

The Highland Council
Planning, Development and Infrastructure Committee
4 November 2015

Agenda Item	14
Report No	PDI 69/15

Employability Services

Report by Director of Development and Infrastructure

Summary

In context of a transformational change facing employability services in Scotland, this report sets out a refreshed purpose and approach for the Council's Employability Team before seeking Members approval of match funding for projects to be resourced from the European Social and Regional Development Funds and homologation of the response submitted to the Scottish Government Employability Support Consultation Paper.

1. Background

- 1.1 With the onset of the financial crisis in 2008, unemployment rose and the challenge facing the public sector was focused on supporting those who were unemployed to secure work. In particular, the high numbers of young people unemployed was a key and high priority. The improving economic climate and increased availability of jobs has changed this focus and the challenge faced is now to support those who are furthest removed from the labour market to progress towards and into work. It is therefore appropriate and timely from a labour market perspective to undertake a review and refresh of the purpose and work of the Employability team.
- 1.2 Allied to this there are a number of strategic policy developments which also contribute towards the need to refresh the purpose and work of the Employability team:
- Christie Commission - and in particular the need to prioritise prevention; the need for public organisations to work together; the need for services to be outcome focused but designed with and for people;
 - Scottish Economic Strategy – the need to invest in people and a recognition that the promotion of sustainable economic growth and addressing inequalities go hand in hand;
 - The Scotland Bill 2015-16 – and the proposed devolution of employability programmes (the Work Programme and the Work Choice Programme) to Scotland;
 - Highland First Programme – Council commitments to Preventative Spend; Building the Local Economy; Region for Young People; Poverty and Deprivation and Looked After Children;
 - European Social Fund 2014-2020 – Programme policy (and associated funding) to support individuals who have multiple barriers to progress towards and into work; and

- Developing the Young Workforce – working with business, schools and colleges to enhance Scotland’s vocational educational system and ensure young people are more prepared for employment.

2. Employability Purpose

2.1 Following an internal review it is proposed that the purpose of the Employability team is refreshed to give clarity on why employment matters; who needs support; which services they need and how the team will deliver this support. The insert below sets this out:

Our purpose is:
To support young people and adults not in work to progress towards and into sustained employment.

We do this because:

- A job and an increase in income is the (most common) route out of poverty to improved health and wellbeing.
- A growing Highland economy requires a skilled workforce and high levels of labour market participation.
- Investing in people now will help reduce the long-term demand on public services.

Who will we work with?
We will help young people who have left, or are about to leave, school but who are not in work or studying at further or higher education.

We will help those Adults who are actively seeking to enter or to return to the labour market but who need support to overcome barriers which stop them from doing so.

When delivering our services, we will make particular efforts to work with clients who are disabled, who are looked after or who are from a disadvantaged background to help them progress towards and into sustained employment.

How will we help them?
We will deliver a client centred service. Our services will be based on their needs and we will work with partners to ensure clients are able to access the range of services they require to overcome any barriers they may have as they progress towards and into work.

Whether our clients are accessing Council or partner services, we will keep in touch with them to ensure the services they require are what they need and are of the standard required.

Working together with other Council Services, our partners and the private sector, we will create job and work placement opportunities to help our clients secure sustained employment.

When doing so:
We want to deliver a high quality service that is recognised by our clients and businesses alike as one which successfully gets clients ready for and into sustained work.

