

Cabinet – 21 July 2021

Restart scheme

Portfolio: Councillor Adrian Andrew, Deputy Leader of the Council and Portfolio Holder for Regeneration

Related portfolios:

Service: Regeneration Housing and Economy

Wards: All wards

Key decision: Yes

Forward plan: Yes

1. Aim

1.1 The Council wishes to provide services on behalf of Serco, acting as a supply chain partner for the Restartscheme ('Restart' or the 'scheme'), which is a Department for Work and Pensions(DWP) national welfare to work programme. Restart is a key driver to address the economic impact of Covid-19as outlined in the Government Plan for Jobs. The scheme will provide intensive and tailored support to universal credit benefit claimants who have been out of work between 12 to18 months. Primeproviders will work with local supply chain partners, including local authorities, to deliver personalised support to participants. Referrals of participantswill be managed by DWP directly to prime providers, in the West Centralregion the contract has been awarded toSerco, who in turn will award to supply chain partners to deliver the contracton their behalf.

2. Summary

2.1 On 25 November 2020 the Chancellor of the Exchequer, Rishi Sunak,announced in his spending review the creation of the Restart scheme. The scheme, valued at £2.9 billion, is part of a £3.7 billion package of additional funding allocated to support frontline services and to enable DWP to deliveron 'The Plan for Jobs', a package of support to help unemployed people back into work.

2.2 This will be the first contract to be procured from the DWP Commercial Agreement for the provision of Employment and Health Related Services (CAEHRS) framework. The CAEHRS framework was procured and contracted in 2020.

2.3 Restart will provide intensive support designed to help universal benefit claimants ('participants') into sustained work. It will initially target people who

have spent between 12 and 18 months claiming Universal Credit in the Intensive Work Search Regime (IWSR). Restart will also offer a proportion of spaces for claimants at other points in their journey at the discretion of a Jobcentre work coach.

- 2.4 The scheme is designed to improve employability and the chances of sustained employment for those at risk of long term unemployment.
- 2.5 The scheme will seek to break down employment barriers that could prevent participants from finding and sustaining work. The aim is for prime providers to work with local employers and a sub-contracted supply chain to deliver tailored support for participants. Referrals of participants would be directed by individual work coaches through DWP systems to prime providers, who in turn would refer to their approved supply chain delivery partners.
- 2.6 Delivery is planned to commence in July 2021 and referrals will be made over 4-years of a 5 year contract. Restart will benefit more than 1 million universal credit claimants across England and Wales who are expected to be looking for and be available for work. The programme will provide intensive support to participants for up to 12 months with referrals being made directly from Jobcentres work coaches.
- 2.7 Prime providers will have a supply chain of local delivery partners on the basis of payments via an up-front delivery fee to help set up an appropriate delivery model, and the majority of payments will be through a 'payment by results' method.
- 2.8 In the West Central region, the contract was awarded to Serco, who have offered a contract to the Council to participate in their supply chain model.
- 2.9 This is a key decision because the Council will use its own resources to deliver on Restart and referrals of eligible claimants will be received from all four Walsall Jobcentres. The claimants are expected from all ward areas of the borough.

3. Recommendations

- 3.1 That Cabinet approves the Council to enter into a contract with Serco for a term of 5 years to act as a supply chain partner on the Restart scheme subject to intensive scrutiny, due diligence and contract negotiations.
- 3.2 That Cabinet notes the financial implications and financial risks set out in Section 4 of the report.
- 3.3 That Cabinet delegates authority to the Executive Director for Economy Environment and Communities in consultation with the Deputy Leader of the Council and Portfolio Holder for Regeneration to authorise the Council to enter into a contract and to subsequently authorise the sealing of any deeds, or signing of contracts or other related documents for such services and variations to the contract during its term.

4. Report detail - know

Context

- 4.1 The Employment & Skills Team were approached by Tier 1 prime providers bidding for the Restart contract due to reputation on delivery and recognition of the Council funded Walsall Works programme. Most prime providers also requested for Walsall Works to be part of their model as a strategic partner providing data and intelligence on the needs of Walsall residents and employers.
- 4.2 Additionally, two of the prime providers (Serco and Jobs22) asked Walsall Works to participate in their supply chain by becoming an end-to-end delivery partner for the Walsall Borough. It was anticipated that there would be 3 main supply chain delivery partners in Walsall; the Council, Steps to Work and Pathway Group.
- 4.3 On 4 February 2021 and 11 March 2021 CMT approved the Council's continued negotiations with prime providers including the submission of initial expressions of interest with individual profiles of clients to be engaged. At those stages the Council was not committed to the scheme because further involvement was subject to a formal contract award announced by DWP to a single prime provider.
- 4.4 Initial discussions regarding delivery profiles outlined a potential offer of a 1% allocation of the West Central Region contract package area, at approximately 1495 universal credit claimant referrals spanning over a 4-year delivery period.
- 4.5 The benefits of becoming an end-to-end supply chain partner are:
- Economic growth for the place, people and businesses in Walsall
 - Potential to generate income to further grow and sustain the existing Council-funded Walsall Works programme, launched in 2012
 - Help to those at risk of long term unemployment to get into work
 - Build new and more robust employer links, including greater control on matching local vacancies to local unemployed people
 - Bring jobs and funding to our area, as part of our Covid19 recovery plan
 - Work closely with the WM Combined Authority to steer valuable employer intelligence to bring forward jobs for Restart participants
 - Align adult skills budgets to bolt on and deliver accredited learning
 - Create links between Council services, local partner and services
 - Build new expertise in delivering welfare to work programmes
 - To help shape the needs and gaps for the UK Shared Prosperity Fund
- 4.6 The disadvantage of becoming an end-to-end delivery partner are:
- How we would ensure we pursue quality outcomes for people not just throughput and not just be led purely by the payment by results income
 - Reputational risk as we will be bound up with the reputation of the prime provider, who may or may not perform against its overall targets for the West Central contract area.

