

Agenda Item	6
Report No	ECI/3/21

HIGHLAND COUNCIL

Committee: **Economy and Infrastructure**

Date: **4 February 2020**

Report Title: **Highland Labour Market**

Report By: **Executive Chief Officer – Infrastructure and Environment**

1. Purpose/Executive Summary

- 1.1 Members will be aware of rising unemployment and the anticipation that it is to significantly increase over the coming months.
- 1.2 A significant response is required across The Highland Council together with partners to ensure that the most acute effects of the labour market crisis are mitigated. When doing so, positive steps can also be taken to identify new young talent and to provide pathways into employment thereby enabling more young people to stay and make a life for themselves in Highland.
- 1.3 In response to this challenge The Highland Council has two specific roles. The first is to take a pro-active role in the multi-agency response required across Highland to ensure that clients secure the services they need as they prepare for and access work. The second role is to offer job and work placements opportunities itself as an employer and provide support to enable others in the private, public and third sectors to also do so.

2. Recommendations

- 2.1 Members are asked to:
 - i. note the labour market challenges facing the Highland economy and in particular the impact this will have on young people;
 - ii. agree that The Highland Council adopts a pro-active and leadership role with partners through the Highland Employability Partnership, to ensure clients receive a cross agency service that is responsive to their needs and enables them to progress towards and into employment;
 - iii. agree that The Highland Council as an employer and service provider, provides the proposed work experience and job creation opportunities and, through its management of external funding, enables others to also do so; and
 - iv. note that the proposed staffing changes to ensure that The Highland Council has capacity to effectively undertake its employability function during this challenging

time are being taken forward following agreement at the Council meeting on 7 January 2021.

3. Implications

3.1 **Resource** – The funding available to The Highland Council to support employability activity has increased significantly. The various external funding streams are complex to manage each fund has its own associated eligibility criteria, evidence/reporting requirements and timelines for grant pulldown. This, together with the fact that related services provided by other organisations also have their own associated funding regimes, adds further to the challenge involved when designing and delivering The Highland Council and partner employability services.

3.1.2 Staffing capacity has not been increased to manage the extra resources being made available and the associated expectations placed on The Highland Council. As external funders do provide some resources for certain ‘activity’ based staffing, the need for and opportunity to review service capacity has been undertaken and proposals are contained within this report.

3.2 **Legal** – The Highland Council accesses and manages external funding from the Scottish Government and EU ESF for itself and on behalf of others. Therefore any risks to The Highland Council need to be assessed/mitigated to protect The Highland Council financial and reputational interests.

3.3 **Community (Equality, Poverty and Rural)** – Unemployment and underemployment affects individuals across all communities in Highland. While the Service seeks to achieve positive outcomes for unemployed individuals across all parts of Highland, it is recognised that the labour market challenges generated by COVID-19 will further adversely impact on existing disadvantaged areas and individuals.

3.4 **Climate Change / Carbon Clever** – No direct implications arising.

3.5 **Risk** – as 3.2 above.

3.6 **Gaelic** - No direct implications arising.

4. Context

4.1 Unemployment in Highland, as measured by the number of people aged 16-64 seeking work, is currently estimated to be 6,567. This is an increase of 3,245 (97.68%) since March 2020 and is slightly ahead of the Scottish rate (97%).

4.2 This increase is not evenly distributed across Highland.

JobCentre Office	March 2020	October 2020	Increase (%)
Dingwall	252	491	94.8%
Fort William	285	569	99.6%
Invergordon	511	839	64.2%
Inverness	1511	3265	116.1%
Portree	148	402	171.6%
Wick	615	1001	62.8%
	3,322	6,567	

