

Employability Update

Summary and Recommendations

This report aims to provide a comprehensive but concise update to the Board on employability developments and priorities ahead. In particular it highlights the Scottish Government decision to press ahead with the next phase of No One Left Behind that will see additional resources for Local Employability Partnerships, and the need for further work to strengthen, integrate and align our approaches.

This paper invites the Community Wellbeing Board to:

- i. Note the key developments highlighted;
- ii. Offer views about funding concerns to inform a potential COSLA Leaders report and ongoing discussions with the Scottish Government;
- iii. Endorse direction of travel and mandate officers and the Spokesperson for Community Wellbeing to progress work with the Scottish Government on the refresh on the SG / LG Partnership Agreement;
- iv. Similarly to endorse direction of travel and provide a mandate to progress work on a DWP / LG Employability Partnership Agreement;
- v. Provide a mandate to COSLA officers to work with LG and SG colleagues to finalise a report on Young Person's Guarantee delivery data and to mandate the Spokesperson to sign that off with Ministers for its publication.

References

Previous reports on employability:

Community Wellbeing Board – 17-09-21 – Employability Evaluation and Continuous Improvement
Community Wellbeing Board – 18-06-21 – Employability Update
Community Wellbeing Board – 18-05-21 - Employability Update
Leaders – 30-04-21 – Local Employability Services
Community Wellbeing Board – 05/03/21 – Employability Update
Community Wellbeing Board – 22/01/21 - Employability
Community Wellbeing Board – 18/09/20 – Employability Update
Community Wellbeing Board – 19/06/20 – Employability Update
Environment and Economy Board 05/06/20 – COVID-19 Response
Community Wellbeing Board – 18/05/20 – Employability Response Update
Leaders - 17/04/20 – Employability Response
Community Wellbeing Board 24/01/20 – Employability Update
Community Wellbeing Board 24/01/20 – Disabled Parents Employability Support Fund
Leaders - 25/10/19 – Parental Employment Support Fund
Community Wellbeing Board - 17/12/18 – Scotland's Future Employability Services

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Employability Update

Purpose

1. To provide an employability update to the Board. It highlights the likelihood of a need for a COSLA Leaders report for consideration of funding concerns. In addition, it seeks Board endorsements on direction of travel and to mandate the Spokesperson for Community Wellbeing and officers to progress discussions and work with SG and LG colleagues, and with other agencies.
2. Employability continues to be a busy and evolving policy agenda. A considerable amount of work has been done and there have been significant decisions and announcements made since the previous meeting of the Board. Those are summarised in this report. There is no specific coverage in this report of work relating to recent Board meetings regarding evaluation and the continuous improvement toolkit, and the role that Local Government, as an employer, has to play in supporting those at risk of being left behind. These remain as areas to progress.

Current COSLA Position

3. COSLA remains committed to the transformation of employability services and the ambitions of a No One Left Behind person-centred, place based approach that is aligned and integrated with other local services.
4. COSLA welcomes Scottish Government's significant investment in local employability services but seeks a simplified approach to funding and greater flexibility with streamlined reporting requirements.

What is changing?

Labour Market Update

5. There are several sources of labour market data and narrative on economic and social recovery from the pandemic. The Institute for Employability Studies (EIS) published an October Update ([IES Labour Market Briefing October 2021](#)) which highlighted –
 - Overall strong labour market recovery with employment up, unemployment down vacancies have reached a new peak with 1.45 unemployed people per vacancy – the lowest figure in at least half a century, making this the tightest labour market that we have seen in modern times. This masks the fact that the overall labour market is over half a million smaller than when the crisis began - two thirds of this is explained by higher rates of economic inactivity, and by fewer foreign workers;
 - Overall one-in-five of those who are economically inactive (1.7 million people in the UK) state that they want to work, with the largest group within this people with long-term health conditions (480,000 people).
 - The number of people in part time work because they can't find a full-time job remains above pre-crisis levels, as does the number in involuntary temporary work. This suggests that even with labour shortages and high demand, many people in the labour force may not be getting the flexibility or job security that they need;

- The number in long term unemployment appears to be levelling off, but still higher than pre-crisis. Young people who are long term unemployed has fallen back to around 30% above pre-crisis levels, while it is around 40-50% higher for older people.

6. The IES conclude that –

'the top priority now needs to be to do more to support those outside the labour market to get (back) in – and in particular those with health conditions, parents and students. This will require greater joining up between public services that reach these groups (including health, education and childcare); investment in more specialist support, particularly around occupational health and work; and more effective support to then prepare for and take up jobs. Many employers too will also need to do more on job design, recruitment and in-work training than they may have been used to in the past'.

This fits well with the No One Left Behind approach in Scotland, which is characterised by its focus on those who need intensive support and where local services need to engage with employers, offering support and recruitment incentives.