3. Workplan

- 3.1 The activity workplan to deliver on this service purpose and commitment is outlined in **Appendix 1**. There are a number of key developments in the approach the Employability team will take when undertaking this work:
- 3.1.1 Central to this is the adoption of the Strategic Skills Pipeline (**Appendix 2**) as the structure around which the team will organise and align services with partner organisations so that clients have the range of services they need as they progress towards and into employment. In practice this organisation and alignment of Council and partner services needs to take place at both a Highland and at the local level.
- 3.1.2 Any individual accessing Council funded or directly provided services will become a client of the Employability team. The Employability team will map/manage these clients along the strategic skills pipeline through the use of its new data management system. In practice this will mean that a client, for example, referred to the Council from Jobcentre Plus, will first have a shared assessment/action plan in place before they access Council funded activity. The Employability team will then follow and support this client as they access the services required.
- 3.1.3 This activity requires positive strategic working with partners at the Highland level to ensure that nationally directed policies/initiatives are appropriate and responsive to Highland needs. It also requires the team to have positive and close operational links with partner organisations across Highland to ensure clients secure the seamless service they require.
- 3.2 The Employability team is currently organised with a small HQ core team (3.2fte) and an area Adviser team (10.5fte). The refreshed approach proposed reinforces the strategic function of the HQ team and gives a greater focus to the work of the Adviser team across Highland, with a move away from their 1:1 activity with clients and support to Work Clubs, and a move towards co-ordination of services at the local level and management of clients. In itself this merits a review as to how best the team is structured to deliver on its function but also national developments with the devolution of the employability programmes and the Council's potential City/Region Deal, may impact on the work of the team and inform its structure. Accordingly it is proposed that a new team structure is developed and reported to Committee in spring 2016.
- 3.3 The Education, Children and Adult Service Committee on 27 August 2015 set out the Council's approach to how it and its partners plan to implement the Developing the Young Workforce agenda and how this will be integrated with the delivery of the Highlands and Islands Skills Investment Plan. While the Development and Infrastructure Service is co-ordinating the overall strategic partner response, the Care and Learning Service 16+ team is actively leading on behalf of the Council on a number of workstreams. Given the interrelated nature of the work of both the 16+ and Employability teams in supporting young people make the transition from school to work, joint working already

takes place and the intention is that this will grow further with a long-term objective for the Development and Infrastructure Service to take over the day to day management for youth employability (16+ team).

4. Employability Support: A Discussion Paper

- 4.1 From 1 April 2017, employment support services in Scotland will change. New powers to provide employment support for disabled people and those at risk of long term unemployment will be devolved to Scotland. In practice this will mean that the current Work Programme and Work Choice schemes run by the UK Department for Work and Pensions will be replaced by Scottish services to provide support, work experience and training to help people find sustained work.
- 4.2 The Scottish Government wishes to take a fresh look at employment services and develop a distinctly Scottish Approach. To this end the Scottish Government is keen to hear from a wide range of individuals and organisations on what employment services are required to make Scotland a fairer and more equal place in which to live. As part of this national discussion, a consultation paper has been prepared and comments sought by 9 October.
- 4.3 **Appendix 3** outlines the response prepared and submitted on behalf of the Council. Although outwith the formal consultation period, any additional comments received from Committee will be passed to the Scottish Government officials co-ordinating the consultation exercise.

5. Conclusion

- 5.1 Members will appreciate that it is considered that this is a time of transformational change in employability and associated skills services in Scotland. The Council's City/Region Deal proposals and the Consultation response prepared, argues that the labour market needs of the Highland economy will be best met if the detailed design and delivery of employability and skills services takes place within Highland. The refreshed purpose and workload of the Employability team seeks to ensure that the Council is best placed to influence this transformational change and is ready to play its part in its delivery.

6. Implications

6.1 Resource

The team access European, Scottish Government and other funding as opportunities arise to secure additional resources to add value to its own revenue budget. For example, the Heritage Lottery Fund for the Inverness Townscape Heritage project is helping fund an Employability Adviser to work in the city centre. The nature of activity undertaken and funding available means that services need to be budgeted for and managed over a number of financial years.

- 6.1.1 The first stage approval of European Social Fund (ESF) 2014-2020 support for Employability activity in Highland was secured on 27 August. The Council is now able to progress with its detailed stage 2 applications (deadline 2 November 2015). The ESF approved was £5,170,000 or 50% for activity for 4 years over the period 2015/16 to end December 2018. The Council and third sector providers are required to identify the other 50% match funding. In addition, on 29 September 2015 the Council secured first stage approval for its European Regional Development Fund (ERDF) 2014-2020 support for its local business growth programme. The Employability revenue budget is funding two elements of this Programme: Graduate Placement Programme and HR Advice as well as a contribution towards programme administration support.
- 6.1.2 The national delay experienced with the ESF Programme, insofar as year 1 is already well underway, will impact on this activity and the timelines for spend. It is also unclear how much third sector match funding is eligible and therefore available as match funding. Accordingly when preparing its stage 2 applications, indicative sums for match funding have had to be identified and for the Council's part, a formal decision is required to confirm the availability of this match funding for the stage 2 applications. In practice it is anticipated that the final spend figures will vary across the projects but approval of these indicative sums will allow the stage 2 applications to proceed.