- Financial risk to due to our inability to meet agreed profiles which would reduce the potential income levels to cover costs for the delivery model.

4.7 In late April 2021 it was announced that DWP had awarded the Restart scheme in the West Central region to Serco. In turn, Serco progressed to mobilisation with all those partners who had expressed an interest to be a supply chain delivery partner, including the Council.

4.8 This process now involves robust due diligence, including detailed review and analysis to provide confidence in our processes, policies and practices. This is currently underway but does not commit us to formally enter into a contract.

4.9 At the time of Serco submitting their tender to DWP, it was confirmed that there were 12,125 universal benefit claimants in Walsall with the Restart scheme profiling 8,942 benefit claimants to bereferrals over the lifetime of the contract – this accounts to 74% of all claimants within Walsall being supported. In order to meet this profile, Serco have offered contracts to three supply chain partners in Walsall: Walsall Council (1495 referrals);and the residual referrals will be made to other suppliers; Steps to Work and Pathways Group.

4.10 In other local authority areas in the West Central region, Serco have also offered contract awards to Sandwell Metropolitan Borough Council and Wolverhampton City Council for 1495 claimantreferrals to each authority. Both these local authorities are also working through the governance, approvals and due diligence processes in order to consider and seek approval to accept the contract offer.

4.11 DWP have determined the contract ‘go-live’ or start date as 1 July 2021, however Serco recognise the complexities of the local government governance. Subject to Cabinet approval, the Council will agree a later contract start of late July 2021.

4.12 In early May 2021 Serco issued a draft contractto the Council for initial comments which has been reviewed by the report authors and Legal Services. Serco informed the Council that the final version of the contract must be agreed by 17 Mayand signing of the contract was anticipated on 21 May. The Council informed Serco that it would need to have detailed review of the contract and seek formal approval from Cabinet to accept and enter into a contract.

4.13 Table A – Participants

| Participant Referrals (numbers) | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|--|-------------|-------------|-------------|-------------|-------------|--------------|
| Participant Referrals | 178 | 628 | 528 | 161 | 0 | 1495 |
| Standard outcome profile | 3 | 96 | 131 | 77 | 7 | 314 |
| Accelerated outcome profile | 0 | 15 | 78 | 74 | 27 | 194 |

4.14 Table Aabove contains the agreed profiles of claimants over the proposed 5-year contract period with delivery over 4 years to be referred to the Council for

intensive employment support which leads to sustained employment outcomes:

- 1495 participants referrals;
- 508 participants supported into sustained job outcome (34%)
- Of these 508 job outcomes (34% of those referred) outcomes, 314 (21%) would be paid at the standard rate of £2,571.43 net income, and 194 (13%) would be paid at the accelerated rate of £3,600 net income.
- All outcomes are awarded on confirmation from HMRC that the participant has earned at least the National Living Wage for 25 year olds for 16 hours a week for 26 weeks (currently £8.91 x 16 hours x 26 weeks = £3,706.56)

4.15 Table B – Expenditure costs

The breakdown of delivery costs is at Appendix 1, a summary is set out below.

Total delivery costs

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | TOTAL |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|---------------|------------------|
| Staff costs | 140,251 | 369,698 | 400,298 | 305,839 | 167,361 | 39,358 | 1,422,805 |
| Participant costs | 17,742 | 78,099 | 147,365 | 117,366 | 35,365 | 0 | 395,937 |
| Additional costs | 63,317 | 59,676 | 59,920 | 60,167 | 60,416 | 8,473 | 311,968 |
| Total delivery costs | 221,310 | 507,472 | 607,583 | 483,372 | 263,143 | 47,831 | 2,130,710 |

4.16 Table B above sets the profiled delivery model expenditure costs required to meet the profiled outcomes in Table A. The costs are broken down as:

- Staffing Delivery Costs (including redundancy costs) £1,422,805
- Participant Costs (including travel, premises, IT, training) £395,936
- Additional Costs (premise, legal, finance) £311,967

