



West London Economic Prosperity Board

13 November 2015

Title	Devolution and Public Service Reform
Report of	Andrew Donald
Status	Public
Urgent	No
Enclosures	None
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Summary

This report updates the Board on the London Proposition on Devolution and Public Service Reform as it relates to the Economic Prosperity Agenda, with a particular focus on Skills, Employment and Complex Dependency, Enterprise Support and Housing, and considers the implications for the Board's future work programme ahead of the Chancellor's Autumn Statement and Comprehensive Spending Review on 25th November 2015.

Recommendations

- 1. The Board notes its support for further devolution of key functions from Whitehall to London Government, and the role of the Board in overseeing such devolved functions in west London where a sub-regional approach is appropriate.**
- 2. The Board supports the three areas of focus for a devolved employment support system set out in section 2.1**
- 3. The Board supports the London Government proposals on devolution of skills and enterprise support, and the proposed west London approach to Post-16 Education and Training Area Reviews in London.**
- 4. The Board agrees to receive a report on the Housing and Planning Bill at its February meeting to agree priorities for the sub region**

- 5. The Board requests that the Director of the West London Alliance, in consultation with Board Members, prepares a public statement from the WLEPB in response to the Spending Review, summarising the Board's position on the issues in this paper and ambitions for its future work programme**
- 6. The west London Growth Directors Board are tasked with organising an event to engage a wider constituency of west London businesses in reviewing the priorities for business support and how best to support and engage in the WLEPB's emerging priorities for economic prosperity, before the next meeting in February.**

1. WHY THIS REPORT IS NEEDED

1. Issues for Consideration

- 1.1. One of the functions of the West London Economic Prosperity Board is: "Seeking to be the recipient of devolved powers and/or funding streams for the local government areas of the participating local authorities, which relate to the economic prosperity agenda" (WLEPB Function and Procedure Rules)
- 1.2. In London, possible devolved powers are being negotiated as a partnership between the Greater London Authority (GLA), London Councils (LC) and boroughs.
- 1.3. The London Proposition on Devolution and Public Service Reform was submitted to the Chancellor on 4th September 2015 to provide a basis of further discussion and negotiation with Government. It presents propositions across six interrelated themes: Employment and Complex Dependency; Skills; Enterprise Support; Crime & Justice; Health; and Housing as a platform for authorities and groups of authorities to improve outcomes. This paper seeks the Board's views on four of these themes:

2. REASONS FOR RECOMMENDATIONS

2.1 Transforming Employment Support

There are three main components to London's proposition on transforming employment support, which build on local evidence of what works from a range of local multiagency projects underway to transform skills and employment support in west London and elsewhere:

- 2.1.1 Universal support provided through co-located and integrated 'local hubs'; including prototyping more sophisticated diagnostic and triage to develop a universal service for anyone wanting help to find employment, including referral to specialist provision based on intelligent customer segmentation. This would be delivered through an integrated, co-located 'front door' to local employment services, with the goal of improving the customer experience and labour market outcomes. This service would be organised around 'local hubs',

which integrated core Jobcentre Plus functions with other local employment-related support.

- 2.1.2 A specialist employment support programme for disadvantaged residents, where devolution drives greater investment and integration to build on the successes of the Work Programme and address its limitations through a partnership between national government and west London to design and deliver a specialist employment programme with: greater investment – by using devolution to mobilise both national and local resources, focused around priority cohorts; and greater integration – by using devolution to drive access and referral routes and a focus on employment through other local public services, such as health.
- 2.1.3 Joint governance of the employment support system, including a financing and accountability arrangement that shares investment and rewards to create effective governance models for the local employment support system in west London, which balances the interests and contributions of both national and local government. This should include clarity about lines of accountability, to ensure robust performance management, and an agreement (with DWP and HM Treasury) about the resourcing of employment support and the distribution of returns on investment.

2.2 Skills

- 2.2.1 The skills devolution proposals centre on the need to transform London's skills system to be more responsive to labour market need. The aim is to boost economic growth and employment, and reduce welfare dependency, by focusing investment in provision that will increase productivity and progression into and within work.
- 2.2.2 The proposals are designed to achieve a labour market led system which ensures businesses can recruit the people they need and local residents can secure good jobs, with shared responsibility between employers, individuals and government, greater integration and alignment with local services (particularly employment support services – see also section 2.1) and greater local accountability. Preliminary indications are that these proposals have been well-received in Government.
- 2.2.3 London government is proposing to take a leading role in Post-16 Education and Training Area Reviews and a detailed paper on the Area Reviews process as it affects west London is being considered separately by the WLEPB at its meeting on 13th November 2015.

