

Agenda



Delegated Decisions - Cabinet Member for Education and Skills

Date: Monday, 5 July 2021
Venue: Microsoft Teams Live Event
To: Councillor D Davies

Item		Wards Affected
1	<u>DWP CAEHRS Framework - Restart Scheme</u> (Pages 3 - 12)	All Wards

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Report

Cabinet Member for Education and Skills

Part 1

Date: 5 July 2021

Subject DWP CAEHRS Framework – Restart Scheme

Purpose To seek approval from the Cabinet Member to commence formal delivery of the DWP Restart Contract within Newport. ‘Go Live’ is expected to commence in July 2021

Author Work & Skills Strategic Lead

Ward City Wide

Summary The new £2.9 billion DWP Restart scheme announced at the Spending Review on 25 November 2020, will give Universal Credit claimants who have been out of work for at least 12 months enhanced support to find jobs in their local area.

Restart will break down employment barriers holding them back from finding work. Providers will work with employers, local government and other partners to deliver tailored support for individuals. The scheme will provide up to 12 months of tailored support for each participant.

Prior to the Restart contract for Wales being awarded in April 2021, NCC agreed sub-contractor offers from all shortlisted “prime contractors” on the framework in Wales. The offers from the primes varied from 9% of the Wales total delivery to 3%.

The successful provider was announced on 13th April 2021 as Serco. There now follows a nine-week implementation process that will include staff recruitment and training for the dedicated Restart information system.

This report sets the financial benefit, staffing and business support requirements for the contract with Serco. This project will operate for the next four and half years.

‘Go Live’ is expected to commence in July 2021.

Proposal To seek formal approval of participation in the project and for NCC to undertake the subcontractor role to Serco – the prime contractor for Wales.

Action by Head of Regeneration Investment and Housing

Timetable Immediate

This report was prepared after consultation with:

- Head of Regeneration Investment and Housing
- Head of Law and Regulation – Monitoring Officer
- Head of Finance – Chief Finance Officer
- Head of People and Business Change

Signed

Background

The Department for Work and Pensions (DWP) launched a new Commercial Agreement for Employment and Health Related Services (CAEHRS). This new framework replaced the existing Umbrella Agreement, which expired in January 2021. CAEHRS is the primary vehicle through which the Department will contract with the market for Employment services for the next 5 years. The Agreement has been given a preliminary indicative value of £7.5bn for those 5 years.

The CAEHRS framework will cover England, Scotland, and Wales and will be split into seven contracting lots. This can be broken down further as necessary to contract in smaller areas. Wales is Lot 6.

The framework approach formalises a list of suppliers that DWP (and other contracting authorities) can contract with for future call-offs. These suppliers will meet DWP's minimum standards, including financial viability, and will have the quality and capability to deliver their future requirements.

Financial Summary

Each of the prospective Primes for the Restart contract for Wales provided a template for Newport to complete with its staffing requirements, and the potential revenue income available.

The contract model for Serco projects the income and expenditure over the five years of the project, with an initial set-up period April 21 –June 21 (Year 0), followed by four whole years running from June-July (Years 1-4), with the final period (Year 5) covering July 25-February 26.

Contract income

Under the Serco contract, there are three types of fee income:-

- Delivery fee
- Standard Outcome
- Accelerated Outcomes

The contract anticipates that Newport will receive approximately 2.9% of the total referrals for Wales, and that 34 per cent of these referrals will lead to Outcomes over the lifetime of the contract: 433 Standard Outcomes, and 186 Accelerated Outcomes. When married up with the Delivery fee income, the income anticipated over the contract is-

Description	£'000
Delivery fee	891.6
Standard Outcomes	1299.0
Accelerated Outcomes	781.2
Total	2971.8

The delivery income is guaranteed to be received, and Standard Outcome income will be received if referrals are in line with the profile. Accelerated Outcome income is dependent upon the types of clients received and the success of the Newport achieving the desired outcome: but it is anticipated that the total shown above should be received over the lifetime of the contract.