4.17 Table C – Profile Income

C1 – Delivery fee only

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | Total |
|---------------------|---------|---------|---------|--------|--------|------|---------|
| Delivery fee income | 182,946 | 199,089 | 129,139 | 96,854 | 37,665 | 0 | 645,693 |

C2 – Delivery fee plus standard outcomes

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | Total |
|-------------------------------------|---------|---------|---------|---------|--------|------|-----------|
| Delivery fee plus standard outcomes | 189,797 | 446,492 | 465,607 | 294,889 | 56,025 | 0 | 1,452,810 |

C3 – Delivery fee plus standard and accelerated outcomes

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | Total |
|------------------------|---------|---------|---------|---------|---------|------|-----------|
| Total on target income | 189,797 | 501,472 | 748,375 | 559,587 | 153,080 | 0 | 2,152,311 |

4.18 Table C above sets the profiled income levels at three payment stages, these are calculated on the volume of referrals and job outcomes set out in Table A.

C1 - Delivery fee is a monthly upfront payment which has no job outcome conditions and will help to cash flow the delivery model (set at approximately 30% of monthly contract value). The delivery fee income is valued £645,693, as set below in Table C.

C2 - Delivery fee plus standard outcome fee is based on the delivery fee plus 21% of participants going into a standard job outcomes. Standard outcomes are achieved once the required earnings threshold has been confirmed by HMRC real time information systems through PAYE. The standard outcome fee is set at £2571.43 per participant meeting this threshold. The delivery fee plus standard income is valued £1,452,810, as set below in Table C.

C3 - Delivery fee plus standard and accelerated outcomes fee is based on the on delivery fee plus any additional participants exceeding the standard job outcome above the 21% up to the contact level of 34%. These are confirmed at the same earning thresholds as standard outcomes and the fee is set at £3,600 per participant into sustained employment. The delivery fee plus accelerated income is valued £2,152,311 as set below in Table C.

4.19 Table D – Income minus expenditure costs

D1 - Delivery fee only

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | Total |
|-----------------------|-----------|-----------|-----------|----------|----------|--------|-----------|
| Delivery fee income | (182,946) | (199,089) | (129,139) | (96,854) | (37,665) | 0 | (645,693) |
| Total costs | 221,310 | 507,472 | 607,583 | 483,372 | 263,143 | 47,831 | 2,130,710 |
| Shortfall / (Surplus) | 38,363 | 308,383 | 478,444 | 386,518 | 225,477 | 47,831 | 1,485,016 |

D2 - Delivery fee plus standard outcomes

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | Total |
|-------------------------------------|-----------|-----------|-----------|-----------|----------|--------|-------------|
| Delivery fee | (182,946) | (199,089) | (129,139) | (96,854) | (37,665) | 0 | (645,693) |
| Standard outcomes fee | (6,850) | (247,403) | (336,469) | (198,035) | (18,360) | 0 | (807,117) |
| Delivery fee plus standard outcomes | (189,797) | (446,492) | (465,607) | (294,889) | (56,025) | 0 | (1,452,810) |
| Total costs | 221,310 | 507,472 | 607,583 | 483,372 | 263,143 | 47,831 | 2,130,710 |
| Shortfall / (Surplus) | 31,513 | 60,980 | 141,975 | 188,483 | 207,117 | 47,831 | 677,900 |

D3 - Delivery fee plus standard and accelerated outcomes

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | Total |
|--------------------------|-----------|-----------|-----------|-----------|----------|--------|-----------|
| Delivery fee | (182,946) | (199,089) | (129,139) | (96,854) | (37,665) | 0 | (645,693) |
| Standard outcomes fee | (6,850) | (247,403) | (336,469) | (198,035) | (18,360) | 0 | (807,117) |
| Accelerated outcomes fee | 0 | (54,980) | (282,768) | (264,699) | (97,054) | 0 | (699,501) |
| Total on target income | 189,797 | 501,472 | 748,375 | 559,587 | 153,080 | 0 | 2,152,311 |
| Total costs | 221,310 | 507,472 | 607,583 | 483,372 | 263,143 | 47,831 | 2,130,710 |
| Shortfall / (Surplus) | 31,513 | 6,000 | (140,793) | (76,216) | 110,063 | 47,831 | (21,602) |

4.20 Table D above contains profiled income level minus the expenditure delivery costs:

D1 - Delivery fee only based on employability support to participants referred

D2 - Standard income fee based on 21% of participants achieving standard outcomes, which is set at a lower fee of £2,571.

D3 - Accelerated job outcome fee based on a further 13% of participants achieving accelerated job outcomes, which are set at a higher fee of £3,600.

4.21 The calculations in the above tables summarise the financial position on various outcome scenarios with the accelerated outcome table (D3) recovering all costs.