- 4.3 What is known from other economic recessions and current statistics suggest this is emerging and true, that those already disadvantaged and young people will suffer most as they are unable to access and sustain work. Since the start of the year youth unemployment, as measured by the number of young people aged 16-24 claiming Universal Credit, has increased by 768 to 1430, which in comparison with the total seeking work rate (97.68%) is a disproportionate increase of 116%.
- 4.4 While it is difficult to predict with any degree of certainty, and public policy decisions such the Furlough scheme will influence, the Bank of England forecasts that nationally unemployment will continue to rise and most likely peak at about 7.7% in April to June next year. Due to the manner in which unemployment is now calculated it is challenging to give a prediction on what this might mean for Highland with any degree of confidence but potentially total Highland unemployment could reach some 10,000, with total young unemployment rising to 2,200 (from 662 in March 2020).
- 4.5 This is additional to a number of long-standing and emerging challenges affecting the labour market;
- unemployment for some is long-term and predates COVID-19;
 - poverty (out-of-work and in-work) remains stubbornly high. Increased income through job earnings is recognised as one of the main means to escape poverty;
 - despite an increasing number wishing to remain, young people continue to leave Highland and not return;
 - certain posts are hard to fill and increasingly as the working age population drops this will become more acute as replacement and new job openings are predicted to exceed the supply of labour; and
 - for certain sectors, BREXIT and the new migration policies may make the situation worse.

5. Service Challenge

- 5.1 The support needed to help anyone prepare for, access and sustain work naturally will vary between individuals. Some people, maybe those who have just become unemployed and already have skills but need support with CVs, only a 'light touch' is needed and one organisation will be able to provide. For others, their needs may be multiple and more complex and the support they need will come from different organisations, e.g. confidence building, work experience, skill acquisition etc.
- 5.2 From a statutory basis, no one organisation is charged with or provides the full range of services a client may need, making it difficult for the client to seek and secure the right range of support. It also makes it complex for the various organisations involved to align and co-ordinate service provision. The various funding regimes, each with their own eligibility criteria and purpose, some designed/delivered from a national perspective, others more local, further complicate matters.
- 5.3 The Highland Council, for its part focuses its services on:
1. young people who are about to transition from school or who have left school and are not engaged in learning or in work, to prepare for the world of work (a key client group are care experienced young people); and
 2. adults who face multiple barriers which stop them from preparing for, accessing and sustaining employment

Appendix 1 sets out in more detail the services provided.

- 5.4 The Scottish Government has recognised that 'one size fits all' national solutions do not work, and locally based solutions and partnerships is the way forward. The Scottish

Government look to local government to not only deliver specific employability services but also to lead on the design and delivery of a client centred service involving multiple organisations. This policy agenda is known as 'No One Left Behind' (NOLB).

- 5.5 Also, in response to the confusing and at times conflicting funding regimes, the Scottish Government is working towards the merging of the various funding streams. While these funds will be directed to The Highland Council as lead partner, the Scottish Government is seeking local multi-agency employability partnerships (as part of the local community planning partnership arrangements) to be in place to help design and deliver these funded services in an integrated and aligned manner.
- 5.6 While the NOLB policy and funding agenda commenced before COVID-19 and had a tighter focus on clients with multiple barriers stopping them from accessing work, it is now viewed by the Scottish Government as the means by which service provision will be best coordinated and delivered for all individuals who find themselves out of work. The Scottish Government therefore are expecting delivery of the Young Person's Guarantee to be aligned with and part of the NOLB policy and funding agenda.
- 5.7 In summary, the service challenge facing The Highland Council is twofold:
1. To lead on the (re) design and development of a multi-agency Highland Employability Service.
 2. To provide work placement opportunities and create jobs.

6. Highland Employability Service

- 6.1 It is proposed that The Highland Council work with partner organisations, through the Local Employability Partnership, to develop and deliver a Highland Employability Service Offer. The offer should aspire to include the following:

Proposal

The Highland Employability Service will offer everyone who becomes or is already unemployed, support to the services they need to enable them to prepare for and access the labour market.

Clients will have someone they can talk to, who will help them work out what support and skills they need as they prepare for the jobs that are (and will) become available, organise support/skills for them and sustain this as they progress into work

For some clients, the support they need will be 'light touch' and short-term but for others they may need support from multiple organisations over a more sustained period.

This offer complements the Scottish Government's Young Person's Guarantee which commits:

Within two years every young person aged between 16 and 24 locally will be guaranteed either the opportunity to study at university or college, take part in an apprenticeship programme, take up a job or work experience, or participate in a formal volunteering or training programme according to their own personal circumstances.