Expenditure

The model from Serco is summarised in the table below:-

Description	Contract Year						Total £'000
	0 £'000	1 £'000	2 £'000	3 £'000	4 £'000	5 £'000	
Total Revenue	62	704	791	657	437	109	2760
Staff Costs - Direct	33	390	450	399	283	69	1625
Staff Costs - Management	17	66	51	52	46	20	253
Total Employees	50	456	502	451	330	89	1878
Staff Costs - Other	0	16	15	14	6	1	53
Accommodation Costs	3	10	10	10	11	5	49
ISIT Costs	2	7	0	0	0	0	10
Participant Costs	0	139	181	112	45	2	479
Other Operating Costs	1	4	4	4	1	0	16
Other Costs	6	177	211	141	63	9	607
Total Contract Costs	56	634	712	592	393	98	2484
Projected out-turn balance	6	70	79	66	44	11	276

The model calculates the total costs for Newport Delivery, and then sets an income figure that covers the total cost plus a 10% 'profit margin'. If Newport achieves the anticipated Accelerated Outcomes, the actual income figure is likely to be higher, approximately £2,971k if all Outcomes are achieved

The posts required to deliver the programme are-

- **Contract & Performance Manager (1)** – Managing the overall delivery of the programme, including the performance and day to day delivery
- **Quality & Compliance Manager (1)** – Managing the quality and compliance of programme delivery, ensuring that Minimum Service Levels and Key indicators are consistently achieved
- **Finance Manager** – Managing the finances for the programme – Support provided by Community Regeneration's External Funding Manager
- **Tutor (1)** – Delivering customer (and any required staff) training so they can achieve the required outcomes for the programme. Developing bespoke training packages to meet the requirements of the vacancies across the city
- **Business Development Officer (1)** – Liaising with businesses across the city to secure suitable vacancies for programme participants
- **Economic Inactivity Worker (6)** – Support programme participants so they secure sustainable employment
- **Business Support Officer (1)** – Delivering administration support to the project

The costs for the above posts included in the Serco model are shown in the table below. All posts shown in the table include on-costs, are costed at top of scale and include a 2 per cent pay award. The WTE figures are averages for the year.

Description	Grade	Year 0		Year 1		Year 2		Year 3		Year 4		Year 5 (part)		Total
		Apr 21-Jun 21		July 21-Jun22		July 22-Jun 23		July 23-Jun 24		July 24-Jun 25		July 25-Feb 26		
		£'000	WTE average	£'000	WTE average	£'000	WTE average	£'000	WTE average	£'000	WTE average	£'000	WTE average	£
Delivery														
Economic Inactivity Worker	5	5	0.7	164	5.2	227	7.0	171	5.2	68	2.0	17	0.8	653
Work Coach/ In-Work Support	5	3	0.3	27	0.8	32	1.0	33	1.0	34	1.0	10	0.4	139
Project coordinator	7	5	0.5	43	1.0	42	1.0	43	1.0	44	1.0	11	0.4	188
Administration and Finance officer	5	3	0.3	34	1.1	32	1.0	33	1.0	34	1.0	7	0.3	144
Quality & Compliance officer	7	5	0.5	43	1.0	42	1.0	43	1.0	33	0.8	4	0.2	169
Business Support Officer	5	5	0.7	34	1.1	32	1.0	33	1.0	34	1.0	10	0.7	149
Tutor	7	7	0.7	45	1.1	42	1.0	43	1.0	38	0.9	9	0.5	184
Total		33	3.7	390	11.3	450	13.0	399	11.2	283	7.6	69	3.3	1625
Management														
Work & Skills Strategic Lead	12	8	0.5	15	0.2	1	0.0	1	0.0	1	0.0	1	0.0	28
Contract & Performance manager	9	6	0.5	41	0.8	39	0.8	40	0.8	34	0.6	12	0.3	172
Finance Manager	9	3	0.2	11	0.2	10	0.2	11	0.2	11	0.2	7	0.2	53
Total		17		66		51		52		46		20		253
Total employee costs		50		456		502		451		330		89		1878

Since completing the original Serco bid, some of the staffing requirements have been revised, with the Quality & Compliance Officer and Business Support Officer posts being graded at grades 8 and 6 respectively by Panel.

