



Highland Employability Partnership Competitive Challenge Grant Fund Employability Pathway and Specialist Support

Guidance



Scottish Government
Riaghaltas na h-Alba



Funded by
UK Government

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INTRODUCTION

This competitive challenge grant fund is being delivered by Highland Council on behalf of Work Life Highland, the brand name of Highland Employability Partnership (HEP).

The fund aims to support the delivery of an all age, all stage employability pathway provision for our residents who require additional support in their journey towards and into work including realising the potential of the large scale economic development initiatives currently emerging in Highland including the Green Free Port. The fund will also include specialist employability support for clients with disabilities and long-term health conditions. Our particular priority of tackling child poverty means that there is also a requirement for targeted provision to support parents.

There will be one grant award for Highland and whilst a single organisation can apply, it is the view of the HEP that it is unlikely that a single organisation will be able to deliver the full requirements of the grant fund. Consortium applications are therefore being encouraged.

Whilst the grant fund guidance is not stipulating the types of provision being proposed by applicants, there are minimum service delivery standards which the HEP requires to be adhered to and the successful provider/s will be monitored against agreed output and outcome targets.

The grant fund will be awarded to 31st March 2028 with the possibility to extend for a further 12 months. These timescales are subject to funding being available.

1. BACKGROUND

The Highland Employability Partnership (HEP) is the strategic group which comprises of:

- Department of Work and Pensions (DWP)
- Developing the Young Workforce (DYW)
- Federation of Small Businesses (FSB)
- Highland Council (THC)
- Highland Third Sector Interface (HTSI)
- Highlands & Islands Enterprise (HIE)
- NHS Highland (NHS)
- Skills Development Scotland (SDS)
- University of the Highlands and Islands (UHI)

HEP, through its Work Life Highland branding, will promote a strategic partnership approach, maintaining ongoing dialogue with various stakeholders, including service users, providers, employers, local partnerships, community organisations and national agencies.

The Partnership also has 3 Local Employability Partnerships (LEPs). The LEPs focus on local operations, supporting clients as they move towards, into, and within work. They will ensure that services meet local job market needs and opportunities, considering the unique characteristics of each area. The LEP areas are:

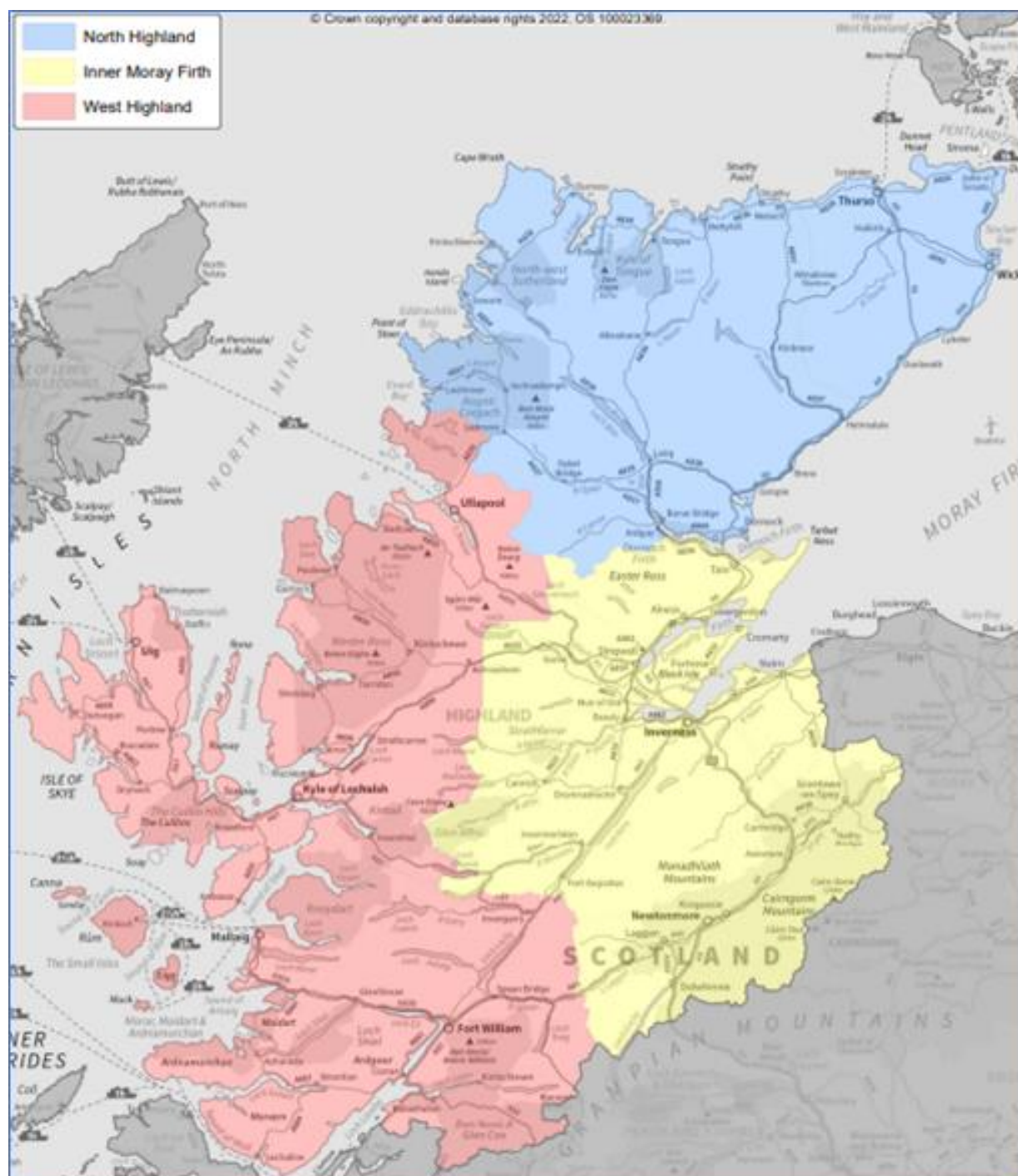
Inner Moray Firth (Easter Ross, Mid Ross, Inverness and Inverness-shire, Nairn and Nairnshire, Badenoch & Strathspey)

North Highland (Caithness, Sutherland)

West Highland (Wester Ross, Skye & Lochalsh, Lochaber)

A map of the LEP areas can be found in Diagram A, page 3.

Diagram A: Three Highland LEP areas



1.1 Our Aim

Highland Employability Partnership's (HEP) aim is to help lift people out of poverty across the Highlands through supporting access to sustainable and fair work.