4.22 Table E – Early Termination Delivery Fee payback

If there is a need to invoke the termination clause in the contract, there will be an implication for the delivery fee which in the first two years is paid upfront to support mobilisation of the contract. The potential delivery fee clawback is calculated in the table below at each year end and as the contract passes the first two years the delivery fee income will then be due to the Council from Serco.

| | Dec 2021 | Dec 2022 | Dec 2023 | Dec 2024 | Dec 2025 |
|-----------------------------------|----------|----------|-----------|-----------|----------|
| Potential payback or (income due) | £106,116 | £33,877 | (£65,146) | (£37,665) | 0 |

4.23 Table F – Walsall Works Performance

| WW Outcomes - Programme Lifetime | | | | | | | | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Outcome Type | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total |
| Walsall Works Apprenticeships (funded) | 104 | 262 | 113 | 73 | 92 | 22 | 15 | 11 | 1 | 0 | 693 |
| Walsall Works Apprenticeships (LACs) | 0 | 0 | 0 | 0 | 0 | 4 | 8 | 1 | 0 | 0 | 13 |
| People into Apprenticeships (non-funded) | - | 86 | 91 | 31 | 19 | 33 | 31 | 32 | 17 | 4 | 340 |
| People into employment | - | 157 | 180 | 164 | 160 | 363 | 272 | 450 | 315 | 22 | 2061 |
| People supported with employability skills | 295 | 741 | 611 | 368 | 442 | 624 | 427 | 719 | 540 | 65 | 4767 |
| People into accredited training | - | 75 | 103 | 40 | 56 | 126 | 67 | 162 | 183 | 10 | 812 |
| People in traineeships | 191 | 159 | 99 | 40 | 100 | 44 | 11 | 28 | 1 | 1 | 673 |
| People into work placements | - | - | 24 | 14 | 13 | 25 | 18 | 27 | 2 | 0 | 123 |
| People into self-employment | - | - | 1 | 4 | 2 | 7 | 5 | 8 | 7 | 1 | 34 |
| People into Kickstart Placements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14 | 27 | 41 |
| No of Customer Contacts | - | - | 504 | 1058 | 1564 | 1241 | 1205 | 1728 | 1192 | 142 | 11471 |
| No of job vacancies advertised | - | - | - | - | - | 145 | 175 | 219 | 220 | 27 | 759 |

4.24 Table F above, provides some comparable data on our performance through the Walsall Works programme (which include our delivery on the BC Impact programme) since 2012. The table demonstrates our ability to deliver job outcomes and provides confidence in our ability to achieve the Restart volumes.

4.25 Over 9 years, Walsall Works has supported 2061 people into employment, an average of 229 each year but these have not been tracked beyond day one. Walsall Works is a voluntary programme for participants so they are willing to engage, job outcomes are measured at job entry points only (rather than for sustained employment). Participants vary in their economic circumstances, length of unemployment and present with fewer barriers to employment. Therefore, the table provides a guide and not a guarantee of future job outcome successes.

4.26 Furthermore, eligible universal credit claimants who have been unemployed for 12-18 months will be mandated onto the Restart scheme and referred to suppliers, such as the Council. These participants will have varying personal

circumstances and backgrounds which will be unknown prior to referral, they may be unwilling or unable to engage, difficult to sustain regular contact with and may not wish to be placed into employment. However, given the target group to be referred is within the Universal Credit Intensive Work Search Regime (IWSR) it is highly likely that participant will be those claimants who are ready and willing to participate in an mandatory employment support programme.

Council Corporate Plan priorities

4.27 Restart will contribute to the following Corporate Plan Priority:

Economic Growth for all people, communities and businesses. This contributes towards the outcomes of:

- Creating an environment where business invests and everyone who wants a job can access one.
- Education, training and skills enable people to fulfil their personal development.

People have increased independence, improved health and can positively contribute to their communities. This contributes to the outcomes of:

- People live a good quality of life and feel that they belong.
- People know what makes them healthy and they are encouraged to get support when they need it.

Risk management

4.28 The key risk is that the Council will be bound by a 5 year contract to provide resources for the delivery model for 4 years. It will be required to enter into a contract to deliver on a predominantly 'payment by results' welfare to work model. It will be the first time the Council has participated in this type of income model which in itself present risks due to uncertainty in our ability to achieve the requirements of the contract. It should be noted that Sandwell and Wolverhampton Council are in similar positions, so learning and best practice could be shared.

4.29 The Council will be required to underwrite and cash flow the expenditure costs for the delivery model costs, as set out in 4.15 (Table B – Expenditure Costs) which is valued at £2.130 million over the contract lifetime. This is a worst case scenario where the Council would need to pick any shortfall between expenditure and income. Regular finance reviews will take place to prevent this from happening.

4.30 Cabinet should consider all scenarios in terms of financial loss and gain.

4.31 The worst case scenario is unlikely, given our proven track of delivering job outcomes for local residents although there could be competition from other supply chain partners to access the local and regional job vacancies. Consideration should be given to the long term benefit of our participation in

such a scheme i.e. experience in delivering on a welfare to work programme, the potential to secure sustainability funding for Walsall Works.

