

<b>Agenda Item</b>	<b>8</b>
<b>Report No</b>	<b>ECI/22/2023</b>

## HIGHLAND COUNCIL

**Committee:** Economy and Infrastructure

**Date:** 4 May 2023

**Report Title:** Employability Services

**Report By:** Depute Chief Executive

### 1 Purpose/Executive Summary

- 1.1 This report provides Members with an overview of developments within employability services as the Council and its partners via the Highland Employability Partnership (HEP) continue the process of systemic change in line with the 'No One Left Behind' approach to create an all-age employability service to raise as many Highland residents as possible out of poverty, supporting those who face multiple barriers into employment and enabling progression out of poverty for those who are already in work.
- 1.2 The HEP operates to a three-year Delivery Plan 2022-25 which sets out local priorities, challenges and interventions as well as outlining the support required to meet individual needs and labour market demands. The Plan is reviewed annually, and the latest version takes into account the increasing priority placed by the Scottish Government on tackling child poverty by increasing household income. The introduction of the UK Shared Prosperity Fund (UKSPF) adds a further dimension to complement employability services with a focus on addressing adult numeracy and enhancing skills provision.
- 1.3 The proposed Operational and Investment Plans for 2023-24 and arrangements for the delivery of the UKSPF Skills Interventions, are set out for Member's consideration and approval.

### 2 Recommendations

- 2.1 Members are asked to:-
  - i. **Note** the 'No One Left Behind' policy and financial agenda which is supporting the design and development of a Highland unique employability service including the increasing focus on tackling child poverty and the drive to raise as many parents as possible out of poverty, including in-work poverty;

- ii. **Agree** the Operational and Investment Plans for 2023/24; and
- iii. **Agree** to the establishment of a Skills Challenge Fund to deliver the UKSPF Skills Interventions and request to partners on the Highland Economic Recovery Partnership to collaborate with the Council on the design and delivery of the Challenge Fund.

### **3 Implications**

- 3.1 **Resource** – The majority of the activity funding required is external funding from the Scottish and UK Governments. Council revenue resources are used to fund the core permanent staffing team and core activity when external resources are not otherwise available.
- 3.2 **Legal** – The Council is the accountable body for the management of external Scottish and UK Government funds and hence responsible to ensure that all funds are used for the purpose given. Accordingly if others are delivering activity, appropriate agreements are entered into with each party to ensure compliance.
- 3.3 **Community (Equality, Poverty, Rural and Island)** – an Equality Impact Assessment has been conducted with no negative impact on equality groups identified. The proposed Delivery Plan offers wider integration with the Child Poverty Action Plan. A place-based approach has been adopted to ensure the correct employability solution is developed to address the needs of rural and remote rural communities.
- 3.4 **Climate Change / Carbon Clever** – None directly arising from this report.
- 3.5 **Risk** – A key risk is that the funds provided will not be fully utilised within the financial year(s). Delivery capacity across the Council, partner and local providers is constrained and not always best placed to deliver across all parts of Highland. To mitigate a hybrid delivery approach is utilised (part in-house, part contracted/grant aided). In particular, as it impacts on UK Shared Prosperity Fund, there is a need, if the 24/25 grant allocation is to be successfully drawn down, to forward commit the 24/25 funding for activity during 23/24.
- 3.6 **Gaelic** – None directly arising from this report.

### **4 Background**

- 4.1 The Council has a strategic interest in employability due to its relationship to the wellbeing of its communities and economic development across the Highlands. The Council takes a lead role in implementing the No One Left Behind (NOLB) approach to employability services and facilitating the work of the Highland Employability Partnership (HEP). It is also a key player in managing both the exit from European funding and the introduction of the UK Shared Prosperity Fund.