1.2 Highland Employability Partnership Strategic Plan 2025-2028

The HEP has developed and approved the three-year strategic plan which is fundamental in shaping the commissioning approach. Applicants should review the full Strategic Plan which can be found at www.highland.gov.uk/employability (HEP Challenge Fund 25 page) This includes:

- Strategic and Highland context
- Strategic Priorities
- Operational Strategy
- Highland Data

A summary of the Strategic Plan can be seen in Diagram B: HEP Strategic Plan Summary, page 5.

1.3 Targets for 2025/2026

The HEP have submitted the following targets within its Annual Investment Plan to the Scottish Government for 2025-2026. The key output targets are:

Target Group	New Registrations	Minimum Job Outcomes
All age – Excluding Parents	560	40% Job Entry 70% Sustainment at 6 months
Parental Employability Support - Parents	340	40% Job Entry 70% Sustainment at 6 months
TOTAL PARTICIPANTS	900	360 Job Entry
Of which: Specialist Employability Support	200	30% Job Entry 70% Sustainment at 6 months

1.4 Value of Grant Fund

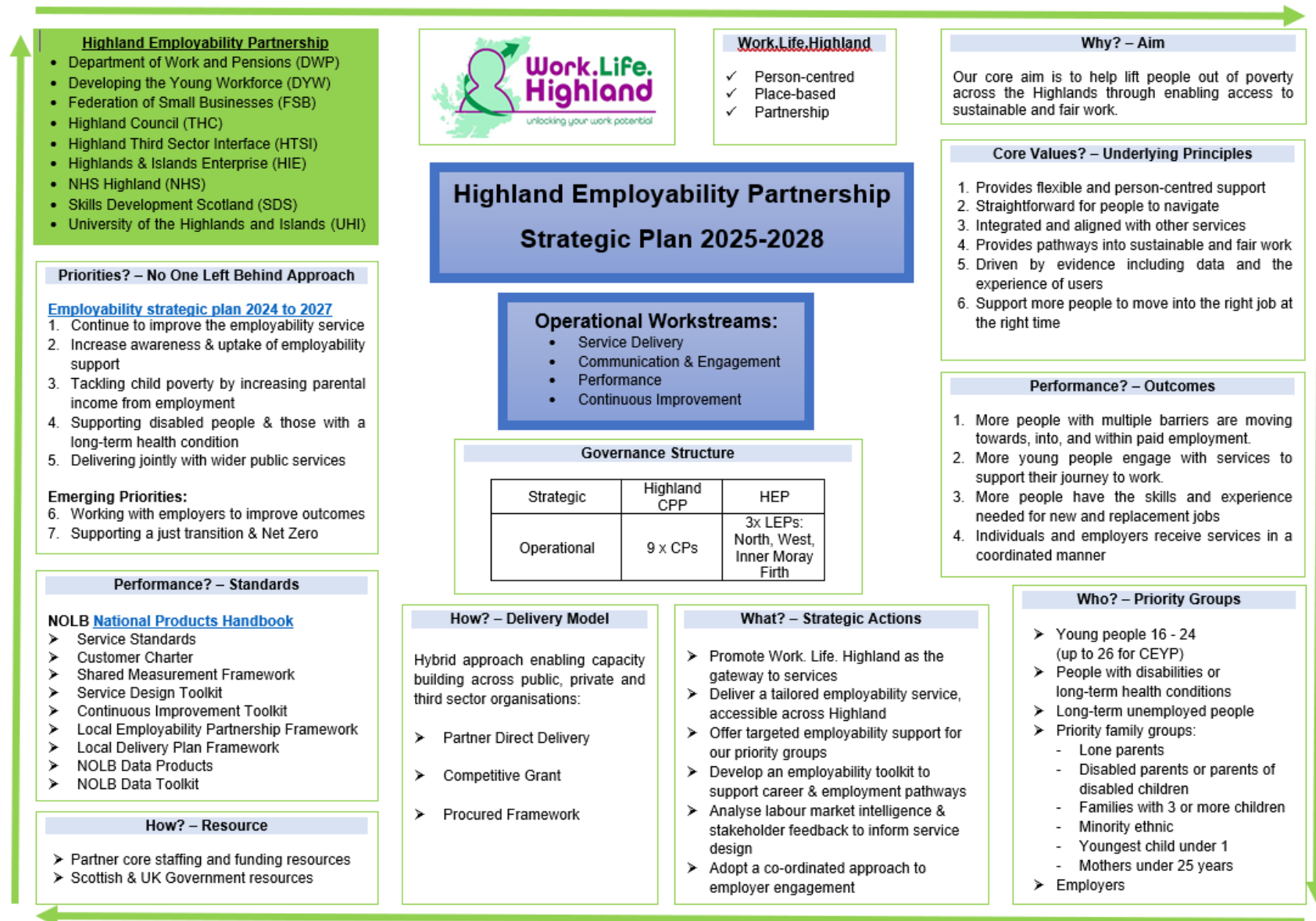
Funding for the HEP comes from a number of sources:

- Partners' own internal resources
- Scottish Government No One Left Behind Funding – confirmed annually
- UKSPF – funding for final year 2025-2026

The indicative resource allocated to this Fund is £1.2m per financial year subject to the level of funds being available. The breakdown of the allocation is in below.

Financial Year	£
25-26 (Jan to March 26)	0.3m
26-27	1.2m
27-28	1.2m
Total	2.7m

Diagram B: HEP Strategic Plan Summary



2. OUR COMMISSIONING APPROACH

This guidance relates to **A: Competitive Challenge Grant Fund** – all age/all stage. A separate guidance has been written as part of the re-procurement of the framework (B).

The approach therefore is a Highland Hybrid Employability Service as illustrated in Diagram C below.

Diagram C: Highland Hybrid Employability Service		
A:Competitive Challenge Grant Fund- all age/all stage	B:Framework of providers - bespoke provision <i>Procurement</i>	C:Partner direct delivery including, key worker and Client Progression Packages <i>Direct delivery</i>

The HEP has approved the commissioning approach which will support:

- a hybrid /mixed economy of provision
- explore opportunities for co-investment, co-design and shared performance management
- collaboratively build on existing local partnerships to share and align activities and priorities by including partners in the broader public and third sectors
- recognising and building on the strengths of local delivery and good practise around services, delivery models and approaches

The HEP recognises that the approach requires to consider how to:

- address Highland's geographic challenges to enable a universal employability service including urban areas, areas of multiple deprivation, child poverty, rural and remote rural challenges in terms of volumes of clients
- support the sustainability of providers and to address the limited number of providers in many of our communities
- enable the development of new community-based employability support through attracting new locally based providers or supporting existing organisations to expand their role to deliver an element of employability provision
- develop a range of provision across our geographies, communities and thematic priority groups including specialist support for people with disabilities and long-term health conditions
- encourage consortium working to provide the employability pathways which meet the needs of our clients

3.COMPETITIVE CHALLENGE GRANT FUND CRITERIA & APPLICATION PROCESS

This section summarises the overall aim of the Competitive Challenge Grant Fund (the fund) being delivered by Highland Council on behalf of the HEP.

