

Agenda Item	10
Report No	EDI 06/19

## HIGHLAND COUNCIL

**Committee:** Environment, Development and Infrastructure

**Date:** 31 January 2019

**Report Title:** Local Employability Model

**Report By:** Director of Development and Infrastructure

### 1. Purpose/Executive Summary

- 1.1 This report seeks to brief Members on recent national developments concerning employability services and the introduction of a new Local Employability Model in April 2019 and its evolution and extension thereafter to integrate funding for current national programmes into one funding stream which will be managed collaboratively between Scottish and Local Government.
- 1.2 This is a significant policy development and the opportunity it presents, offers the means by which services can be aligned, co-ordinated and delivered to maximise the national investment available and help those Highland citizens overcome the multiple barriers that stop them from securing work. If this opportunity is realised it effectively will deliver on an Inverness and Highland City Region Deal commitment to align and co-ordinate employability services.

### 2. Recommendations

- 2.1 Members are asked to:
- i. note the Employability Partnership Working Framework agreed between the Scottish Government and Scottish Local Government;
  - ii. note the findings of the Scottish Government Review of Employability Services, and specifically the proposal to introduce a new local employability delivery model managed collaboratively between Scottish Government and Local Government from April 2019; and
  - iii. agree to work with the Scottish Government and partners to design, resource and deliver a new Highland Employability Service.

### **3. Background**

- 3.1 Scotland's labour market continues to experience a period of historically low unemployment. In Highland unemployment, while increasing (up some 14% over the past year), remains marginally below that of Scotland at 2.6%, equating to some 3,700 individuals. The total number of people who want a job rises to approximately 7000 individuals when others, who are inactive but not claiming out of work benefits, are included.
- 3.2 Members will be well aware how unemployment contributes towards the stubbornly high poverty levels in Highland. Across Scotland some £1m people are estimated to be living in households classified as in 'relative poverty', including 1 in 4 children. This together with Highland's increasing population imbalance and reduction in the number of working age adults, means that Highland is facing a future skilled labour shortage and needs to get as many of its citizens who want to work, into work and earning money and contributing to a inclusive Highland economy.
- 3.3 However, no one organisation is solely responsible for helping people get into work. This is due to the fact that each individual has particular reasons for why they are out of work. For some, mental health may be their barrier, for others it may be a lack of relevant skills or no work experience, for others it could be issues of confidence after being out of the labour market say when bringing up children etc. Therefore, typically an individual will need to access a number of different organisations/support services.
- 3.4 In practice, however, it can be hard for individuals to do so. This is due to the fact many of these services are targeted to particular client groups, for example, long-term unemployed, disabled etc., and often, due to the manner of their procurement and/or funding, clients cannot easily progress between service providers to access the individualised services they need. For example:
- DWP/JobCentrePlus have a key supportive role to play for all people claiming out of work benefits but their proactive targeted support is directed to specialist client groups, for example, autism, lone parents;
  - any client on the Scottish Government's Fair Start Scotland Programme is unable, due to the Programme's payment model utilised, to access any other complementary service that is part funded with European finance; and
  - the Scottish Government's Employer Recruitment Incentive is a useful and fully utilised wage incentive initiative, but is finite and provides only 13 places per annum in Highland.
- 3.5 For its part the Council's employability services have been designed so that they do not duplicate other activity and seek, whenever possible, to align provision in order to facilitate client progression. However, as Council and certain third sector activity is part funded by EU, the payment models utilised by Scottish Government on its other funds constrain and frustrate such efforts.

### **4. Policy Developments**

- 4.1 Following the transfer of certain employability responsibilities from the UK to the Scottish Government in April 2017, the Scottish Government has been keen to design and deliver a Scottish approach to employability. The commencement of the Fair Start Scotland programme in April 2018 was a first step towards this and

incorporated a voluntary choice rather than mandatory requirement to a client's involvement. However, recognising that this did not address and deliver a more effective and joined up employability support system across Scotland, the Scottish Government launched a policy document in March 2018 called No One Left Behind. One action of which was to initiate a Review with service users, providers, service commissioners and other partners, to understand how best services can be designed and delivered to help people secure work.

4.2 Council officials and local third sector partners have actively and positively engaged in this debate and for its part the Council offered up previous research (on a whole 'Highland' system approach) and its two City Region Deal propositions, on how services could be better designed and delivered across geography like Highland. The Council has always been a strong advocate for locally designed and delivered services which utilise local and predominately third sector providers, as typically the national design of employability programmes makes it very challenging for external national to deliver services across the Highland geography.

4.3 On 30 November 2018, Council Leaders at CoSLA approved a draft 'Scottish Government and Scottish Local Government Partnership Working Framework'. This Framework sets out the terms of engagement and working relationship between the Scottish Government and local government. A set of core principles were agreed and the establishment of two governance/leadership groups – one strategic and one operational (Council is seeking to be represented on this group).