2.3 Housing

- 2.3.1 The London Proposition sets out the importance of increasing housing supply across all types of tenure to create prosperous, mixed communities that can drive productivity, support enterprise and share in the capital's wealth - through delivering a comprehensive package of reforms to public and private land assembly and levers over planning and financing to achieve a step increase in home building which can be sustained over many years.

Preliminary discussions with government suggest that the proposals need reviewing to ensure widespread support and deliverability.

- 2.3.2 There is a growing sense of urgency amongst west London boroughs to increase the pace of house supply, with a need to reach consensus on the best approaches to enable development and planning approvals at a London, west London and borough level. In addition to the obvious social problems that can be caused by a lack of affordable housing, this will ultimately restrict economic growth with businesses relocating to other UK or European cities if the skilled workers they need can't afford to live within a reasonable travel-to-work area.
- 2.3.3 The Housing and Planning Bill, published on 13th October, had its second reading in the House of Commons on 2nd November and has potentially significant implications. The timing for when the Bill will enter the committee stage, providing the opportunity to table amendments and engage with Parliamentarians, is yet to be confirmed. Amongst other things the Bill grants the Secretary of State additional powers, for example to set a required proportion of Starter Homes on given sites and 'speed-up' the planning process, also placing additional duties on local planning / housing authorities that could challenge more locally-led solutions developed by the Board and London Government more generally.
- 2.3.4 Indeed, a number of government housing policies appear to constrain local government's influence over the housing market, including: housing association Right to Buy; forced sale of high value council properties; the 1% social rents cut and other welfare changes affecting housing.
- 2.3.5 Starter Homes are new build properties to be sold to first time buyers (FTBs) aged under 40 at a 20% discount on market value. This is unlikely to be affordable for many people in west London, and the prioritisation of starter homes in the Bill may squeeze-out 'traditional' affordable, shared ownership and potentially PRS housing units to meet the government's target of 200,000 starts by 2020.
- 2.3.6 It is recommended that the Board receives a detailed update on the progress of the Housing and Planning Bill and the latest London proposals for housing at its February meeting, with a view to agreeing priorities for west London and any proposed amendments, in consultation with London Government.

2.3 Enterprise Support

- 2.3.1 The London Proposition seeks co-funding to develop, expand and maintain the London Growth Hub for the next 5 years with a focus on targeting services to businesses which contribute most to London's productivity; Joint Mayor/SoS sign-off of the business plan for the Business Growth Service (including MAS); from 2017/2018, devolution of all business support funding and programmes to the Mayor, to deliver and potentially match with the European Regional Development Fund (ERDF); the Mayor to lead on a Trade and Investment Plan for London; 'dual key' arrangements (Mayor and Trade Minister) for the sign off of the UKTI London regional services in advance of

full devolution to London; a £150m London Innovation Investment Fund, to complement proposals on skills and business support devolution, to help drive forward growth sectors in London and contribute to the Government's goal of raising UK productivity. The London Innovation Investment Fund would include the devolution of some capital and revenue funds from Innovate UK and other national programmes to invest in catalytic projects working with London's knowledge base to support high value sectors.

- 2.3.2 The Board is invited to consider role of the WLEPB in enterprise support and how best to improve support for, and engagement with all west London businesses and employers in support of the Board's wider ambitions for devolution and public service reform.
- 2.3.3 It is recommended that the West London Growth Directors Board be tasked with organising an event to engage a wider constituency of west London businesses in reviewing the priorities for business support and how best to support and engage in the WLEPB's emerging priorities for economic prosperity, before the next meeting in February.
- 2.4 The Spending Review and Autumn Statement on 25th November are likely to make important announcements impacting the shape and nature of devolution and public service reforms over the next four years. The Board is asked to consider the core aspects of any public statement it may wish to make in response to the Chancellor's statement, in liaison with London Government.

3 ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 N/A

4 POST DECISION IMPLEMENTATION

- 4.1 N/A

5 IMPLICATIONS OF DECISION

5.1 Priorities and Performance

- 5.1.1 N/A

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 None

5.3 Social Value

- 5.3.1 N/A

5.4 Legal and Constitutional References

- 5.4.1 N/A

5.5 **Risk Management**

5.5.1 N/A

5.6 **Equalities and Diversity**

5.6.1 Devolution of key economic functions to London Government and the sub region will enable services and interventions to be better tailored and accountable to west London's population.

6 **BACKGROUND PAPERS**

6.1 None