- 4.2 The NOLB Employability Partnership Agreement between Scottish Government and COSLA details how both tiers of Government seek to engage more effectively to positively shape employability provision and to co-fund employability services. Both parties have agreed to operate within a set of guiding principles to put the individual at its heart. The direction is clearly towards collaborative working with an ambition of better integration of employability services across partners. The governance and leadership structure also enables a local place-based approach to service design and delivery, placing the lead accountable body role firmly with the Council.
- 4.3 The NOLB service is open to all age groups who are at risk of being left behind to move closer to and into sustainable and fair jobs. It is therefore not for everyone and is to be focused to those people who without additional support might not make a successful transition into or be able to secure work, further education or training. At the heart of the NOLB service offer is a Key Worker (an appointed a named person) who will work with clients for the duration of their employability journey.
- 4.4 As Members will be aware, the impact of Child poverty is of increasing concern, particularly during a cost-of-living crisis. The Scottish Government “Best Start, Bright Futures: Tackling Child Poverty Delivery Plan 2022-26” aims to implement a series of actions to tackle this issue. Employability is a key pillar of the plan and builds on current interventions through the NOLB approach to help ensure work (securing employment or through in-work progression) offers an effective and sustainable route out of poverty for families.
- 4.5 Highland Council, along with local authorities across the UK has also been awarded funding from the UK Government via the UK Shared Prosperity Fund. The funding allocation covering the period 2022-2025 is to support projects under three investment priorities – Communities and Place, Supporting Local Business and People and Skills. The People and Skills priority also includes a 3-year allocation for the Multiply adult numeracy programme and presents the opportunity to complement core employability and skills services.

## **5 2022-23 Activity Report**

- 5.1 During 2022-23 the Employability Team, together with contracted third and private sector providers and Challenge Fund grant recipients, delivered a suite of activity across Highland. This included:-
- core key worker service;
  - bespoke employability activities;
  - online group work;
  - specialist intensive support and industry specific training;
  - new pilot approaches to engagement to open up referral routes for hard-to-reach priority client groups;
  - paid work experience placements; and
  - job creation grants (HERO)

Key performance statistics are detailed below:

Headline:	680 clients supported *
	257 into employment *
Male	403 (239 under age 25 / 164 over age 25)
	157 into employment (94 under age 25 / 63 over age 25)
Female	273 (145 under age 25 / 128 over age 25)
	99 into employment (51 under age 25 / 48 over age 25)
Other	4 (all under age 25)
	1 into employment

\*Includes clients who commenced with Employability Service in 2021/22

- 5.2 In order to engage key stakeholders in the development process the Council, on behalf of the HEP, engaged external consultants to facilitate a number of online sessions with service providers. Opening up this line of communication presented the opportunity for service providers to influence service design. This has resulted in the design of a new delivery and payment model which will be tested throughout 2023-24.
- 5.3 Linked to efforts to raise profile of the partnership and its collective service offer to clients, HEP partners have agreed a common referral process, the Council has introduced a Freephone number and generic email address to enable clients to gain easier access to the service. In addition, the HEP partners have signed up to a new brand which will be launched during 2023-24 as part of a wider communication and engagement strategy being implemented.

## 6 2023-24 Programme of Activity

### 6.1 Funding

At the time of writing this report, the Council has not received its grant award letter for 2023/24 from the Scottish Government. It is understood that the governance process requiring ministerial approval has been delayed due to the timing of new ministerial appointments.

- 6.2 It is anticipated that grant from the Scottish Government will be split with a core NOLB allocation and a Child Poverty allocation, providing for service delivery and dedicated staffing (Key Workers and a Service Co-ordinator). Potentially, subject to confirmation of the Child Poverty funding from the Scottish Government, the sums available across these different funds is substantial and allow for core service delivery as well as time limited activity to be progressed.

- 6.3 **Appendices 1 and 2** set out HEP Annual Operational and Investment Plans. Unfortunately, due to the delay with the confirmation of the Scottish Government grant award, it is not possible at this time to identify the proposed split of funding across activities. Given the need for early decisions for the initiation of activity once the funding is agreed, it is proposed that this will take place in consultation with the HEP. Allied to this, as service needs are ultimately client driven, it is anticipated that there will inevitably be some flexibility on the specific activity progressed and funds utilised.

6.4 The Council's Highland Employment Recruitment Offer (HERO) draws funding from various sources and has been a huge success since its introduction in March 2021 with 431 unemployed people supported into work. The Scheme was launched at a time when many businesses were struggling to survive and the wage incentive offered critically gave many businesses the extra confidence, they needed to employ new staff when otherwise they may have delayed or not done so at all. As the economic conditions are now different and labour supply rather than labour demand is the issue, it is time appropriate to revisit recruit eligibility criteria and to link it more closely with those individuals who need particular additional support if they are to transition into or able to secure work. Work is therefore underway to revise criteria and re-launch the HERO programme.

#### 6.5.1 UKSPF

As reported to and agreed by Committee in January 2023, the UKSPF provides resources over the period 2022-25 to support projects under three investment priorities – Communities and Place, Supporting Local Business and People and Skills. The People and Skills priority includes funding to support employability, local skills including green skills and funds for a dedicated adult numeracy programme called Multiply.