The additional costs resulting from the above changes have been offset by removing the Project Co-ordinator role, with the supervision of this project now being undertaken by the Contract and Performance Manager. The impact of these changes is to reduce the employee costs, and potentially create a resource to add further posts to the structure in the future if required. The revised staffing tables, and Serco model are shown below:-

Description	Contract Year						Total
	0	1	2	3	4	5	
	£'000	£'000	£'000	£'000	£'000	£'000	
Total Revenue	58	667	755	620	397	98	2596
Staff Costs - Direct	29	357	418	365	248	59	1477
Staff Costs - Management	17	66	51	52	46	20	253
Total Employees	46	423	469	417	294	79	1729
Staff Costs - Other	0	16	15	14	6	1	53
Accommodation Costs	3	10	10	10	11	5	49
ISIT Costs	2	7	0	0	0	0	10
Participant Costs	0	139	181	112	45	2	479
Other Operating Costs	1	4	4	4	1	0	16
Consultancy Service Costs	0	0	0	0	0	0	0
Corporate Overhead Costs	0	0	0	0	0	0	0
Other Costs	6	177	211	141	63	9	607
Total Contract Costs	52	600	679	558	358	88	2336
Projected Outturn Balance	6	67	75	62	40	10	260

Description	Grade	Year 0		Year 1		Year 2		Year 3		Year 4		Year 5 (part)		Total
		Apr 21-Jun 21		July 21-Jun22		July 22-Jun 23		July 23-Jun 24		July 24-Jun 25		July 25-Feb 26		
		£'000	WTE average	£'000	WTE average	£'000	WTE average	£'000	WTE average	£'000	WTE average	£'000	WTE average	£
Delivery														
Economic Inactivity Worker	5	5	0.7	164	5.2	227	7.0	171	5.2	68	2.0	17	0.8	653
Work Coach/ In-Work Support	5	3	0.3	27	0.8	32	1.0	33	1.0	34	1.0	10	0.4	139
Administration and Finance officer	5	3	0.3	34	1.1	32	1.0	33	1.0	34	1.0	7	0.3	144
Quality & Compliance officer	8	6	0.5	48	1.0	47	1.0	48	1.0	36	0.8	4	0.2	188
Business Support Officer	6	6	0.7	39	1.1	37	1.0	38	1.0	38	1.0	11	0.7	170
Tutor	7	7	0.7	45	1.1	42	1.0	43	1.0	38	0.9	9	0.5	184
Total		29	3.7	357	11.3	418	13.0	365	11.2	248	7.6	59	3.3	1477
Management														
Work & Skills Strategic Lead	12	8	0.5	15	0.2	1	0.0	1	0.0	1	0.0	1	0.0	28
Contract & Performance manager	9	6	0.5	41	0.8	39	0.8	40	0.8	34	0.6	12	0.3	172
Finance Manager	9	3	0.2	11	0.2	10	0.2	11	0.2	11	0.2	7	0.2	53
Total		17		66		51		52		46		20		253
Total employee costs		46		423		469		417		294		79		1729

The posts included under Management, plus the Administration and Finance officer, are already employed by the Council: the Serco funding will help safeguard these posts over the duration of the contract. The remainder of the posts are new, and permission is sought to recruit to these posts now to ensure that Newport is able to start the contract at the beginning of Year 1 in July 21. Specifically, permission will be sought to recruit to the following

- 6 Economic Inactivity Workers
- 1 Tutor
- 1 Business Development Officer
- 1 Quality & Compliance Manager
- 1 Business Support Officer

In some cases, additional posts will be required to those highlighted above, as the contract reaches a peak of activity by the end of March 2022, when an additional Economic Inactivity Worker will be required. The model expects activity to gradually reduce from September 2023 onwards, with less Inactivity Workers required in the final year of the contract. It is proposed that all appointments made to this project will be on a fixed term basis, reviewed at the end of March each year, so that the establishment can be up/downsized as required.