Project	ESF/ERDF	Council	Other
Challenge Programme	£3,276,280 (ESF)	£0	£3,276,280 (Third Sector)
Positive Pathways	£698,720 (ESF)	£698,720 (Care and Learning Service)	
Work It Out	£150,000 (ESF)	£150,000	
Work Experience Programme	£472,500 (ESF)	£472,500	
Recruitment Incentive	£435,000 (ESF)	£435,000	
Graduate Placement Programme	£413,691 (ERDF)	£413,691	
HR Advice	£216,681 (ERDF)	£216,681	
Programme Administration (see para. 6.2.1 below)	£137,500 (ESF) £30,923 (ERDF)	£168,423	
Total (over four period)	£5,170,000 (ESF) £661,295 (ERDF)	£2,555,015	£3,276,280

- 6.1.3 The Employability team revenue budget will be managed over the current and next three financial years to accommodate this budgetary commitment.

Agreement has been secured from the Care and Learning Service to provide £174,000 per annum towards the Positive Pathways programme, albeit this in turn is conditional on other funding received from Scottish Government. As details over Challenge Programme eligibility become more apparent, steps will be taken to clarify/confirm the Third Sector match funding available.

6.2 Legal/Risk

6.2.1 When securing external funding the Council is required in effect to enter into contractual agreements with the Scottish Government to ensure the funds are correctly utilised and accounted for. If this is not done correctly the Council will be financially at risk of not being able to reclaim the funds involved and reputationally at risk of being perceived as unable to manage public funds correctly.

6.2.2 In addition, as some of the activity to be undertaken will be provided by others who will be appointed via an open procurement approach or via the Challenge Fund, the Council also needs to mitigate against the risk of default by providers. Accordingly key criteria for the appointment of providers will be the capacity and capabilities of the provider organisation to manage European funded activity.

6.3 Equalities/Rural

The Employability team make particular efforts to work with clients who are disabled, who are looked after or who are from a disadvantaged background to help them progress towards and into sustained employment. This recognises that economic prosperity and a fairer society go hand in hand and that a job and an increase in income is the (most common) route out of poverty to improved health and wellbeing.

6.4 Climate Change/Carbon Clever and Gaelic

There are no direct implications arising from the work of the Employability team.

Recommendation

The Committee is asked to:

- (i) approve the refreshed purpose and activity plan of the Employability Team;
- (ii) homologate the Council's response to the Scottish Government Consultation on Employability Support; and
- (iii) approve funding of up to £1,856,295 over four years as match funding from the Development and Infrastructure Employability revenue budget towards projects to be part funded by the European Social Fund and European Regional Development Fund

Designation: Director of Development and Infrastructure

Date: 9 October 2015

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**Appendix 1:
Employability Team Workplan 2015/16 – 2018/19**

STAGE 1 Referral/Engagement Activity	Description	Other Information
Work Clubs and community based access services	Review Work Club provision and ensure effective links with housing support, benefit maximisation and health services as part of an integrated anti-poverty strategy.	Co-ordination and integrated approach within Council Services and in commissioning.
Joint Working (Assessments)	Work with partners to develop common assessment criteria and joint working protocols to underpin staff development; service design and commissioning.	Reconfiguration of service provision opportunities arising from devolution of service provision and ESF funded activity.
STAGE 2 Barrier Removal		
Work It Out	Undertake procurement exercise to appoint Framework Contractors and manage pull down of services to support adults who are returning to the employment after a period of absence. The Programme will offer tailored short term courses and learning activities that engage learners; encourage self-awareness; personal confidence and provide clients with the skills and knowledge to be active and successful job seekers.	European Social Fund resources to be secured and managed (autumn 2015 and ongoing). The activity will be administered/co-ordinated by the HQ and area adviser employability team. The majority of activity will be undertaken by a range of external providers. A procurement exercise will be undertaken to appoint the external providers.