3.1 Aim

The aim of this fund is to meet the objectives of Highland Employability Partnership's Strategic Plan 2025-2028 and to support the delivery of a hybrid employability service which will provide an employability pathway for our clients.

The fund will provide an all working age, all stage pathway provision to support clients that require additional support to progress towards and into employment. This will include specialist provision for clients with disabilities and long-term health conditions.

The fund will create the right conditions for a high performing (where outputs and outcomes are achieved) and a high quality (with high levels of client satisfaction) employability service, which delivers good value for money.

3.2 Eligible Organisations

Who can apply?

The fund is open to the constituted Third Sector, Private Sector, and Further/Higher Education Organisations.

Who cannot apply?

Individuals and Public Sector Organisation.

3.3 Key Dates

Applications open	25/08/2025
Applicants able to submit questions	25/08/2025
Closing date for questions	26/09/2025
Closing date for applications	31/10/2025 12 Noon
Assessment and clarification process commences	03/11/2025
Assessment and clarification process ends	21/11/2025
Approval by HEP of recommendations and notification to applicants of outcomes of application/s	28/11/2025
Grant Award/Offer of Grant	03/12/2025
Development and implementation and initial delivery period	05/01/2026
Full delivery period	01/04/2026

3.4 Key Features

All Working Age - All Stage Pathway and Including Specialist Support

The fund will support the holistic end to end support for eligible clients including unemployed and low-income parents of all working age who require additional support. The provision will support all five stages of the employability pathway. As a sub section of the provision, it is expected that specialist provision will be provided following a supported employment model. *See 4.2, Page 14 for more detail.* Key Worker support for clients is an essential element of all provision.

A Single Highland Geographic Lot

The fund is for a single whole Highland lot therefore there will only be one grant award. Applicants will be required to outline the delivery methodology (see Section 4, Service Requirements, page 10 for more information) for each of the three LEP areas recognising the differing community and economic characteristics of each LEP area.

The minimum expectation will be at least 50% face to face delivery across all LEP areas.

Facilitating Consortium Applications

It is the HEP's belief that it is highly unlikely that a single organisation could deliver the full requirement and quality of provision alone. A consortium approach (whilst not compulsory) is therefore highly desirable.

An application form with additional guidance is available in Appendix 1. Applicants should note that if the application is on behalf of a consortium of providers i.e. more than one single organisation then a **single** application should be submitted by the Consortium 'Lead Partner'.

A grant award will only be made to a single organisation, and it will be up to the Lead of the consortium to make their own arrangements with their consortium partners. Similarly grant claims and payments will only be made to the 'Lead Partner'.

Where the process requires applicants to provide specific pieces of information, this will be required from all named consortium members.

There is an expectation that the successful provider, through the lifetime of the grant offer, will seek to support the development of new, community-based employability providers where there is no current provision. This will likely be through supporting existing community-based organisations to expand their support services to include employability pathway skills. This will be subject to additional financial resource being made available.

Payment for Service Cost Model

The cost model will be a 'payment for service' with full cost recovery model rather than a payment per head or a payment by results.

There will be robust performance management processes in place for the provision. See 5.2 Performance, page 21 and 5.3, Grant Offer, Financial Claims and Payments, page 22.

Duration

The grant fund will be awarded to 31st March 2028 with the possibility to extend for a further 12 months. These timescales are subject to funding being available.

Flexibility

The fund will require the successful applicant to work flexibly with the HEP, understanding the environment which it is working under. The fund is designed to be flexible to react to the needs of the clients, opportunity will be given to discuss changes with the HEP and Lead Partner. This may include:

- adjusting delivery due to changes in the annual funding allocation from external funders
- responding to feedback from clients and/ or lived experience feedback in terms of on-going service design activity
- responding to new requirements / priorities which emerge during the grant period (with additional resources provided if required)
- encouraging and supporting the ability to develop and support new providers and consortium members where there is currently no provision in the community or there is an evidenced lack of capacity of existing providers (with additional resources provided if required)

Community Links

Applicants should, within their methodology have evidenced connections with Highland community organisations.

3.5 Application Form

The application form is available in Appendix A and also available at www.highland.gov.uk/employability (HEP Challenge Fund 25 page).

The application must be fully completed and all requested support documentation provided for all providers participating in the application. As well as the application form, the targets and financial annex must also be completed.

4. SERVICE REQUIREMENTS

Employability is a complex concept which is affected by factors relating to an individual's personal strengths and abilities and their social and economic environment. Both of these aspects are inter-connected. A balanced approach is required which both prioritises the needs of clients whilst addressing the needs of a diverse economy by tackling skills shortages and requirements.

As detailed within the HEP Strategic Plan, whilst the provision is for all age who require additional support to progress into employment, there are identified priority groups where specific activity is expected to be evident: These are

- young people 16-24 (up to 26 for CEYP)
- people with disabilities or long-term health conditions
- long-term unemployed people
- priority Family Groups: lone parents, disabled parents or parents of disabled children, families with 3 or more children, youngest child under 1, mothers under 25 years, ethnic minority families.

The HEP expects that applicants will detail provision which will:

- provide relevant support to people of all-working ages to progress towards and into sustainable employment, tailoring provision to their circumstances. The HEP has adopted the nationally recognised five stage **Employability Pathway** (4.1, Diagram D, page 11) for the design and delivery of employability services. It aims to create a flexible, person-centred employability service for clients which provides pathways on to work to meet emerging local labour market demands and tackle in-work poverty
- provide a **tailored offer of support to parents** within the Employability Pathway. Given the level of child poverty funding, a proportionate focus on parents experiencing poverty will be required
- provide specialist support for disabled people and implement an enhanced offer of **specialist employability support** (4.2, page 14) for those who would benefit from a place and train model of support – there must be whole Highland coverage
- provide services which must include at least a minimum of 50% face-to-face provision
- demonstrate innovative approaches to engaging, supporting and achieving outcomes with the **priority customer groups**

The HEP expects that within one application proposal, there will be face-to-face delivery across each of the three LEP areas.