- 4.32 The delivery model costs have been agreed between Serco and the Council, based on the anticipated level of management, staffing, ICT, participant, premises and other costs. Due to the scheme being new and the uncertainty on the needs of the participants, we recognise that some participants may require more support than others but the prime providers have set an upper limit on the value of additional participant support costs to mitigate risks.
- 4.33 There is a risk that the Council will fail to achieve the desired outcome profiles, which will be mitigated by the close scrutiny of the contract by Serco and who were keen to invite and enable local authorities, who have not previously participated in welfare to work contracts, to be a part of their supply chain.
- 4.34 There is a reputable risk to the Council if we fail to manage referral volumes and outcome profiles but this will be mitigated by the staffing structure put in place who will be recruited with the relevant experience and qualification to steer and manage programme delivery to achieve the profiled outcomes set in the contract.
- 4.35 Staffing presents a risk, if we are unable to attract qualified programme managers and advisors, to some degree this has been mitigated by mobilising existing staff in order to commence delivery on the programme from the 'go live' date and early recruitment for additional staff will start as soon as approval is secured.
- 4.36 There is a risk if we are impacted by another Covid19 variant which impacts our face to face delivery model, Serco have confirmed that appointments can be virtual if the country is forced back into lockdown measures.
- 4.37 A draft project plan has been prepared which includes detailed financial modelling, project delivery models, governance, management structure, monitoring, reporting and control. This includes risk assessment, exit strategies and equality impact.
- 4.38 There is no intention that a profit or surplus will be made from the contract and this will ensure we remain compliant with the Council's power to charge for discretionary services pursuant to section 93 of the Local Government Act 2003. Given the primary reason for participating is not the trading of profit, the Council may generate a surplus which could be invested in the delivery model or elsewhere in other related services. The most important factor is the Council must break even and not make a loss on this contract to manage financial risks.
- 4.39 The profiles and financial modelling indicates that income and expenditure levels may result in a small net surplus, however if required these will help to account for any non-profiled overheads costs i.e. heating, lighting, caretaking, cleaning, print.

- 4.40 The draft contract states that Serco have right to terminate the contract 'for convenience', which in the absence of any definition or guidance elsewhere in the contract, increases the risks for both parties about the circumstances in which Serco may do so. The Council have requested a two way agreement to terminate 'for convenience' and at this stage Serco have confirmed a side letter to contract would be issued to enable exit from the contract.
- 4.41 It is to be noted that if termination or withdrawal of the contract occurs by either parties, consideration will need to be made on the payback of the upfront delivery fee as well as impact on delivery staff, any potential TUPE of staff to a new delivery partner or any redundancy costs incurred.
- 4.42 Delivery costs may present financial risks if we are unable to meet outcome profiles, however Serco have already pre-populated the indicative job roles and positions required based on the minimum caseload size per advisor. Through regular provider meetings, we will be able to highlight financial risks in the delivery model in order to consider the requirement on job roles and positions.
- 4.43 Clawback of funds will not be a risk, as the Council will provide the resources out of its own internal budgets to establish the delivery model in order to provide the contractually required services. This will put the Council at risk, as Serco will pay the majority of the income to the Council on the achievement of job outcomes. The job outcomes which will be calculated through the HMRC real time information PAYE systems to verify that participants have commenced paid employment and reached the minimum earnings threshold of approximately £3,706.56.
- 4.44 Costs associated with participant tracking and monitoring will not be an issue, as Serco will put in place a dedicated client record management system (Jasper) which will track each stage of the participant journey.
- 4.45 There is a risk that the Council fails an independent audit, and as a result risks a loss of reputation. This will continue to be managed and mitigated through the financial and programme management systems including the client record system. To complement audits and to ensure we manage any risks, internal audit checks will be put in place including the introduction of performance and output monitoring.
- 4.46 There is a risk that the Council will fail to deliver against the profiles. This could present a financial risk which will be managed and mitigated through our experienced of the Council's Employment and Skills Team, who have a proven track of managing large and complex employed related regeneration programmes.
- 4.47 Restart will support those universal credit claimants who are 12-18 months unemployed and hence may present with entrenched or complex needs, however it is highly likely that these claimants will have been displaced by the pandemic and therefore actively seeking work, willing to work and closer to the labour market.

- 4.48 There is a risk that the Council will be referred young claimants which may conflict with our ability to perform on the ESF funded BC Impact programme, whilst we will not have any control on the participant referrals, we have already indicated this conflict to Serco who may be able to encourage referrals of those aged 30+.
- 4.49 All three suppliers for Serco will be engaging with employers to bring forward vacancies which could create a risk with being able to access a sufficient volume of jobs for our participants.

Financial implications

- 4.50 The financial model for the programme is expected to cover the full delivery costs leaving a small surplus balance of £22k at the end of the scheme.