<p>Positive Pathways (in partnership with Care and Learning Service)</p>	<p>Undertake joint procurement exercise with Care and Learning Service to appoint Framework Contractors and jointly manage clients to access complementary Council and partner services. The service will work with young people who have left school but who are not in work or in further or higher education. The aim of the programme is to ensure engagement in continued learning and progression towards employment of training opportunities.</p>	<p>European Social Fund resources to be secured and managed (autumn 2015 and ongoing).</p> <p>The activity will be administered/co-ordinated by a small team of Care and Learning Service staff with the majority of activity undertaken by a range of external providers. A joint procurement exercise will be undertaken to appoint the external providers.</p>
<p>STAGE 3 Vocational Activity</p>		
<p>Employability Fund (in partnership with Skills Development Scotland)</p>	<p>Actively participate in the design of contract specification and in contract award and delivery. This programme is a significant part of service delivery in Highland and presents opportunities for better alignment.</p>	<p>To ensure alignment with local strategic skills pipeline and effective use of resources.</p>
<p>STAGE 4/5 Employer Engagement and Job Matching In-Work/Aftercare</p>		
<p>HR Advisory Services</p>	<p>Establish and manage a contract for Business Gateway to deliver recruitment advice to businesses including aftercare support to employers in managing staff.</p>	<p>European Social Fund resources to be secured and managed (autumn 2015 and ongoing).</p>

Employment Grant Scheme	Manage a grant scheme supporting employers to recruit unemployed people. This will be a wage subsidy scheme aimed at supporting micro SME's to recruit and provide employment for people who have been unemployed and who have additional barriers to employment, for example, long-term unemployed; economically inactive; rural etc. which stop them from entering/returning to the labour market.	European Social Fund resources to be secured and managed (autumn 2015 and ongoing). The Council will administer this scheme.
Graduate Placement Scheme	Manage a grant scheme supporting employers to employ a Graduate to undertake a time limited project to enable the business to grow. Enter contract agreement to provide independent assessment of the business need for the grant.	European Regional Development Fund resources to be secured and managed (autumn 2015 and ongoing)
Graduate Intern Scheme	As resources allow, manage a scheme to encourage Council Services to employ graduates to deliver short time projects.	As opportunities arise, identify, secure and manage external funding to support.
Scottish Employment Recruitment Incentive (SERI)/Other	Manage the 2015/16 Scottish Government SERI grant scheme, and other equivalent schemes which may arise.	
Advisory In-work support	Establish an in-work advisory support service for new staff appointed through Council funded schemes. This service will	

	support new employees overcome any challenges faced to remain in sustained employment.	
Work Experience Programme	Manage a scheme to identify, appoint and support young people to secure 6 month work placements with the Council and public partner organisations. This Programme will offer a range of paid work based learning opportunities for young people and will be developed to work with other public sector partners, open the age range of beneficiaries and focus on key client groups, for example, care leavers.	European Social Fund resources to be secured and managed (autumn 2015 and ongoing)
Creation of Job Opportunities via Procurement	Work with the Council's Procurement team to help secure the creation of jobs and work placements for young people as part of the community benefit received from Council contracts.	

ALL STAGE ACTIVITY

Challenge Fund	Conduct a Challenge Programme to identify and appoint third sector providers to deliver an all Stage strategic pipeline service including specialist and more intensive services for particular client groups, for example, long-term health conditions; homeless etc.	The Scottish Government is keen that third sector providers – who have their own funding are able to access ESF funds. As the lead partner the Council needs to manage this process as third sector providers cannot secure ESF resource direct from Scottish Government. European Social Fund resources to be
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secured and managed (autumn 2015 and ongoing).

OTHER SUPPORTING ACTIVITY

Deprived Area Funds

Review DAF programme for 2017/18 with tighter focus on employability outcomes and alignment of activity to the local strategic skills pipeline.

Team structure

Review and bring forward a revised team structure reflecting refreshed approach and any implications arising from the devolution of employability services to Scotland and the outcome of the Council's City/Region Deal.

Data Management System

Complete establishment and introduction of system (autumn 2015) and its use thereafter to manage client information.

Strategic Skills Pipeline

Work with partners at a strategic Highland and local level, to use the strategic skills pipeline as the structure around which Council and partner services will be organised and aligned.