#### 6.5.2 Employability

The Employability allocation for 2023/24 is £400,000 and will support two of the interventions identified by the UK Government – 1) *Employment Support for Economically Inactive* and 2) *Courses including basic skills for those not economically active*. Funds will be allocated through a mixture of direct delivery, commissioned services and grant funded projects, in-line with the priorities set by the Highland Employability Partnership (HEP), aiming to raise as many Highland residents as possible out of poverty through sustainable and fair work. As detailed in paragraph 3.5 Risk, there will also be a need during 23/24 to forward commit the 24/25 allocation (some £600k) to this activity. At the current time the intent is that this will be linked to new procured services, commencing early 2024.

#### 6.5.3 Skills

The Skills allocation for 2023/24 is £215k (and £770k in 24/25) and will support two of the interventions identified by the UK Government – 1) *Local Skills Needs* and 2) *Green Skills courses*. As detailed in paragraph 3.5 Risk, there will be a need during 23/24 to forward commit the 24/25 allocation to this activity.

6.5.4 It is proposed that these funds will be distributed via a Challenge Fund designed to meet local skills gaps, including those within the green economy. While it is anticipated that some Employability Services clients will benefit, in the main it will be those in education or work who will benefit, and thus it is proposed that this element of work be led by a sub-group of the Highland Economic Recovery Partnership rather than the HEP. The sub-group will therefore work with the Council to set the Challenge Fund parameters in response to identified skills demands / skills provision gaps and help assess and make grant award decisions. Thereafter the Council will manage the grant award and claim process.

## 6.6 Multiply

The Council's Employability team recently ran a successful Highland Multiply Challenge Fund, with 12 projects supported and £987,808 in funding committed to a mixture of public and third-sector organisations across Highland. Funding will be used to help adults aged 19-years plus who want to build confidence and skills in the use of numbers in their day-to-day lives.

- 6.6.1 Further work in 2023/24 will include working in partnership with community groups and other partners to engage the hardest to reach learners, plus, subject to residual funding being available in 2024/25, a second round of the Highland Multiply Challenge Fund based on evidence as to what is working well and whether delivery gaps have appeared.

## 7 **Conclusion**

- 7.1 This is an ambitious programme which requires systemic change over time. It involves a transition in how employability funding is structured to become more responsive to enable local areas to adopt a place-based approach. It also requires a culture shift away from delivering large scale "one-size fits all" programmes towards a person-centred integrated service offer.
- 7.2 This requires the implementation of a partnership approach at both Highland and sub-Highland level including stakeholders and service users influencing the design of a truly local service to meet labour market demands. The HEP is presented with the decision-making power to use employability funding to best effect and co-commission services where appropriate for their own areas and work together to create an integrated and effective local service. While collaboration and joint decision making is central to this new approach, the Council has the lead role as the accountable body for the funds received.
- 7.2 Whilst the unemployment rate may be low, the impact of unemployment still remains deep rooted for certain client groups who risk being pushed further away from the labour market as new challenges present. The root causes of poverty, in particular child poverty, remain a very real and persistent challenge across the Highlands and require a collaborative approach to design and deliver local solutions to enable parents to increase their income via employment.
- 7.3 The foundations have been set for new system to deliver however significant challenges remain in order to tackle labour market inequalities and to support those at risk of being left behind to move closer to and into sustainable and fair work.

Designation: Depute Chief Executive

Date: 18 April 2023

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## HEP Annual Operational Plan 2023/24

The aim of the HEP is to work with individuals and employers to raise as many Highland residents as possible out of poverty through sustainable and fair work; supporting those who face multiple barriers into employment and enabling progression out of poverty for those who are already in work.

Planned Actions for 2023/24	NOLB Key Principle*	Action led on behalf of the HEP by:
<b>NOLB Workstream - Service Design</b>		
Operate a hybrid model for employability key worker support across Highland including the introduction of a new intensive support delivery model.	Person-centred support	HC
Develop a programme of community activity to identify potential clients and develop clear referral routes onto employability services.		HC & DWP
Identify and engage with clients and employers as the basis for the design and delivery of in-work progression projects.		DWP & FSB
Robust and regular data collection at Highland-wide and sub-Highland geographies to inform decision making and to measure progress.	Driven by Evidence	HC
In collaboration with employers, develop training options to address identified labour market gaps	Pathways into sustainable and fair work	UHI
Engage clients to inform service design and support the continuous improvement of service delivery.	Dignity and respect, continuous improvement	HTSI
Prepare a suite of labour market work experience opportunities across the public, private and third sectors	Right job, at the right time	HC & HTSI
<b>NOLB Workstream - Alignment and Integration</b>		
Improve integration and alignment of service and service standards within and across partners	Integrated and aligned	HC
Promote a simple and clear “front door” point of entry to access HEP services – both in person and on-line		DYW