Table below contains profiled income level minus the expenditure delivery costs:

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | Total |
|--------------------------|-----------|-----------|-----------|-----------|----------|--------|-----------|
| Delivery fee | (182,946) | (199,089) | (129,139) | (96,854) | (37,665) | 0 | (645,693) |
| Standard outcomes fee | (6,850) | (247,403) | (336,469) | (198,035) | (18,360) | 0 | (807,117) |
| Accelerated outcomes fee | 0 | (54,980) | (282,768) | (264,699) | (97,054) | 0 | (699,501) |
| Total on target income | 189,797 | 501,472 | 748,375 | 559,587 | 153,080 | 0 | 2,152,311 |
| Total costs | 221,310 | 507,472 | 607,583 | 483,372 | 263,143 | 47,831 | 2,130,710 |
| Shortfall / (Surplus) | 31,513 | 6,000 | (140,793) | (76,216) | 110,063 | 47,831 | (21,602) |

Delivery fee only based on employability support to participants referred
Standard income fee based on 21% of participants achieving standard outcomes, which is set at a lower fee of £2,571.
Accelerated job outcome fee based on a further 13% of participants achieving accelerated job outcomes, which are set at a higher fee of £3,600.

- 4.51 There is a risk that the outputs set are not achieved in full and may impact the income that we receive. Various scenarios have been calculated:

Scenario 1 -No outcomes achieved - £1.485m loss
 Scenario 2- Standard outcomes achieved only - £678k loss
 Scenario 3 – All outcome achieved - £22k surplus

Full details can be seen in section 4.19

- 4.52 To mitigate the risk in the event of outputs not being fully achieved an early clause will be built into contract allowing either party to terminate contract to minimise any potential losses.
- 4.53 If there is a need to invoke the termination clause in the contract, there will be an implication for the delivery fee which in the first two years is paid upfront to

support mobilisation of the contract. The potential delivery fee clawback is calculated in the table below at each year end for the life of the contract.

4.54 If the termination clause was invoked, the Council would have to pay back a proportional amount of the delivery fee, above, and also have to absorb the scheme delivery costs minus any income accrued at the point of termination.

4.55 If the contract were to be terminated early the financial impact would be as follows:

End of Year 1 – £138k – (£106k delivery fee payback and £32k delivery costs shortfall)

End of Year 2 - £125k (33k delivery fee payback and £92k delivery costs shortfall)

Legal implications

4.56 Legal costs have been profiled into the delivery model.

4.57 Legal Services have been consulted at various points during the expression of interest and mobilisation process.

4.58 The legal implications of the Council trading and generating income have been dealt with in the business case for this proposal, with summaries of the forecasts to demonstrate the Council breaking even and how it will treat any surplus set out earlier in this report.

4.59 A draft contract has been issued by Serco setting out their proposed terms and conditions, some of which have passed down from DWP. Legal Services have reviewed this and made some initial observations and recommendations for the report authors to consider; this will involve consulting with other Council officers about various aspects, such as the insurance requirements. The final contract will be subject to further scrutiny by the lead author.

4.60 Both the report authors and Legal Services have identified a concern within Serco's proposed draft contract that whilst Serco will have an option to terminate at any time by giving at least 90 days' notice, this is not a mutual break clause, so the Council cannot serve an equivalent notice and could therefore be obliged to continue with service delivery for 5 years, even if circumstances have changed and made the Council's position and resource provision untenable.

Procurement Implications/Social Value

4.61 There are no procurement implications for the Council.

4.62 The scheme contributes to the wider principles of social and economic value in all elements of the Council social value charter, particularly in support of local people.

Property implications

- 4.63 Co-location venues and premises have already been identified as part of the delivery model and risk assessments for these sites have already been conducted. Further inspection on suitability will be concluded prior to contract start and costs to meet the hire of rooms has already been costed in the delivery model. This also helps to support and build capacity of the voluntary community sector in the delivery of employability programmes, this could also involve volunteer support.
- 4.64 Existing community venues and partners premises have been identified and will be used as satellite offices with meetings spaces for advisors and their participants. These arrangements have already been negotiated and put in place for delivery of Walsall Works and BC Impact, but may need to be formalised to ring fence Restart delivery. This will enable community venues to enter into formal arrangement and will support with providing a regular income stream for community groups within key deprived ward areas.
- 4.65 An opportunity to have a centralised office in the town centre for Restart scheme would greatly benefit accessibility and access to support. This request has been put forward as part of the wider town centre masterplan proposals

Health and wellbeing implications

- 4.66 Restart will make a positive contribution to the health and wellbeing of those who are referred for support. Being in good work which offers a safe and secure job is better for your health than being out of work. Research provides clear evidence that that good work improves health and wellbeing across people's lives and protects against social exclusion. Conversely, unemployment is bad for health and wellbeing, as it is associated with an increased risk of mortality and morbidity.
- 4.67 For many individuals, in particular those with long-term conditions such as mental health problems, musculoskeletal (MSK) conditions and disabilities, health issues can be a barrier to gaining and retaining employment. The scheme will help to mitigate the costs from worklessness and sickness absence which amount to millions in public services.
- 4.68 The scheme should aim to address and remove health related barriers through collaborative working with public private and third sectors organisations and by signposting to clients to public and national health services
- 4.69 The Council has a statutory duty to promote health and wellbeing. Colleagues from Public Health are actively involved in the economic regeneration programmes such as Impact, Walsall Works and Kickstart. Working together we will promote healthy lifestyle initiatives to support the health and wellbeing of the Restart participants.