- 6.2 This client centred service requires:
- clients being able to access the service by self-referral or referral from the public or third sector organisations – therefore requiring an established and advertised 'gateway' entry to The Highland Council and partner services;

- clients being able to receive an assessment of their needs targeted to the labour market opportunities. For some, it will be sufficient to offer a digital self-diagnostic option, but for others, advisory support will be required;
- clients being able to access the range of support services wherever they live in Highland; and
- clients being able to secure the support services of a 'key worker' to ensure they receive the services required, no matter which organisation provides the service.

6.3 Partner organisations recognise not only the need here for such an offer but also the challenge involved. This was most recently discussed at a meeting of community planning partnership officer representatives on 26 November 2020 and a request made for The Highland Council to drive forward and support a functioning partnership to undertake this work.

6.4 Members will note that a service 'gateway' and 'key worker' service is viewed as critical and a cornerstone of any service going forward. This is recognised by the Scottish Government and specific funding has been provided to support this:

- Gateway – the term here, especially in a Highland context, does not necessarily relate to a physical office, but rather a telephone service, web presence and back office systems to ensure individuals have an established and advertised means by which to access services.
- Key worker - the term however covers a wide range of posts but the distinction here is that the key worker envisaged is not unique to one organisation or their service offer but spans organisations/services with the interest of the client always to the fore.

6.5 To this end, and in support of this cross agency working, funds are available for key workers for the following functions:

- to work closely with clients who have recently become unemployed who need specific and multiple support services to get them ready to return to the labour market; and
- to work closely with parents who are in work but due to their limited hours and salary, means that they remain trapped on 'in-work' benefits and are unable to progress for whatever reason in the labour market.

7. Young Person Guarantee

7.1 As part of its wider Young Person's Guarantee (YPG) programme, the Scottish Government has given The Highland Council a ring-fenced grant of £1,165,576 to deliver employability support for 16-24 year olds in 2020/21. Work is ongoing with Scottish Government over grant carry over and pulldown across the 2021/22 financial year.

7.2 As these funds are additional and other activity is available to engage with young people, it is proposed that the YPG funding is directed towards practical work experience and job creation. Following its submission of a draft delivery plan and financial schedule to accompany its acceptance of grant, the Scottish Government on 11 December 2020 wrote to The Highland Council confirming grant approval. Opportunities exist to review this workplan in response to changes in the labour market. Members' views and decisions will inform any revision made.

7.3 The Highland Council Work Placements

- 7.3.1 The established **Youth Trainee** programme, provides work placements of 6 month (12 months if care experienced) and is currently targeted to those young people at risk of disengagement. This is a successful programme with very high conversion rates into permanent jobs but also has been welcomed by Service personnel who have enjoyed mentoring, supporting and seeing the young people flourish.
- 7.3.2 Based on current revenue budget and secured ESF, The Highland Council is able to provide up to 30 (subject to whether 6/12 months) work placements per annum.
- 7.3.3 With YPG funding it is proposed to create an additional 30 work placements. To ensure the Youth Trainees get the right work opportunity, wherever they live in Highland, it is proposed to open up these places if required to partner public sectors organisations as well as to The Highland Council. Work is ongoing and to date across Highland some 60 placement opportunities have been identified with Services across a wide range of job types (clerical; stores; garages; fleet, facility and janitorial assistants; cooks etc.).
- 7.3.4 Previously The Highland Council delivered a **Graduate Intern** programme in response to the economic recession caused by the economic crash in 2009. The Highland Council and external funding was secured to provide 6 month work placements or paid interns for recent Graduates. This scheme usefully allowed the graduate to get relevant work experience linked to their degree and Council Services to get particular projects progressed. It offered Highland graduates a chance to stay/return to Highland as well as provide opportunities for other young people to move to Highland. With YPG funding it is proposed to create 20 Graduate Intern positions. These will first be opened to Council Services but if difficulties arise in providing all, the remainder will be offered to external public sector partners.
- 7.3.5 The UK Government **Kickstart Programme** is open to The Highland Council to apply to provide at least 30 six-month work placements for those aged 24 and under. The Highland Council could also work with a number of local businesses, who otherwise on their own could not provide the minimum 30 placements but together they would be able to do so and apply to be a Gateway Organisation. In essence The Highland Council will act as an agent for the Department of Work and Pensions, and manage the placements and payments involved.
- 7.3.6 At the current time work, in recognition of the challenges The Highland Council may have in delivering its proposed 60 Youth Trainee places and the fact that the grant received from the UK Government would need to be topped up to Scottish Living Wage levels (as per Council policy), work is not actively being progressed to apply for Council Kickstart places. Work is however ongoing with a number of local organisations who have applied to be Gateway Organisations to establish demand from business and whether there is a need for Council involvement.
- 7.3.7 An example of when The Highland Council may need to get involved is to do so is as a partner with Dumfries and Galloway Council, Forestry and Land Scotland and others in a forestry sector initiative. Whether there is a need to be a gateway organisation or a need more to focus on training and job incentive, remains yet to be determined. If there is, and the financial cost of doing so can be provided for, then efforts will be taken to actively apply for funding including widening this approach to other sectors.
- 7.4 **The Highland Council Jobs**
- 7.4.1 As detailed above, the proposed extra Youth Trainee work placement opportunities and the re-introduction of the Graduate Intern programme, offers an opportunity to identify and benefit from new young talent. A key objective of The Highland Council's