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Referrals are lower than expected, generating less income	High	Medium	The above establishment does not commit all of the income generated by the model, so there flexibility to address income being lower than expected. In addition, as staff will be appointed on fixed term contracts, the structure can be downsized if required,	Head of Service
Impact on existing work and skills projects (C4W, Journey to Work, Skills at Wil), if staff transfer to	Medium	Medium	Where Re-start posts are recruited externally, candidates will also be considered for any vacancies on other Work and Skills programmes	Strategic Lead – Work & Skills

Re-start, which has a longer lifespan				
Covid-19 may affect the labour market and the ability to secure employment for participants. Covid may also affect the amount of face to face engagement with participants	Medium	Medium	NCC will employ a dedicated Business Development officer to source the required vacancies for the programme outcome targets Delivery staff can offer digital appointments but these have proven to be less effective on other similar programmes	Strategic Lead – Work & Skills

Links to Council Policies and Priorities

Participation in this scheme and supporting people into employment will contribute to the Aspirational People, Resilient Communities and Thriving City themes within the corporate plan. Participation will also contribute to achieving the following corporate plan well-being objectives:

1. improve skills, educational outcomes & employment opportunities;
2. promote economic growth and regeneration whilst protecting the environment;
3. enable people to be healthy, independent & resilient;
4. build cohesive & sustainable communities.

DWP Restart Programme provides interventions that address the well-being objectives set by Newport City Council which maximise the contribution to the achievement of the seven Well-being Goals from the Well-being of Future Generations Act for Wales by;

- Improving the skills, educational outcomes and employment opportunities (Objective 1)
- Promoting economic growth and regeneration whilst protecting the environment (Objective 2)
- Enabling people to be healthy, independent and resilient (Objective 3)
- Building cohesive and sustainable communities (Objective 4)

Options Available and considered

To agree to deliver Restart through a sub contract agreement with Serco for 3 % of the total 6% Newport delivery.

To not agree to deliver Restart through a sub contract agreement with Serco for 3 % of the total 6% Newport delivery. Allow another organisation to deliver the 3% offer to our residents in Newport.

Preferred Option and Why

To deliver the Restart Programme in Newport to assist the residents of Newport into sustained employment thereby supporting the City’s economic growth and regeneration. Newport has many years of experience and a robust infrastructure of delivering employment programmes with excellent results

Comments of Chief Financial Officer

There will be no adverse budgetary impact as a result of delivering the Restart Programme. The business model that supports this project allows for a fluctuation in income and provides a significant “buffer” to ensure that costs will continue to be met. Posts are recruited to on a fixed term basis and so the structure will be downsized easily in the event of a significant downturn in income.

Comments of Monitoring Officer

The proposed action is in accordance with the Council's legal powers under section 111 of the Local Government Act 1972 and Section 2 of the Local Government Act 2000 to enter into contracts which are conducive and incidental to the discharge of statutory functions and which are considered to promote the social and economic well-being of the people of Newport. The delivery of these employment services at a local level, as sub-contractors to Serco as the Prime provider of the Restart contract for Wales, is consistent with the Council's corporate and well-being objectives in relation to improving education and skills. If Serco is designated as a "public body" for the purposes of the Local Authority (Goods and Services) Act 1970, then the Council is able to enter into a sub-contract with them on commercial terms. If they are a private contractor, then care will need to be taken to ensure that this is not seen as a commercial contract as, otherwise, there would be a requirement to deliver the sub-contracted services through an arm's length trading company in accordance with section 95 of the Local Government Act 2003. However, if the main purpose of the sub-contract is to deliver the education and skills service and any "profit" is purely incidental, then this should not be regarded as a commercial arrangement. The terms of the proposed sub-contract will need to be considered and approved by Legal, to ensure that there are no onerous terms and conditions. Also, the projected staffing costs will need to make allowance for any unavoidable redundancy costs at the end of the 5 year contract, if there is no TUPE transfer of the staff and the service is discontinued.