4.4 On 5 December 2018 this Partnership Working Framework was formally signed. This coincided with the publication of the Scottish Government's No One Left Behind: Review of Employability Services. This review identified 6 actions:

1. A new local employability delivery model will be managed collaboratively between Scottish Government and local government from April 2019. This will include two services which are currently delivered by the Council's Employability Team supported by ring fenced grant funding – Activity Agreement programme (£178k plus est. £150k ESF), and the Scottish Employer Recruitment Incentive (£52k).
2. One Funding Stream: Following the development of comprehensive delivery/funding arrangements and governance/accountability structures, other programmes will be integrated into this model such as the:
  - Employability Fund (managed by SDS and contracted to various providers – approx. £525k in Highland)
  - Community Jobs Scotland (SCVO managed – Highland value unknown).
  - 14-19 Fund (Scot Govt. managed – Highland value unknown)
  - Discovering Your Potential (Scot Govt. managed – Highland value unknown).
3. A national outcomes and measurement framework will be put in place, which will allow local front line services providers to align activity and deliver more flexible services.
4. A national all-age employment support offer will be explored to incorporate improved alignment with health and other services.

5. A programme of innovation and integration will be progressed to continue to join up between employment services and other services, including criminal justice, housing and mental health.
6. Invest in improvement, innovation and user led employability sector collaboratives.

4.5 This Partnership Working Framework and the actions arising from the No One Left Behind Review, is a significant policy development and sets out a new direction for employability services in Scotland. It recognises that national 'one size fits all' approach does not work nor allows for complementary and aligned services to be put in place. It recognises that if services are to place people at the centre of its design and delivery, then services need to be flexible and responsive and thus local government is well (best) placed to facilitate and co-ordinate this at the local level.

4.6 This is not however, a devolution of responsibilities to local government and a hand over of resources, rather in many respects it is a challenge to local government to work with the Scottish Government Employability team, to design and deliver services in a collaborative manner that balances national direction with local responsiveness.

## **5. Highland Response**

5.1 The Council's employability services have undergone significant change and re-design over the past 3 years. Aspects of this change places the Council in a positive position from which to collaborate with the Scottish Government and shape a local employability model. These re-design improvements include:

- introduction of client centred commissioned services and establishment of formal contract management relationships with providers (mostly third sector);
- the Council's contracted services introduced (and explained) for many local providers the nationally agreed descriptor of employability services (this service descriptor/method of contracting is a key development and will be central to service alignment and co-ordination);
- the contract framework approach adopted gives the Council the ability to flex the services purchased to ensure that they are responsive to individual client needs;
- the Council has introduced a new CRM system for its own and contracted providers use to manage clients. It is envisaged that this system (used in 15 other local authorities) will be a core part of the emerging local employability delivery model and the foundation on which the national outcomes and measurement framework will be introduced; and
- after transfer from Care and Learning, the Activity Agreement (AA) programme was aligned with the Youth Trainee programme, Employment Grant Scheme and SERI schemes to offer young people a pipeline of support. This together with the recent transfer of Family Firm which further reinforces service alignment for Looked After Young People, means the Council is well placed to align these services with other funds such as the Employability Fund and Community Jobs Scotland.

5.2 Best practice, together with Members direction that services are to be targeted to young people and those furthest removed from the labour market, has driven

forward these re-design improvements. At the same time, due to the budgetary reductions experienced, this re-design has been accelerated. While the pace of change itself has not been a problem and the availability of ESF funds has in the short term offset the budget reduction, the staffing reduction has meant that there is not capacity to fully commission services for adults and partnership activity has become constrained and focused towards operational requirements with limited strategic oversight and service development taking place.

- 5.3 Resource constraints, primarily staffing, limit the Council's capacity to be at the centre and drive forward the design and delivery of the new local employability model. All current available staffing resources are directed to existing service delivery, including the successful pull down of ESF funds for Council and Third Sector activity.

## **6. Conclusion**

- 6.1 Whether it is from a (child) poverty perspective or a wider labour market one due to a reduction in its working age population and migration issues, Highland needs to get as many of its citizens who want to work, into work. Unemployment may be historically low but it is currently rising with 3,700 Highland citizens claiming out of work benefits and another 3,300 inactive citizens who would work if they could.
- 6.2 The commitment from the Scottish Government to work with local government to design and deliver a new local employability services model, is a welcome step change and one that offers a real opportunity to align and co-ordinate services across providers to the need and benefit of clients.
- 6.3 While there is no defined approach set out by the Scottish Government on how they wish this model to be developed, it can be anticipated that the development of a new local Highland employability delivery model will require an inter-agency Project to be initiated, designed and resourced. It is envisaged that a local employability delivery model in Highland will require both a strategic and local response(s). The hosting of a 'Housing Hub' style approach may usefully bring the Scottish Government, Council, partners and providers together to drive forward this new model.

## **7. Implications**

- 7.1 Resource – National funding for the various activities is already in part currently identified/ ring-fenced for use in Highland, or Highland projects access funds from the national pot. There is limited/no funding provided for management or administrative costs incurred.
- 7.2 Legal/Risk – The proposal is that the Scottish Government and local government design and deliver this new employability model in a collaborative manner. Accordingly, if this opportunity is to be fully realised and developed into a national all age employment service, comprehensive governance and accountability structures will need to be established.
- 7.3 Community (Equality, Poverty and Rural) – The proposed new local employability model offers the potential to drive forward and secure positive outcomes for individuals across all parts of Highland but with a focus on areas of high and persistent unemployment.

7.4 Climate Change/Carbon Clever – No implications

7.5 Gaelic – No implications

Designation: Director of Development and Infrastructure

Date: 15 January 2019

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