%	13 additional outputs were achieved in Q2 but the candidates start dates were pushed back due to the length of time required to the enhanced security checks required by most financial and professional service employers.
Candidates trained	1216	999	-217	-18%	London Works decided to focus efforts on training candidates who displayed the correct aptitudes and attitude for the roles available. Those trained met the entry criteria (basis skills testing) and passed an initial telephone interview. Unsuccessful candidates were signposted to other services for re-referral at a later date if applicable.
Candidates registered	2432	1552	-880	-37%	Candidate referral quality and frequency were identified as early barriers to delivery. London Works cannot register candidates for the sake of registration targets as this would undermine the ability of their IT systems to assist with matching candidates to 'live roles'. The total number of referrals was in excess of 3,000 but unfortunately higher than anticipated numbers of candidates failed the first stages of registration. The London Works registration performance reflects the level of suitable candidates available.

## 2. Objectives and expected outcomes

2.1 The table below identifies projected outputs during the repayment period 2017/18 to 2018/19:

Output/Outcome	2017/18	2018/19	TOTAL
Candidates into employment	300	440	740
Candidates signed-up/Trained	650	650	1300
Candidates registered	900	900	1800
Candidates in sustained employment 6 months plus		592	592

## 3. Equality comments

- 3.1 ELBA will ensure equality of opportunity through delivering their project. The organisation has an existing Equalities Policy in place. The London Works project specifically addresses the inequalities of the traditional commercial recruitment agency route to employment, where ethnic minority groups are less likely to be offered a job than white applicants despite being as well or better qualified (Race for Opportunity, February 2012). London Works aims to target support at those groups who also face greater challenges to accessing employment.
- 3.2 As part of monitoring for London Works all participants are asked to provide information about gender, ethnicity and disability to ensure the services are both inclusive and meeting the needs of all members of the target community.
- 3.3 Helping disadvantaged young people to find a sustainable job relevant to their level of qualification was the ultimate objective of the intervention and therefore the 'Job Outcome' target and definition is simple and widely accepted as the main indicator of performance. Across this definition the project has performance on profile. Monitoring evidence is collated quarterly against reported outputs.

## 4. Other considerations

4.1 Risks identified:

Risk	Impact	Likelihood	Mitigation
Lower take up of clients and candidates	H	M	Ensuring effective marketing and press strategies are implemented. Exceeding clients and candidates expectations, ensuring word of mouth recommendations. Carrying out timely and regular reviews against business plan, adjusting plans accordingly and adhering to turn-off strategy.
Some clients delaying payment or defaulting on fees	H	M	Ensuring that all clients are made aware of LW's payment terms from the beginning of the working relationship.  Keeping close control of credit control issues (ELBA has a good track record in this area).  Purchasing adequate insurance to cover such eventualities.

## **5. Financial comments**

- 5.1 The GLA has provided funding of £50,000 in 2013-14 and £50,000 in 2014-15 to the East London Business Alliance for the London Works Project using Growing Places Fund grant from the Government. The funding agreement that underpins the project includes provision for repayment to the GLA of £50,000 by 31 March 2016 and £50,000 by 31 March 2017. The project experienced trading losses in the first two years of its operations and expects to break even in 2016-17 so is not in a position to repay its funding as set out in the funding agreement. This decision will therefore delay repayment of each £50,000 tranche by two years to reflect forecast cashflows on current growth trends. The financial information supporting this request has been reviewed.
- 5.2 The Regeneration Team within the Development, Enterprise and Environment Directorate will be responsible for managing the project and ensuring the terms of the revised funding agreement are adhered to.

## **6. Legal comments**

- 6.1 The foregoing sections of this report indicate that:
- 6.1.1 the decisions requested of the director fall the powers of the Authority, to do such things as may be considered facilitative of or conducive to the promotion of economic development and wealth creation in Greater London; and
  - 6.1.2 in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:
    - (a) pay due regard to the principle that there should be equality of opportunity for all people;
    - (b) consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
    - (c) consult with appropriate bodies.
- 6.2 Officers must ensure that a deed of variation is agreed and executed by the GLA and East London Business Alliance before any commitment is made to the GLA's acceptance of the proposed postponement of the funding repayment date.

## **7. Planned delivery approach and next steps**

The London Works project will continue to deliver in line with its original project proposal achieving the same outputs and outcomes.

A Deed of Variation will be agreed in relation to the DD outlining the next steps.

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

**Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

**Part 1 Deferral:**

**Is the publication of Part 1 of this approval to be deferred? NO**

If YES, for what reason:

Until what date: (a date is required if deferring)

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – NO**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to  
confirm the  
following (✓)

**Drafting officer:**

Laura Dubeck, Programme Manager, GLA Regeneration has drafted this report in accordance with GLA procedures and confirms that:

✓

**Assistant Director/Head of Service:**

Debbie Jackson, Assistant Director, GLA Regeneration has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

**Financial and Legal advice:**

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

**EXECUTIVE DIRECTOR, RESOURCES:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

*M. D. ELLA*

Date

*26.4.16*