4.1 All Age All Stage Employability Pathway

Referring to the HEP 3-Year Strategic Plan 2025-2028, it is for applicants to fully develop and define the content of their proposed services in response to the content of the Strategic Plan and this Challenge Fund Guidance.

The Pathway will provide a universal offer for clients across the Highland Council area to identify and address barriers to employment which will prevent them from progressing into and within fair work. By adopting a needs led approach, clients will be encouraged to take ownership of their action plan.

General information on the structure and services commonly delivered in a Pathway can be found on the Employability in Scotland Website

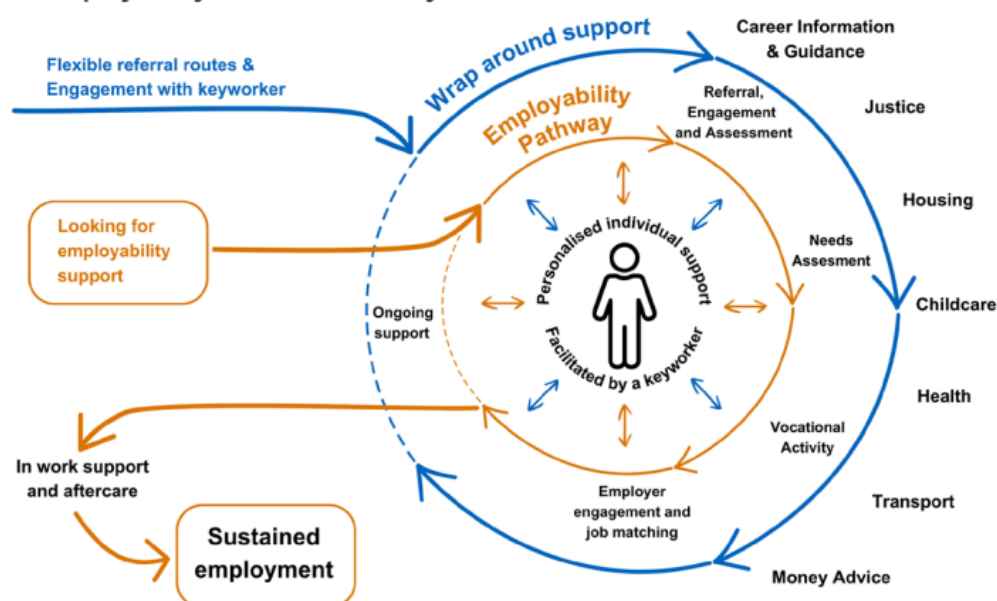
<https://www.employabilityinscotland.com/>

Diagram D: 5 Stage Strategic Employability Skills Pathway				
Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
Engagement, Assessment, Action Plan & Referral	Needs Assessment and Barrier Removal	General Employability, Vocational & Accredited Training	Employer Engagement and Job Matching	In Work Support and Aftercare
This stage is about reaching out and supporting people into regular activity, positive routines connecting them with others	Assessing needs of individuals and agreeing key activities to address any barriers to employment or training	Activities include delivering a range of accredited training, employability core skills, job search, work experience or volunteering placements	Activities such as assisting individuals to secure job vacancies	Activities include supporting individuals to maintain and progress within the workplace
End to End Key Worker Support				

For some people with multiple barriers, employability activities need to be part of an integrated and supported approach in order to make sustained changes in other aspects of their lives. Support needs to be flexible and respond to changing circumstances which can include significant housing, health, personal confidence and capacity challenges. The service delivery will therefore require to be integrated with the appropriate specialist services. Diagram E on page 12, taken from the No One Left Behind Employability Strategic Plan 2024-2027 illustrates the approach of the customer journey and the wrap around support.

Diagram E: The Employability Customer Journey Model

The Employability Customer Journey model



Provision should complement existing services and avoid unnecessary duplication, while recognising that some overlap may be appropriate where it supports client choice, accessibility, or addresses unmet need. Please see www.highland.gov.uk/employability (HEP Challenge Fund 25 page) for current client progression packages.

The HEP has provided a list of example interventions below which may be provided through the Hybrid Employability Service i.e. internal partner delivery, procured framework or this challenge fund. Whilst challenge fund applicants may wish to consider some of these examples when developing their application, these examples must not be interpreted as an instruction or prescription as it is recognised that an application will unlikely and not be expected to be able to cover all of these types of interventions. Applicants are encouraged to develop their own innovative approaches within their methodology and it is also important to refer to the HEP priority groups detailed on page 10 of this guidance when designing interventions under pathway stages. The example interventions are not exhaustive.

Employability Pathway Example Interventions	
Pathway Stage	Example interventions/services may include, but are not limited to
Stage 1 Referral, Engagement, Assessment, Action Planning	<ul style="list-style-type: none"> • Client registration • Quality Client Employability Assessment – on a 1-to-1 basis • Engagement/outreach activities including place-based approaches to increase visibility, promotion, and delivery of employability support, incorporating promotion of Work Life Highland. • Short term interventions (not typically extended beyond 6 weeks) to engage clients on the Employability Pathway

	<p>prior to progressing to focused employability and skills development activities. Engagement activity.</p> <ul style="list-style-type: none"> • Building relationships with relevant employability partners and community organisations to identify and engage priority client groups to enhance flow of clients to service. • Creation of a detailed, SMART, personal action plan
Stage 2 Barrier Removal	<ul style="list-style-type: none"> • Core Skills – Communication, Numeracy, Information and Communication Technology, Problem solving, working with others • Motivation and confidence building including input and activities which build confidence and develop basic life and coping skills such as personal development plans • Understanding the benefits of the world of work • Digital Literacy • Better Off in Work Calculations • Mentoring/peer to peer support • Organising signposting/referral to specialist advice – welfare benefits, health, mental health support, substance abuse support, counselling and other health interventions • Health assessments/healthy living advice including support to improve health and fitness, activities to increase engagement and confidence • English as a Second Language Support
Stage 3 Vocational & Accredited Activity	<ul style="list-style-type: none"> • Accredited Core Skills, SQA Units • Create and update a generic and/or sector specific CVs • General Pre-employment and Work Preparation • Vocational Skills Training, including industry certification, vocational skills training, work experience* • National progression awards • Employability Awards • Work placements
Stage 4 Industry Specific Training Employer Engagement ; Job Matching	<ul style="list-style-type: none"> • Deliver Industry recognised certificated training. Areas could include: First aid, food hygiene, Health and Safety, Manual Handling, Fork-Lift Truck, CSCS, Use of Plant and Power Tools, Security Industry Authority • Job Brokering - actively engage with employers /employer engagement specialists on activities including identifying job opportunities, approaching employers with clear ask and assisting with skills match for clients. • Job specific interview and application preparation and job coaching • Recruitment, selection and retention of people experiencing disabilities/health conditions • Pre-apprenticeship provision