workforce planning strategy is to grow our workforce of the future and rebalance our staff age profile and succession plan. The work placements proposed offer an opportunity for The Highland Council's Services, working with the HR Talent team, to provide pathways for young people to progress into permanent employment with The Highland Council. Many Youth Trainees and Graduate Interns have already made this progression into Modern Apprenticeships and other Highland Council posts.

7.4.2 In support of this conversion of work placements into permanent jobs, the delivery plan and financial schedule submitted to the Scottish Government provides, in the same way as it does for private and third sector businesses, a wage incentive grant for the public sector. Preliminary indications are that this is acceptable and thus it is proposed to provide grant for to convert 15 public sector work placements into permanent jobs.

7.5 **Jobs in other public, private or third sector**

7.5.1 The Highland Council has a grant scheme in place with Scottish Government and match ESF funding to provide wage incentives for private and third employers to take on new permanent employees. This scheme is small, focused on clients with multiple barriers and thus is targeted rather than openly advertised.

7.5.2 With YPG funding it is proposed to wider eligibility to this scheme and to significantly increase it in scale with an additional 100 grants been made available. With existing Council and ESF funding and new YPG funding, up to 150 jobs could be supported through this grant scheme. The final details and value of the wage incentive scheme will be influenced by national work currently underway by Scottish Government.

7.5.3 Preliminary discussions have commenced with business representative groups as to how best this grant scheme could be promoted to the business community to ensure success. Work has also commenced with The Highland Council's Digital Services team over online application and claim to aid application and grant pull-down.

8. **Management and Administration**

8.1 This report has identified an increasing remit for The Highland Council to ensure that Highland clients secure the services they need, from whichever organisation is providing them, to enable them to progress towards and into sustained work. This increased remit has been accompanied by additional funding being provided. COVID-19 and its impact on the labour market has strengthened the need and urgency to redesign services but has also provided further resources to enable The Highland Council to contribute to the national effort and the Young Persons Guarantee.

8.2 A step change is required in how The Highland Council and the all organisations involved in employability services interact and deliver services. Currently The Highland Council does not have the capacity to undertake this function and while the Scottish Government allow for staff costs directly related to activity provision to be paid for from their grant received, the expectation is that The Highland Council will provide management and general administrative support.

8.3 The current Employability team is small and fully occupied with the delivery of current activity. Certain activity as outlined above will be led by existing staff but will require additional seconded/recruited staff to provide the capacity to deliver. Other activity, for example, the Parental Employability Support Fund (a grant focused to enable parents to progress in employment) is currently not been actively progressed due to staffing constraints.

- 8.4 A review and redesign of the employability team has been undertaken. The resources involved, for the new posts detailed below, can be met from the existing employability staffing budget (vacancies), Scottish Government and ESF grant.