- 4.70 Long term unemployment leads to poorer health outcomes, therefore actions that support and enhance employment chances have an important role in improving health for the participants and their families. The Restart scheme will enhance the economic circumstance of people who participate, thus improving health and wellbeing outcomes for the wider community.
- 4.71 Public Health will support to map out all health and support services available through existing contracts and commissions, hence helping to ensure these services are fully utilised and also mitigating the Restart delivery model covering costs to address health barriers and issues.
- 4.72 A quality officer will be appointed, whose role it will be to assess the quality of the client journey which will include assessment of their health and wellbeing. Subject to income levels there may be an option to consider appointment of a dedicated Health and Wellbeing Officer, whose role will be to support advisors to access health support and public health services for participants. Alternatively, we could identify this resource from the existing Public Health team.
- 4.73 The Restart delivery model will include health and wellbeing action plans to be completed by employment advisors to assess any participant health barriers.
- 4.74 The Restart scheme will take into account and contribute towards the policy objectives from the Marmot review.

Staffing implications

- 4.75 The Council may mobilise some existing staff funded through the Economic Growth Programme into Restart roles, which would also help to mitigate any financial risks. The process to transfer has commenced and capacity within Employment and Skills team to support Restart has already been identified with currently one member of the team supporting the mobilisation of Restart.
- 4.76 The contract states that Serco and the Council will agree that TUPE is not expected or intended to apply at the end of the agreement, so the risk of Council staff being eligible for redundancy payments should be considered. The Council will be able to indemnify the New Employer for losses incurred by Serco and/or any New Employer as a result of or in connection with a TUPE transfer claim.
- 4.77 Some new appointments to set up the Restart scheme will be required, to complement existing staff who have been transferred. Once the team has been appointed, the redundancy costs for all staff will be calculated into the delivery model and these have been profiled into the delivery model costs.

Reducing Inequalities

- 4.78 An Equality Impact Assessment will be prepared for the Restart scheme outlining the support it will provide to Walsall residents who face economic, social and financial exclusion with multiple personal characteristics. Restart

will promote economic wellbeing and support participants to overcome barriers i.e. poor health, debt, housing and skills deficits through personalised one to one support. Restart will pro-actively engage employers to play a role in addressing disparity in workforces and help to improve recruitment methods which may prevent an unemployed participant joining the labour market due to their status, age, race, background, personal circumstances, special education needs and disabilities.

Climate Change

- 4.79 The scheme will consider how it can contribute towards the Climate Change Action Plan agreed by the Council in 2020 and in particular how to minimise waste and energy. The scheme delivery has already considered how it can reduce its carbon footprint whilst delivering the contract, through mitigating waste through the introduction of an electronic method of client record keeping rather than a paper based approach and how it enables virtual client engagement and contact wherever possible, hence reducing the waste and carbon emissions through travel. Clients will also be encouraged to use public transport methods of travel.

Consultation

- 4.80 All relevant Council directorates have been consulted and involved in the development of the Council Restart scheme in the preparation of reports.
- 4.81 The governance for the Restart scheme programme will be managed through the Walsall Works Management Board, chaired by the Deputy Leader of the Council and Portfolio Holder for Regeneration and involving senior representatives from all directorates together with finance colleagues.
- 4.82 Corporate Management Team members have been briefed on the Restart scheme on 4 February 2020 and 11 March 2021 and approved their support to continue to participate with submitting expressions of interest to prime providers.
- 4.83 Walsall Employment and Skills Board, have received a presentation on the Restart programme and the potential contract offer to Walsall Council and other suppliers.
- 4.84 Consultation with the West Midlands Combined Authority, Local Enterprise Partnerships and Local Authorities has been limited, due to the confidentiality agreements in place with providers which limited the ability to share indicative profiles. Now that the contract has been awarded these organisations will work closely to share performance, progress, delivery models and to share best practice. Working in partnership will be key to our joint success in delivering on the Restart scheme.
- 4.85 The Council has established links with community organisations which will be further strengthened due to the ability to co-locate delivery in outreach venues.

5. Decide

- 5.1 If Cabinet approves the Council becoming a supply chain partner and entering into a contract with Serco, this will commit the Council to set up the required delivery model and deliver on the scheme for the length of contract.
- 5.2 The Council's participation in Restart accepts responsibility to engage and support 1495 participants, moving 508 participants into employment to be measured at the point they reach a minimum income threshold.
- 5.3 Decide if the Council's Employment and Skills Team should programme manage and lead delivery on the Restart scheme through the Serco contract.

6. Respond

- 6.1 If approved by Cabinet it will allow the Council to continue with due diligence, and mobilisation in order to be ready to deliver on the Restart contract from our intended start date late July 2021. To support mobilisation three existing staff will move into place to establish the relevant programme management systems, develop operational arrangements to deliver and undertake relevant training.