Stage 5 In – work support, Work based qualifications and after care	<ul style="list-style-type: none"> • In – work Key worker support • Support to workplace supervisors • Careers development opportunities • In work job coaching • Addressing in work barriers such as childcare • Advice and guidance • Work Based Vocational Learning
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*Work Experience and Volunteering – The HEP recognises that work experience and volunteering is an important type of client employability provision. These activities should be purposeful, be part of the client action plan and be regularly reviewed. All applicants, and providers during the delivery phase, are asked to refer to the Volunteers Scotland Volunteer Charter, in particular principles 5, 6 and 10 <https://www.volunteerscotland.net/wp-content/uploads/2023/06/Volunteer-Charter.pdf> Clients who only wish to volunteer at the point of assessment or during their period of support and are not seeking paid employment, should not be supported through this grant funding.

4.2 Specialist Employability Support: Best Practice of a High Quality Programme

‘Specialist Employability Support’ should be considered as the umbrella term for several approaches – i.e.

- Individual Placement and Support (IPS Fidelity) – with service embedded within Community Mental Health Teams
- IPS (Lite)
- Supported Employment
- Supported Employment Quality Framework (fidelity)
- Project Search

The HEP is not specifying which approach/es to take, however, applicants must understand that by the end of the first year of grant period, they should be able to demonstrate progress towards achieving full fidelity approach; they should be in place in terms of IPS and/or Supported Employment – SEQF (BASE) or SUSE Quality Standards Framework. There is an expectation that all 3 LEP areas will have specialist provision.

- <https://www.england.nhs.uk/long-read/individual-placement-and-support-for-severe-mental-illness/>
- <https://www.base-uk.org/page/Quality-in-Supported-Employment>

Our experience is that the term ‘Supported Employment’ is often interpreted in different ways. The HEP definition is that supported employment is a highly personalised and tailored approach designed to help individuals with disabilities or long-term health conditions find and maintain paid employment in the open labour market. By focusing on personalised support, vocational profiling, job matching, and ongoing employer engagement, supported employment creates pathways to successful, long-term

careers, fostering independence and economic self-sufficiency for participants. With its emphasis on a flexible, holistic approach to both job finding and job retention, supported employment plays a crucial role in enhancing social inclusion, boosting self-esteem, and creating a more diverse and equitable workforce.

At the heart of supported employment is the “place and train” model, where participants are placed in a job that matches their skills, interests, and preferences, and then provided with on-the-job training and support from colleagues and a dedicated job coach. The job coach, also known as an employment worker or Coordinator, plays a pivotal role in providing structured, flexible assistance. This includes identifying the individual’s unique strengths, experiences, and needs, and matching them to suitable employers. Once a job placement is secured, the coach continues to provide guidance, ensuring that the individual has the skills and confidence to excel in their new role.

The goal of supported employment is for the individual to gain enough competence and independence to perform the duties of the role without the need for ongoing day-to-day assistance from the job coach. As the individual becomes more integrated into the workplace, colleagues often provide additional, natural support, reducing the need for formal intervention. The level and duration of on-the-job support is tailored to each individual’s needs and abilities, with the ultimate aim of long-term success and job retention. The Supported Employment Model is:

- **1. Client Engagement:** This stage allows potential job seekers to learn more about the supported employment model and determine whether it aligns with their personal goals. It emphasises informed choice, giving individuals the opportunity to decide if they want to pursue this pathway to employment.
- **2. Vocational Profiling:** A comprehensive and personalised discovery process that delves into the participant’s skills, experiences, aspirations, and preferences. This insight is then used to create a customised plan, providing a clear and actionable pathway to achieving the individual’s employment goals. The vocational profile is a dynamic, flexible plan that offers detailed information about the job seeker’s abilities, motivation, skills, and knowledge. It also outlines the necessary support and resources required to address the individual’s specific needs.
- **3. Job Finding:** A collaborative process between the Job Coach/employment worker and the client, focused on identifying job opportunities that align with the client’s vocational goals. The job coach assists in searching for suitable vacancies, ensuring that each job matches the participant’s capabilities and ambitions.
- **4. Employer Engagement:** The job coach/employment worker actively engages with employers to introduce the individual to the workplace. They also help design a plan that outlines how the employer will support the client during recruitment and throughout their employment journey, ensuring a seamless integration into the work environment.
- **5. On and off Job Support:** Continuous support is provided both on-site and off-site, tailored to the individual’s evolving needs. On-the-job support may include job coaching and completion of a job and task analysis, job carving,

training, and mentorship from colleagues, while off-the-job support might involve regular check-ins and progress reviews. This ensures the client not only learns the job but also remains supported in sustaining long-term employment.

Additional key elements of a Successful Supported Employment Programme:

- **Adherence to Recognised Quality Frameworks:** The programme follows established and respected standards of practice, ensuring high-quality service delivery and positive outcomes for participants.
- **Focus on Open Labour Market Employment:** The programme emphasises the importance of securing paid employment in the open labour market, avoiding sheltered or segregated work settings. This approach maximises opportunities for integration and career growth.
- **Engagement and Awareness Campaigns:** Active efforts to raise awareness about the availability of supported employment services, ensuring that potential clients are aware of and can access the support they need.
- **Manageable Caseloads:** To ensure that each client receives the necessary attention and support, caseloads are capped at no more than 20 clients at any given time (with lower caseloads in rural areas to account for local dynamics).
- **Targeted Support for 16- to 25-Year-Olds:** Special focus is given to young people transitioning from education to employment, helping them navigate the challenges of the early stages of their careers.
- **Job Matching and In-Work Support:** Emphasis on a thorough job matching process, ensuring that the job aligns with the client's skills and preferences. Continuous in-work support ensures that individuals receive the assistance they need to succeed long term.
- **Career Progression Support:** Once individuals are placed in employment, additional support is available to help them progress in their careers, develop new skills, and achieve further advancement.
- **Qualified Employment Support Workers:** All staff involved in delivering supported employment services are highly trained, often holding qualifications such as the Personal Development Award in Supported Employment or certifications from the National Institute of Disability Management and Research (NIDMAR). This ensures that participants receive expert guidance and support.
- **Significant Engagement with Employers:** The programme places a strong emphasis on forging strong partnerships with employers, including anchor organisations, to ensure long-term success. Employers are provided with disability awareness training, DE&I training, practical solutions for accommodating employees with health and safety needs, and ongoing support to foster an inclusive workplace. Supported employment services are typically delivered under longer-term contracts, ensuring stability and continuity of service for both the employer and the employee.