<b>NOLB Workstream – Communication</b>		
Create a communications strategy to raise the profile of the HEP and employability services.	Straightforward for people to navigate	DYW
<b>NOLB Workstream – Policy and Finance</b>		
Identify and specify resources that HEP partners will commit to supporting collective poverty alleviation projects.	Integrated and aligned	HC
Ensure that NOLB, UK Shared Prosperity, Child Poverty and other funding are aligned, supporting those who face multiple barriers into employment and enabling progression out of poverty for those who are already in work.		HC
Support North Highland, West Highland and Inner Moray Firth LEPs to progress locally identified projects.	Person-centred support	HC
<b>NOLB Workstream – Governance and Risk</b>		
Strengthen links between the HEP / LEPs and the CPP structures at Highland-wide and local levels.	Integrated and aligned	HIE
HEP to establish a risk register, to be reviewed on a regular basis.	Dignity and respect, continuous improvement	SDS
Create and agree a conflict resolution procedure for the HEP, incorporated into the HEP Terms of Reference (due for review in August 2023)		SDS
<b>NOLB Workstream – Shared Measurement</b>		
Identifying and supporting the “value added” elements created because of HEP collaboration, over and above day-to-day responsibilities of each partner.	Integrated and aligned	NHS Highland
Set baselines and monitor progress in relation to the shared HEP performance indicators	Dignity and respect, continuous improvement	SDS & HIE



## HEP Annual Investment Plan 2023/24

<b>Community Activity</b>	
2023-24 Budget	£ (to be confirmed)
<ul style="list-style-type: none"> <li>• Client identification and engagement (all ages) through third / private sector commissioned services</li> <li>• Community challenge fund to establish new referral routes for unemployed people and working parents to access support from the Highland Employability Service.</li> </ul>	
<b>Key Worker Service and Client Progression</b>	
2023-24 Budget	£ (to be confirmed)
<ul style="list-style-type: none"> <li>• Hybrid model of key workers employed by Highland Council and contracted from third / private sector operators to support clients of all ages to progress towards, into and within employment</li> <li>• Training for public, private and third-sector staff so that they can deliver “Better Off in Work” calculations with parents</li> <li>• Allowances to support individuals to overcome barriers</li> <li>• Allowances to support young people undertaking training for employment</li> <li>• Allowances to support parents transitioning into work – support towards initial upfront costs and childcare</li> <li>• Wraparound / flexible childcare pilots in North Highland, West Highland and Inner Moray Firth in identified communities lacking provision</li> <li>• Specialist support commissioned from third or private sector providers to help clients who need more intensive support to progress towards and into work</li> </ul>	
<b>Accredited training / Industry Recognised Certification/Vocational Qualifications</b>	
2023-24 Budget	£ (to be confirmed)
<ul style="list-style-type: none"> <li>• Group Work sessions commissioned from third or private sector providers to help people of all ages into work.</li> <li>• Accredited training commissioned from public, third or private sector providers to help people of all ages progress along the employability pipeline.</li> <li>• Access to training to upskill parents to support career progression.</li> <li>• Industry collaboration to support development of home working to help parents benefit from flexible working.</li> <li>• Accredited training delivered via a grant to the Scottish Childminding Association (SCMA) to grow the number of childminders across Highland.</li> </ul>	

**Work Experience Placements / Jobs**

2023-24 Budget

£ (to be confirmed)

- Paid work experience placements for young people or parents, delivered by public and third sector organisations.
- Employer Recruitment Incentives to encourage employers to create sustainable job opportunities for clients of the Highland Employability Service.

**Partnership Facilitation**

2023-24 Budget

£ (to be confirmed)

- Dedicated resource to support facilitation and co-ordination of Highland Employability Partnership activity within No One Left Behind, Tackling Child Poverty and UK Shared Prosperity Fund.

**Management and Administration**

2023-24 Budget

£ (to be confirmed)

- Support for Highland Council as lead accountable body for the management and administration of No One Left Behind, Tackling Child Poverty and UK Shared Prosperity Fund.

**Targets:**

- To be set once external funding confirmed