Appendix 2: Strategic Skills Pipeline

Pipeline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
	Referral/Engagement activity	Barrier removal	Vocational activity	Employer Engagement & Job Matching	In-Work/Aftercare
Client Status	Not Job Ready	Not Job Ready	Job Ready	Job Ready	In Work
Examples of Eligible Activities	<p>Early Engagement Activity</p> <p>Identification of needs</p> <p>Development of Action Plans</p>	<p>Barrier Removal and Confidence Building activities</p> <p>ESOL</p> <p>Literades</p> <p>Specialist and non-traditional employability provision (e.g. debt/financial, homelessness)</p> <p>Vocational rehabilitation</p>	<p>Vocational activity</p> <p>Job search advice</p> <p>Work Experience Placement</p> <p>Activities to raise awareness of enterprise and entrepreneurship</p> <p>Accredited pre-employment training for core skills (eg ICT)</p>	<p>Employer engagement and job matching activities</p> <p>Training, mentoring and supporting men and women into occupations or sectors where their gender is under-represented</p>	<p>Support to help employee retention, including upskilling/workforce development</p> <p>Initiatives to encourage development of vocational skills among low-skilled and low-waged individuals</p> <p>Apprenticeships</p> <p>High level business and management skills</p> <p>Training to support business start up (particularly for groups under-represented at managerial levels)</p>

Appendix 3: Creating a Fairer Scotland Employability Support: A Discussion Paper Consultation Response from The Highland Council

Response to Consultation

1. The Discussion Paper asks a number of questions to help prompt replies. Rather than replying direct to each question the Council's response is grouped under a number of headings. In preparing for its response The Highland Council and the Highland Third Sector Interface held a joint session with Third Sector providers on 2nd September 2015 to discuss the pros and cons of current employability services and how these services could be improved for the benefit of clients.

General

2. The Highland Council has a positive and successful track record in supporting people progress towards and into employment. The Council delivers these services directly itself or through private and third sector providers and when doing so works closely with public sector partner organisations. The Council is experienced in securing and managing correctly external funding to support this work.
3. A key challenge faced when seeking to deliver a client focused and seamless service across partner services, is the fact that the delivery of skills and employability services is undertaken by a number of statutory organisations and a large number of contracted providers. The fact that many of these services take their policy direction and design at either the Scottish or UK national levels means they are not as responsive to local needs as they should be nor are they aligned to best effect.
4. To enable the Highland economy to grow and prosper requires high levels of labour market participation and Highland businesses having the skills set in their workforce to meet current and future needs. Everyone in Highland, whether young or old, should have the support they require to gain the workplace skills and qualifications to secure a job and progress in their chosen career.
5. Therefore skills and employability services need to be aligned and responsive to the local needs of business and individuals. The Highland Council believes that this will be best achieved if the detailed design and delivery of these services takes place locally.
6. This is the rationale behind the Council's proposal in its City/Region Deal, as approved by the Council on 3rd September 2015 and submitted to the Scottish and UK Governments, to devolve DWP, SDS and NHS programmes and develop partner arrangements with Scottish Funding Council, to enable Highland to design and deliver its own skills and employability services responding to local needs and circumstances. The aspiration here is that partner resources will be pooled and activity will be jointly commissioned and managed, with Highland Council acting, as required, as the accountable body.

7. This proposal accords with the policy position taken by CoSLA that the Scottish Government should adopt a 'local by default, national by agreement' approach to the future of employability services in Scotland. CoSLA believes that this approach is consistent with local government's endorsement of the principles of the Christie Commission and the Commission on Strengthening Local Democracy with an emphasis on reducing bureaucracy, integrating services, respecting local decision making and resting accountability closer to communities.

Detailed

8. Strategic Skills Pipeline and Shared Assessment

The Highland Council believes that employability services must be built around the needs of the individual as every individual will face different barriers which stop or constrain them from progressing towards and into sustained employment. The strategic skills pipeline – and its increasing use across employability service design and provision, usefully identifies a structure around which the services required by individuals can be described and provided for. For this to work however, requires all involved to utilise the pipeline structure, to collaborate when designing and aligning services, and to actively and jointly assess (using a common assessment) and manage clients as they progress along the pipeline and access services as required from different providers. This naturally calls for activity to take place at a relevant local geography level, be that Travel to Work or College geographies. The new devolved employability powers and resources should be integrated into local employability pipelines.