In addition to the performance information, applicants should note that out of the clients registered in 2024/2025, **22.6%** of clients self-declared that they had a disability many clients say 'preferred not to say'. The following conditions by these clients were described. Of the 22.6% the follow conditions were self-declared:

Deafness or partial hearing loss	3.6%	Blindness or partial sight loss	1%
Full or partial voice loss	0.7%	Learning Disabilities	25%
Learning difficulty	22.5%	Autism Spectrum Disorder	21.1%
Other development conditions	5.8%	Physical Condition	17.1%
Mental Health	54.9%		

4.3 Access to Client Progression Packages

Providers will have access to a range of progression support packages for clients. The current list of these packages can be found at www.highland.gov.uk/employability (HEP Challenge Fund 25 page) These may be subject to change and/or availability and access on a client by client basis will require to be approved by the relevant Highland Council Employability Co-ordinator.

4.4 Referrals and Registrations

It is anticipated that referrals and registrations will come from a range of sources:

- Providers: will be responsible for generating sufficient volumes of clients, while actively case managing the journey of clients, to achieve the proposed volume of outputs and outcomes. Applicants are asked in their application form to describe how they will effectively target and engage clients.
- Partners: referrals leading to registrations from HEP partners such as Highland Council, DWP, SDS, will be expected.
- Registrations resulting from self-referrals: contact from Highland residents directly e.g. through the Work Life Highland website.

Where a consortium is in place, providers should be open to referrals from one another. The referral of clients is not guaranteed and the HEP cannot mandate one provider to refer clients to another provider however, it is important that the provider supporting the client is the most appropriate to support their individual action plan and Employability Journey.

Accepting or Not Accepting a Referral

Not all referrals will automatically lead to a registration. It may be that the referral is not appropriate or that there are other Services out with the application which are best placed to support the client. Where providers receive a referral, they may undertake a review of the client's needs and aspirations to satisfy themselves that the client will fully engage with their service and the service can support the clients to realise their

goals. Acceptance of a referral is at the discretion of the recipient provider, however in any instance where a referral is not accepted, the reasons for this should be documented and shared with the referring organisation.

Applicants should avoid duplication and complement services intended to be delivered by others while being available to accept referrals where providers have the agreement of clients. It is strongly recommended that applicants consult with other potential providers during the development of their application to explore areas for potential joint working and/or the referral of clients.

Recording of Referrals

Provider/s should use the existing HEP referral form for all referrals. As a condition of Scottish Government funding, it is expected that details of the referrals will be required to be recorded. The recording of referrals is different from registrations. Further information will be issued to providers if application is successful.

4.5 Minimum Service Standards

The HEP wishes to develop minimum service standards for clients which will apply to all provision under the HEP Commissioning Processes i.e. procured, grant funded, partner delivery. A good practice example can be seen below in Diagram F which can apply to this challenge fund provision. It is important for applicants and providers to note that the HEP recognise that as a person-centred service, not all client pathways are the same. Flexibility of service delivery will be required, for example to support trauma-informed and needs-led approaches for clients further from the labour market. Applicants and providers therefore should only view Diagram F as an example and not as a tick box compliance model. There will however be an expectation that the overall principles of action plans, reviews, and client feedback are included within the service delivery phase.

Diagram F: Minimum Service Standards Example



It is expected that details of contacts and reviews of action plans are recorded on the Hanlon Management Information System (Section 5.1, page 20).

4.6 Referral, Registration/Assessment and Action Plans

Providers will be expected to use the HEP referrals, registration/ employability assessment and action plans either in paper form or directly on to the Hanlon Management Information System. Where using paper copies, providers will be required to input information and upload these on to Hanlon. The HEP require minimum evidence requirements for client's eligibility, achievements and outcomes. The evidence requirements, which will require to be uploaded to Hanlon, can be found at www.highland.gov.uk/employability (HEP Challenge Fund 25 page).

4.7 Proposed Volume of Outputs and Outcomes

It is for Applicants to determine their proposed volume of outputs and outcomes, with a particular focus on the proportion of clients progressing towards, entering, improving, and sustaining their positive destination.

There are no guaranteed volumes of customers relating to the fund and client attendance is voluntary. Providers will be mainly responsible for generating and engaging sufficient volumes of eligible and appropriate clients to meet the target outputs and outcomes agreed. Applicants should refer to:

- Targets within the NOLB 2025-2026 Investment Plan (1.3, page 4 of this guidance)

When completing the Application Form **Annex A**, applicants are required to propose volumes for each output and outcome. The expectation is that target outputs and outcomes will be met in line with provider's quarterly profile.

The Output and Outcome definitions will be provided in Annex A.

5. GOVERNANCE

The HEP has oversight of the performance of Work Life Highland employability provision resourced through NOLB. Highland Council, as Lead Accountable Body (LAB) of the HEP is overseeing this fund process and will be issuing grant offers on behalf of the HEP.

Day to day quality monitoring of the Service provision, the compliance to the fund requirements and the processing and payment of claims will be undertaken by the LAB.

Regular updates will be provided to the HEP and the 3 LEPS and feedback sought. For performance process, please see 5.2 Performance, Page 21.

As LAB and, on behalf of the HEP, Highland Council will also be required to report to Senior Council Officials and Elected Members on performance. The HEP will be asked to approve the reports prior to being submitted to the Council.

5.1 Hanlon Management Information System

The Hanlon Management Information System is used by the LAB:

- to register and manage the client's journey
- to meet the HEP reporting requirements including client's outcomes
- to support performance monitoring – quantitative and qualitative.

Providers will be required to use Hanlon which is web-based, and users can log in via remote access, smart phones, or tablets. Providers are required to ensure that they have the capacity to undertake the required tasks with Hanlon. The funding model, in particular the inclusion of a management fee for providers within the fund cost model should support the capacity requirements. Providers will be provided with an appropriate number of licences and training to use Hanlon. The system is designed to be a real time system and providers must ensure that client details are always recorded and maintained as soon as possible and certainly no later than 2 working days of an action being carried out (e.g. registration; referral; non-attendance; disengagement; attendance; completion; achievement of an outcome; and any other action which may require communication between providers). Case notes of all contact with clients and support provided must be recorded on Hanlon by providers within two working days of an action.