7. Review

- 7.1 Progress with Restart will be reviewed by the Walsall Works Management Board, which has representation from each directorate, through various reports and dashboards, with meetings to be held every quarter either virtually or face to face. Further scrutiny will take place through reports to the Walsall Employment and Skills Board, currently chaired by Walsall College.
- 7.2 Weekly mobilisation meetings and programme management will take place with Serco, this has commenced and will be built into the scheme to capture and review how the programme is progressing and the quality of service provided for its participants. This process should help to shape our delivery model, ensuring that it delivers what participants require to progress to meaningful employment.
- 7.3 The Employment and Skills Team will continue to review guidance and seek clarification from other supply chain partners, such as Wolverhampton and Sandwell Councils and local Restart supply chain partners such as Steps to Work to share issues and learn lessons on delivery.

Background papers

The full government guidance for the scheme is on the Restart gov.uk webpage.

Appendix 1- Full Expenditure Breakdown.

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Simon Neilson
Executive Director for Economy Environment
and Communities

12 July 2021



Councillor Adrian Andrew
Deputy Leader of the Council and
Portfolio Holder for Regeneration

12 July 2021

Appendix 1

Total expenditure and delivery model costs, are outlined below:

| Staff Delivery Costs | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|---------------|------------------|
| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | Total |
| 1 x Programme Manager (£51,727.97 pa) | 39,182 | 52,765 | 53,292 | 53,825 | 54,364 | 18,302 | 271,732 |
| 1 x Regeneration Asst (£33,711.54 pa) | 17,114 | 27,656 | 27,933 | 28,212 | 28,494 | 9,593 | 139,005 |
| 1 x Employer Engagement (£47,889.67 pa) | 28,214 | 48,851 | 49,340 | 49,833 | 16,777 | - | 193,016 |
| 1 x Quality and In Work Of (£47,889.67 pa) | 24,183 | 48,851 | 49,340 | 49,833 | 37,748 | - | 209,957 |
| 6* x Employment Advisors (£37,084.79 pa) | 30,995 | 184,852 | 210,791 | 115,574 | 12,287 | - | 554,501 |
| Staff phones and car mileage | 560 | 6,720 | 9,600 | 8,560 | 5,040 | 1,840 | 32,320 |
| Staff Redundancy costs | | | | | 12,649 | 9,622 | 22,271 |
| Total Staff Costs | 140,250 | 369,697 | 400,297 | 305,839 | 167,361 | 39,358 | 1,422,805 |

*6 posts as at July 2022

Participant costs

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | TOTAL |
|--------------------------------|---------------|---------------|----------------|----------------|---------------|-------------|----------------|
| Appointment travel | 1,973 | 17,414 | 19,620 | 9,622 | 685 | 0 | 49,316 |
| Additional travel | 4,209 | 14,444 | 12,144 | 3,703 | 0 | 0 | 34,500 |
| Training | 3,400 | 13,600 | 34,000 | 30,600 | 10,200 | 0 | 91,800 |
| PPE | 4,284 | 17,136 | 42,840 | 38,556 | 12,852 | 0 | 115,668 |
| Childcare | 2,176 | 8,704 | 21,760 | 19,584 | 6,528 | 0 | 58,752 |
| Specialist | 1,700 | 6,800 | 17,000 | 15,300 | 5,100 | 0 | 45,900 |
| Total Participant Costs | 17,742 | 78,098 | 147,364 | 117,365 | 35,365 | 0 | 395,936 |

Additional costs

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | TOTAL |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|--------------|----------------|
| Co-location Costs | 17,625 | 35,250 | 35,250 | 35,250 | 35,250 | 0 | 158,625 |
| Tablet Devices | 18,000 | 0 | 0 | 0 | 0 | 0 | 18,000 |
| Specialist software | 600 | 0 | 0 | 0 | 0 | 0 | 600 |
| Loan Devices | 7,500 | 0 | 0 | 0 | 0 | 0 | 7,500 |
| Legal costs | 7,500 | 0 | 0 | 0 | 0 | 0 | 7,500 |
| Accountant (G9) | 12,091 | 24,425 | 24,670 | 24,916 | 25,165 | 8,472 | 119,742 |
| Total Additional Costs | 63,316 | 59,675 | 59,920 | 60,166 | 60,415 | 8,472 | 311,967 |

Total Delivery Costs

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | Total |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|---------------|------------------|
| Staff costs | 140,250 | 369,697 | 400,297 | 305,839 | 167,361 | 39,358 | 1,422,805 |
| Participant costs | 17,742 | 78,098 | 147,364 | 117,365 | 35,365 | 0 | 395,936 |
| Additional costs | 63,316 | 59,675 | 59,920 | 60,166 | 60,415 | 8,472 | 311,967 |
| Total Delivery Costs | 221,309 | 507,472 | 607,582 | 483,371 | 263,142 | 47,830 | 2,130,709 |