Comments of Head of People and Business Change

The programme has the potential to provide both economic and social well-being benefits to participants, their families and the wider community.

The report writer has fully considered the Well-being Goals the council's Well-being objectives and the sustainable development principle of the Well-being of Future Generations Act when developing this report.

The report requests the creation of additional employees as a result of adopting the Restart Scheme. There is no direct impact on existing members of the team and recruitment to be undertaken to find suitable applicants to fulfil the roles.

It should be noted that should employees accrue more than two years continuous service with a Local Authority, or those covered by the Modification Order, the employees would be eligible to receive a redundancy payment of which the Council will be liable to fund.

Comments of Cabinet Member

Cabinet Member has been briefed on the report.

Scrutiny Committees

N/A

Equalities Impact Assessment and the Equalities Act 2010

The Equality Act 2010 contains a Public Sector Equality Duty which came into force on 06 April 2011. The Act identifies a number of 'protected characteristics', namely age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation; marriage and civil partnership. The new single duty aims to integrate consideration of equality and good relations into the regular business of public authorities.

Compliance with the duty is a legal obligation and is intended to result in better informed decision-making and policy development and services that are more effective for users. In exercising its functions, the Council must have due regard to the need to: eliminate unlawful discrimination, harassment, victimisation and other conduct that is prohibited by the Act; advance equality of opportunity between persons who share a protected characteristic and those who do not; and foster good relations between persons who share a protected characteristic and those who do not.

The Act is not overly prescriptive about the approach a public authority should take to ensure due regard, although it does set out that due regard to advancing equality involves: removing or minimising disadvantages suffered by people due to their protected characteristics; taking steps to meet the needs of people from protected groups where these differ from the need of other people; and encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

Restart is aimed at helping the long-term unemployed into work. The help for the client group is universal in nature and does not specifically seek to help one group in favour of another. Some of the long term unemployed may well find themselves in their situation because they represent one of the more protected characteristics.

Children and Families (Wales) Measure

The restart project is a central government backed initiative and does not impact children and families directly and therefore there has been no targeted consultation specifically aimed at gaining the views of children and young people. Nevertheless the broad aims of the project in improving life chances and the economic wellbeing of the long term unemployed will have an indirect impact.

Wellbeing of Future Generations (Wales) Act 2015

A prosperous Wales: The restart scheme is designed specifically to help people into work to enable its target group to lead more prosperous and rewarding lives. The programme focusses on the long term unemployed and is a results based project

A healthier Wales: Finding work for the long term unemployed will have a number of benefits particularly to self-esteem and wellbeing. Regular work may also break cycles damaging behaviours and improve home life for some benefitting a wider family group.

A more equal Wales: Breaking the cycle of unemployment will help create a more equal Wales and help people feel more involved and being a stakeholder in the system.

A Wales of vibrant culture and thriving Welsh language: Increased affluence will help strengthen community roots and enable a greater level of participation in society.

The proposed policy supports the ways of working expressed in the Future Generations Act as follows:

Long-Term: The Restart project targets the impact of long-term unemployment and help change people's lives for the better. The results payments are partly based on the quality of employment and the impact of participation will make a difference to some of the clients and the potential to change their life chances for the long term.

Preventive: The prospect of moving long term unemployed people into stable employment provides the opportunity to make life changes that prevent a range of mental health issues, provide structure in otherwise potentially chaotic lifestyles and build self-confidence and a sense of wellbeing. For some involvement may avoid slipping into criminality.

Integration: The employment advisors will sit alongside colleagues offering a range of support to people seeking work enabling a more joined up approach to work and skills support.

Collaboration and Involvement: Newport's restart offer will be delivered through the hub network and will benefit through the integration with other community-accessed services

Crime and Disorder Act 1998

Section 17(1) of the Crime and Disorder Act 1998 imposes a duty on the Local Authority to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area.

Consultation

Comments received from wider consultation, including comments from elected members, are detailed in each application report in the attached schedule.

Background Papers

None

Dated: 5 July 2021

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