The Lead Partner/Provider will be the Hanlon Single Point of Contact. The LAB will deliver Hanlon training during the month prior to commencement of a new project and provide ongoing support and refresher training as and when required. When doing so, it is a requirement that training be attended by the appropriate provider staff.

Providers must be particularly aware of the need to undertake 'fair processing' of all customer registration forms and personal data pertaining to each customer to ensure they are aware of how their information will be stored, shared, and used.

Financial Claims and Payments will only be approved on confirmation of all client records, outputs and outcomes being up to date on Hanlon with relevant evidence uploaded where required and verified. The HEP/LAB reserves the right to suspend

payments where any of these requirements have not been met and/or an Improvement Process is ongoing. See 5.3, page 22 - Grant Offer, Financial Claims and Payments.

The LAB will monitor the use of Hanlon on a regular basis and Providers will be responsible for accurate data entry. The LAB will provide frequent reports to Providers and prompt action will be required to ensure mandatory data capture for reporting requirements and to ensure customers receive the appropriate and required support.

5.2 Performance

The monitoring of the provider's performance will be ongoing to ensure a successful, high quality employability journey for clients. Performance will include progress against targets proposed by applicants within their application form tables (Annex A).

The performance monitoring of this fund will be undertaken by the LAB, on behalf of the HEP.

Review meetings will be scheduled to discuss all other aspects of service delivery. Regular contact out with these meetings is anticipated, and additional meetings may be arranged at the request of either party. The LAB reserves the right to request more/less frequent review meetings where it is felt necessary/appropriate.

The following Performance Improvement process will take place where review meetings highlight that 'Action is Required' due to standards and/performance being below 75% of agreed targets. The same improvement process will take place where it is identified that Providers have not adhered to other requirements as described in the Governance arrangements. Other National Statistics may be used to indicatively benchmark the performance of Providers and/ or the HEP against comparable services/programmes.

Performance Status	Performance Measure	Action
A: Overachieving	>110% to Target	Review of Original Targets
B: Positive	85% - 110% to Target	General Monitoring
C: Neutral	75%-84% to Target	Explored at review Meetings
D: Action is Required	<75% to Target	Performance Improvement Plan

The performance monitoring process for C & D is as follows:

- The HEP Sub-Group, with support from the LAB will provide insight and explore the reasons for the shortfall with the provider at a review meeting.
- For performance < 75% to target, the provider will provide the LAB with an improvement plan within one week of the review meeting that highlights where action is required.
- The improvement plan will be reviewed by the HEP Sub-Group and LAB, before agreeing a date where standards/performance should be at an on-target position (a maximum of three months from the Review Meeting that highlighted where action was required).

- d) Monthly Review meetings with the LAB will continue to take place for up to three months following the review meeting that highlighted where action was required where sufficient improvement is expected. Progress reports will be provided to the HEP Sub-Group and feedback sought.
- e) Where the agreed improvement plan has not rectified the situation and remains below 75% to target, three months following the Review Meeting that highlighted where action was required, this will be reported to the full HEP strategic group who will review the situation and circumstances in full.
- f) Consideration will be given at this time, in liaison with wider Services (e.g. Legal) on any action to be taken, including the option to issue a final thirty- day Improvement Notice Period.
- g) At this stage, consideration will be given to the reinvestment of funds, not drawn down in line with Provider's agreed profile, into other employability provision.
- h) Where performance remains below target following the final thirty-day Improvement Notice Period, the Council in consultation with the HEP reserves the right to terminate a Provider's Challenge Fund award with immediate effect.

5.3 Grant Offer, Financial Claims and Payments

A grant offer will be provided to the successful provider or Lead Provider if a consortium. The grant offer will be required to be signed and returned to the LAB. If a consortium, LAB will only communicate with the Lead of the Consortium and will require evidence that the members of the consortium have agreements in place to abide by this guidance and also the grant offer terms and conditions.

On receipt of the signed grant acceptance, LAB will detail additional requirements including claims process, financial record keeping; additional record keeping; systems, finance and administration checks; GDPR.

The Provider/Lead Provider will complete and submit retrospective quarterly financial claims by an agreed claims schedule deadline date.

The Provider may include eligible expenditure which has been approved, incurred, and defrayed (i.e. left the provider's bank account) within the corresponding claims period. Financial claims must be accompanied by a transaction list, in the approved format, detailing all authorised eligible costs; copies of all payslips; payroll records; BACS lists; bank statements; and any other documentation requested by the LAB. A Financial Claim guidance document will be provided to successful applicants in advance of the first quarterly deadline date. Evidence of expenditure of a Management Fee will not be required.

Financial claims and payments will be approved on confirmation of all client records, outputs and outcomes being up to date on Hanlon with relevant documentation uploaded and approved by the LAB. The expectation is that target outputs and outcomes will be met in line with Provider's proposed quarterly profile, as proposed in the Application Form Annex A . The Highland Council reserves the right to suspend payments where any of these requirements have not been met and/or if an *Improvement Process* is ongoing. The Provider/Lead Provider will have an opportunity to re-profile expenditure and output and outcome targets within the first 6-months of delivery and future re-profiles will be required to be approved by the LAB.

Applicants should bear in mind that at this stage, funds will not be allowed to accrue over the lifetime of the Fund award i.e. from one financial year into the next. Any underspend may be reinvested into alternative employability support as specified by the HEP.

The lead provider will take full responsibility for the collation of evidence, submission of financial claims, payment, and any subsequent clawback of funds because of audit or verification checks.

Every attempt will be made to ensure the associated evidence requirements are fair and proportionate, but applicants should note the need to adhere to the requirements of funding organisations.

5.4 Change Requests

The LAB will allow Providers to submit change requests at the first 6 months point of delivery then on an annual basis where there has been fundamental change to delivery plans, outputs and financial spend.

Any change request must include justification of the change, and any change request will require to be approved by the HEP.

5.5 Ineligible Costs

Ineligible costs include:

- Any Value Added Tax (VAT) reclaimable by the provider
- Any employment costs arising from the Provider's legal obligations to its employees linked to redundancy
- Any employment costs than can otherwise be reclaimed through HMRC, such as Statutory Maternity, Statutory Paternity, Statutory Adoption, Statutory Parental Bereavement and Statutory Shared Parental Pay for staff employed to deliver the purposes of the grant
- Costs for employability not directly related to the delivery of the fund being delivered within the Highland Council area.
- Organisations general overhead charges where these do not directly relate to this Fund
- Discretionary Payments (unless through the HEP Client Progression Packages)
- Any goods or Services not received by the provider by the end of the grant period
- Costs not directly supporting the grant purpose
- Insurance costs.