Post	Funding Source	Comment
Core Team		
Service Provision Co-ordinators (1 North Highland, 1 South Highland)	HC revenue	Two vacant posts
Client Systems Administrator	NOLB/HC revenue	New post
Modern Apprentice	NOLB/YPG	Fixed term linked to external funding
Young Person Guarantee Delivery Team		
YPG Co-ordinator	YPG funding	Fixed term redeployment 1fte
YPG Admin	YPG funding	Fixed term redeployment 0.4fte
YPG Projects	YPG funding	Fixed term redeployment 0.5fte
Partnership for Continuing Employment (PACE) Advisers (1 North Highland, 1 South Highland)	YPG/PACE funding	Two new posts
Kickstart Administrator	Kickstart/YPG	Fixed term linked to external funding <u>Only progress</u> if Council participate/accepted as Gateway Organisation
Parental Employability Support Fund		
Key Worker Advisers (2 North Highland, 2 South Highland)	PESF (+ PESF boost) funding	Fixed term linked to external funding
European Funding		
ERDF/ESF Claims Administrators	HC/ESF	Fixed term to deal with claims backlog

- 8.5 As Members will be aware from the reading of this report, employability is a complex subject area given the partnership nature of the work, the number of staff, the contracted services and the external funding involved. Accordingly, it is now considered that this is the correct time to provide the dedicated focus now needed to drive forward the service re-design and to co-ordinate The Highland Council efforts towards the current labour market crisis.

- 8.6 Members will note that The Highland Council agreed on 7 January 2021 the establishment of a 2-year fixed term Employability team leader post. Recruitment is now underway for that post, and the others set out above.

Designation: Executive Chief Officer - Infrastructure and Environment

Date: 17 January 2021

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Appendices: Appendix 1 – Council Employability Services

Appendix 1 Council Employability Services

Purpose:

The Employability Team's services are focused on:

3. young people who are about to transition from school or who have left school and are not engaged in learning or in work, to prepare for the world of work (a key client group are care experienced young people)
4. adults who face multiple barriers which stop them from preparing for, accessing and sustaining employment

Services offered

A range of services are offered to clients, many of which, due to the particular needs of the individual, do not stand alone but are integrated with other Council and partner services:

Our young person's employability provision focuses on:

- those **young people** who have left school or endanger of leaving school into **a negative destination**. Person centred provision is designed to re-engage the young people to support them to identify and progress into next stage on their journey towards and into work.
Council provide co-ordinating role and contract external providers to deliver 1:1 and group services
Approx. 130 young people per year.
- **Family Firm Employability Support** for Looked After and Accommodated and Care Experienced Young People – support to these young people to ensure they can access mainstream employability provision and also bespoke provision to meet their individual needs.
Council provide this co-ordinating/1:1 advisory service, and contract external providers/link up with other services as required/appropriate
Approx. 70 young people on annual case load (including return from out of area)
- **Youth Trainee Programme** – paid work experience for 6 -12 months within the Council and occasionally, other public sector partners. Targeted at young people who are close to being work ready however lack work experience.
Council co-ordinates service and offers 1:1 support for young people (and their line managers)
Approx. 20 to 30 (dependent on duration) young people per year.

HERO (Highland Employment Recruitment Offer)

- Provides wage incentive to businesses to support the initial employment of targeted out-of-work people who are currently being supported by the Council or it's partners.
Service managed by Council with businesses claiming grant retrospectively
Approx. 20 individuals supported into work per year

Short term Employability Support for Adults

- A tailored package of support is offered to clients following a comprehensive assessment of their needs. Generic employability skills such as motivation and confidence building, IT skills and a range of job preparation activities are provided. This service is available on an individual basis or delivered in a

group setting. Mentoring support is available throughout to maintain client engagement and progression.

Service is externally contracted and delivered, mainly by third sector providers

Target delivery is 275 per year

Specialist Employability Support Services

- Third Sector Service Providers adopt a holistic, “no wrong door” service approach spanning multi-stages of the employability pipeline for clients who face multiple barriers to accessing employment.

The Council accesses and manages ESF (as third sector cannot do directly) and thus fulfils a role of commissioner of services and grant payment/claims.

Target delivery is 126 continuing clients + 80 new clients = 206 per year

Parental Employability Support

- New programme aimed at supporting parents to prepare for and access work and then to sustain and progress in work – seeking to specifically address child poverty by raising a parent’s income via work.

Service progression stalled due to COVID-19.