9. Delivery Areas

If skills and employability services are to successfully contribute to sustainable and equitable economic growth, then they must be responsive to local business needs and opportunities. Any activity organised at larger geographies, be that regional or national, makes it difficult for activity to be responsive to local labour markets. The current Scotland wide contracts for the Work Programme and the Work Choice have largely failed to recognise and be responsive to business/labour market needs and opportunities.

10. National Framework

It is recognised that the Scottish Government is wishing to take a fresh look at employment services and develop a distinctly Scottish Approach. CoSLA also recognise that an opportunity exists for a transformational change and argue that local government – should be at the heart of this new approach. The Highland Council endorse both aspirations here and recognise that a consistent national service needs to be designed and delivered but when doing so, this does not mean that this service must be duplicated across Scotland. To achieve this consistency across Scotland there is a need for coherent branding; there needs to be consistency across the definitions used; there is a need for a national performance framework underpinned by a national quality assurance programme etc. UK Government; Scottish Government and Local Government are all equal partners and need appropriate governance structures to be established. This national framework will therefore set the boundaries within which the new devolved employability

services must work, but critically allow the service to be designed and integration sought at the local level.

11. Allied but central to this is the role of DWP(JobCentrePlus) and how clients are managed. The Council consider DWP locally as a core partner in this work.

12. Programme Contract

Frustrations with the current Work Programme are twofold: the lack of knowledge of the 'black box' approach adopted by the providers and the funding constraints placed on Work Programme clients accessing ESF or Scottish Government part funded activity. This in practice has meant that the Work Programme has operated in a parallel and isolated world rather than in an integrated system with the other forms of employability support that exist locally. Any replacement programme must allow for and encourage providers to innovate, but it must be clear to all involved, be that the service users or partner organisations involved, what the service offering is and the standards associated with them. In this way the services can be aligned locally around the strategic skills pipeline.

13. Contracts

The duration of contracts; the pricing methodology and use of targets are all factors which carefully need to be considered, as they will influence contractor behaviour. Clients who are furthest removed from the labour market will typically require a higher level of support and, for example, any pricing methodology that is target driven and rewards outcomes, rather than one that gives payments based on milestone outputs en route towards a work outcome, could encourage the "parking and creaming" of jobseekers by providers. A contract period that is too short, i.e. under three years, will not encourage providers to undertake long-term planning and the creation of infrastructure that is embedded locally.

14. The geography of contract delivery needs to be considered carefully and reflected in any resource allocation given. Delivery of a contract in Inverness as opposed to one in rural Sutherland has different challenges and dynamics which will impact on the cost of delivery. Hence any funding model/allocation adopted needs to factor in and account for rural and remote rural areas.

15. On the basis that national consistency of service provision does not require duplication and hence there is a need for flexibility with local delivery, it is argued that the decision to procure a contract or to deliver it in-house should rest at the local level with local government in liaison with its local community planning partners. This allows for market assessment of providers which in a Highland context is predominantly third sector providers (and the specialist services they provide); local infrastructure; EU employability pipeline alignment etc. to be recognised and factored in to what approach best fits the local situation. The national Business Gateway Service offers a parallel and relevant comparison.

Conclusion

16. The Highland Council endorses the concluding comments made by CoSLA in its response to this Consultation, namely:
17. *Local Government in Scotland is clear that devolution of employability spend from UK Government to Scotland provides an opportunity for transformational change, we recognise that this will take time and that we will require a clear route-map for change. We advocate that this should be “local by default, national by agreement”. Evidence demonstrates that centralised approaches have failed and a fundamental new approach is required. With the co-operation of UK and Scottish Government in partnership with Local Government a new approach and improved system is possible – Local Government is keen to be at the heart of this new approach in the spirit of participative democracy asks Scottish Government to respect, empower and strengthen local democracy by accepting that new programmes should be “local by default, national by agreement”.*
18. The Council asks, as per its proposed City/Region Deal, that the opportunity for this transformational change is extended to other existing Scottish Government skills and employability activities.