5.6 Fair Work Conditionality

The Provider will demonstrate a commitment to Fair Work principles: no zero hours; offer flexible working; oppose hire and fire; promote workplace inequalities and specifically:

- Will pay all staff aged 16 and over the real living wage including apprentices, who are directly employed by the provider
- The Provider shall demonstrate that all workers employed within their organisation have access to effective workers voice channel(s)
- The Provider will provide all information reasonably required to evidence the above including payment of the real living wage and an effective worker's voice

5.7 UK Subsidy Control Framework and State Aid

The LAB has determined that a Challenge Fund award is not a subsidy as:

- a) the financial assistance is not provided on favourable terms as it is not limited to specific enterprises / organisations i.e. all enterprises / organisations are eligible for a Challenge Fund award; and,
- b) the value of the financial assistance is not capable of having a genuine effect, which is more than incidental or hypothetical, on competition or investment in the UK, or on international trade or investment.

5.8 Branding, Marketing and Publicity

The HEP has branding and marketing material 'Work Life Highland' which providers will be required to use in all marketing and publicity material.

Providers will be required to use funder's logos as directed by the LAB.

6. APPLICATION FORM

The application form and additional guidance is available in Appendix 1 and Annex A also requires to be completed.

Challenge Fund applications will be assessed by a HEP Partnership Scoring Team, then it will be considered by a Challenge Fund Board chaired by a Senior LAB Officer. A grant allocation will be awarded to proposals based on how effectively they meet the criteria outlined in the HEP Challenge Fund Guidance.

Scoring

Applications firstly receive a technical check and applications will then only be progressed to the next stage if this first stage is passed.

TECHNICAL CHECK			
Pass/ Fail			
1.Required information <ul style="list-style-type: none"> Annex A: All financial templates and Output and Outcome correctly completed and proposed staffing information provided All questions within application form completed Costs are competent 			Pass or Fail
2. Governance and Diligence <ul style="list-style-type: none"> Constitutions provided and acceptable (where relevant) Organisations accounts provided and acceptable Insurance Information provided and acceptable Equalities, Child protection, Health and Safety and Complaints policies provided. Fair Work Statement provided 			Pass or Fail

Applications will then be assessed using a point-based scoring system. Applications will be scored individually then a moderation meeting will take place between scorers to agree a final score. The moderation meeting will be chaired by an LAB Manager who will not be involved in scoring.

Where the application is being scored by point allocations, the scoring framework is as follows:

4	Excellent response demonstrating clear understanding and comprehensive ability to fulfil requirements, outlining added value, innovation and is equal to or improves on the specification.
3	Good response providing clear evidence of understanding and compliance and may evidence some elements of innovation.
2	Average response providing some indication of understanding and compliance.
1	Minimal or poor response providing little evidence of understanding or compliance.
0	Nil or inadequate response with little or no understanding of requirement or evidence of compliance.

PROJECT PROPOSAL INFORMATION	Scoring 0-4 (4 being the highest)	Weighting (1-4)	Total Score
3. Client Groups <ul style="list-style-type: none"> • Extent that the Priority Client Groups are being targeted • Rationale/Justification for proposed outputs has been provided and are realistic. • Rationale/justification for proposed outcomes has been provided and are realistic. • Provided engagement methods and referral routes. 		3	
4.1 Methodology NOLB and Child Poverty The extent that this applicant has provided a clear methodology which: <ul style="list-style-type: none"> • The delivery/training methods that will be used to take account of different abilities, learning styles and pace of learning; • Where group-based training will be delivered and/or one to one support • Any specific qualifications delivered. • Client groups; • Tailored provision for specific client groups including parents; • Geographies targeted; 		4	

<ul style="list-style-type: none"> • Pipeline stages and how clients will be supported to progress through Pathway stages; • Details of any steps that have been taken or will be taken to establish relevant partnerships including integration with other public services; • How employers will be engaged for work experience and employment; • Staff to customer ratio; and • Experience and qualifications of staff – in particular key workers. • All other relevant matters relating to the content of service delivery. • Extent that 'value for money' has been demonstrated'. • That at least 50% of delivery is 'face to face' • That Minimum Service Standards will be delivered. 			
<p>4.2 Methodology: Specialist The extent that this applicant has provided a clear methodology which:</p> <ul style="list-style-type: none"> • That the proposed specialist support delivery models have been provided and justified. • The extent that 'Place – Train' has been proposed. • The quality of proposals have been demonstrated. • The delivery/training methods that will be used to take account of different abilities, learning styles and pace of learning; • Any specific qualifications delivered. • Geographies targeted; • Details of any steps that have been taken or will be taken to establish relevant partnerships including integration with other public services; 		4	

<ul style="list-style-type: none"> • How employers will be engaged for work experience and employment; • Staff to customer ratio; and • Experience and qualifications of staff – in particular key workers. • All other relevant matters relating to the content of service delivery. • Extent that 'value for money' has been demonstrated'. • That at least 50% of delivery is 'face to face' • That Minimum Service Standards will be delivered. 			
4.3 LEP Coverage and Delivery Rationale <ul style="list-style-type: none"> • The extent of coverage of three LEP areas • That proposals take licence of the different geographic and population challenges of the three LEP areas • That approach to support the development of new local providers is provided. 		2	
4.4 Partnership and Local Contribution <ul style="list-style-type: none"> • The depth and quality of local partnership working • Extent of added value and/or contribution to local priorities 		2	
5. Programme Management, Capacity, Knowledge and Staffing <ul style="list-style-type: none"> • Previous experience of managing external funding programmes of a similar type; • Resources in place to undertake the required administration and compliance; • Managing the project finances and submitting accurate claims • Capacity to use the Council's Hanlon MIS (training will be provided) 		2	

<ul style="list-style-type: none"> • Producing performance statistics. • How performance will be will managed • How will progress against targets be monitored when and by whom • What performance management processes and resources are in place to promptly identify and rectify shortfalls against targets • How shortfalls in performance will be managed, including if consortium partners are involved • How quality of service to clients will be ensured. 			
<p>6. Implementation The extent that the implementation of proposed project has been demonstrated and is realistic – including:</p> <ul style="list-style-type: none"> • Logistics • Premises • Infrastructure • Staff recruitment (where required) • Marketing and awareness raising • Setting up necessary partnerships, • Development of tools, resources, and materials. 		2	

For applications to be approved, they must pass all of the pass/fail questions and the point based score must achieve at least an unweighted score for each question of 2 marks. An unweighted score for a question below 2 would result in the application not being approved.