Developments and Priorities Update

7. The Minister for Just Transition, Employability and Fair Work announced his decision to progress with phase two of No One Left Behind in Parliament on 5 October 2021. This will see two national programmes stop by the end of March 2022 and their funding transition to local employability partnership through Local Government. It will also see continuing steps taken to embed and strengthen the No One Left Behind approach. National funding currently invested in the national Fair Start Scotland Programme is also expected to transition to local employability services a year later, in April 2023. Cllr Parry co-signed a joint SG / LG communique ([Scottish/Local Government Joint Communication](#)) in October 2021 which shared the news on the Minister's decision and committed both spheres of government to work with stakeholders to realise NOLB aspirations.
8. The NOLB workstreams, their leadership and membership are currently being reviewed. A listing of key NOLB / YPG national frameworks, charters etc is attached for the Board's information. These support the NOLB ethos of promoting national cohesion and enabling local discretion.
9. The first meeting of the Transforming Employability Leadership Group was held on 30 September 2021. This Group is co-chaired by COSLA's Community Wellbeing Spokesperson alongside Scottish Government Ministers and its membership is drawn from key bodies and sectors including COSLA, SLAED, SOLACE, Improvement Service, the Third Sector, Skills Development Scotland, Scottish Training Federation and those chairing key implementation groups for Developing the Young Workforce and the Young Person's Guarantee. The first meeting considered the Group's Terms of Reference and gave members the chance to discuss their aspirations for the group, their thoughts on priorities, and the contribution they and the bodies they represented would bring,
10. COSLA Leaders agreed in their September meeting to additional investment for 2021/22 up to £20m from Scottish Government for Local Employability Partnerships, with local authorities as the accountability lead body. As previously reported to the Board, this funding is to create intermediate supernumerary job opportunities in local public and third sector organisations. It is agreed that at least a quarter of all opportunities in each area should be in the third sector. Grant offers have now been made to local authorities.

Delivery Planning

11. Using a national Framework the Local Employability Partnerships will co-produce a Local delivery Plan based on identified local needs and agreed priorities taking cognisance of local and national investment. Local delivery Plans will be prepared from November 2021 to January 2022. A local data toolkit created by the Glasgow City Region Intelligence Hub will help the 32 Partnerships to identify priorities for local investment. The local delivery plans are expected to cover –

- The approach the LEP intends to take to provide employability support services in the locality between April 2022 and March 2025.
- The actions identified to strengthen effectiveness and functionality of the Local Employability Partnership.
- Joint working and collaboration providing the basis of a better understanding of need and demand to inform service design and delivery.
- A reduction in duplication, inefficiency and conflicting interventions when designing solutions improving integration and alignment.
- How employability support services have been informed by service users
- How the provision of employability support will be co-ordinated locally involving a range of stakeholders and agencies that currently provide employability support services within the locality.
- Alignment with tackling Child Poverty through Parental Employment Support
- Delivery of the Young Person's Guarantee
- Public Sector added value as Anchor Institutions
- The approach to performance management and continuous improvement
- Allow for the amendment of plans based on emerging labour market demands and service user feedback

Commissioning

12. Local Authorities will continue with local procurement Frameworks and competitive grant schemes but a shared national approach will sit alongside this. Led by Scotland Excel and supported by the Improvement Service and SLAED, a national procurement approach has been developed that will enable the establishment of a National Framework for Local Employability Services. This will enable Local Authorities on behalf of local Partnerships to commission service providers who have been through a national registration and assessment process. The Prior Information Notice was issued on 29th October to commence engagement with the market. For service providers it offers an opportunity for them to nationally outline and promote their service offer and where they can deliver. A Procurement Stakeholder Advisory Group has been established and is meeting regularly to finalise the approach, with a view to enable a Minimum Viable Product to be in place by April 2022.

Data Sharing

13. The Scottish Government has led on the development of a formal Data Sharing Agreement (DSA) with Local Government –

'the DSA has been drafted to cover the transfer of service users data from all current and future Scottish Government funded local employability support services that are delivered by Local Authorities on behalf of the Scottish Government[the] DSA documents the

lawful basis for the data sharing required by these arrangements, together with the principles and processes for securely exchanging and using information’.

The document will require to be signed off by legal teams in all local authorities, but ahead of that COSLA and SLAED colleagues are working with SG nationally to finalise the DSA. SOLAR, as our legal adviser with experience in this area, has been asked to provide its comments.

Other key Developments

14. Other key development include:

- A focus on promoting the role of employability, and the NOLB approach in particular, a focus on the role of labour market policy in tackling child poverty in the development of the next Child Poverty Delivery Plan.
- Evolution of the UK Government’s ‘Plan for Jobs’. This provides significant local opportunities but work is required to integrate with Scottish approaches and the role of Local Employability Partnerships. Ongoing discussion working towards a Local Government / DWP Partnership Agreement will support that intent.
- Refresh of the Disability Employment Action Plan to close the disability employment Gap including the Supported Employment Review recommendations
- Fair Work Review – Respond to the consultation in respect of local labour market challenges and inequalities

Areas for Board Decision Making

15. Although Scottish Government investment in local employability services is strongly welcomed, the nature of that funding, allied with challenging delivery and reporting requirements, is causing substantial concerns for local authorities, as the lead accountable body, and in the broader Local Employability Partnerships.

16. The significant issues as they are understood are set out below –

Funding

- *Timing of decisions and grant offers* – we have seen significant delays from Scottish Government in decisions to invest and the awarding of grant. Combined with conditionality and inflexibilities outlined below, late investment causes significant operational impact and takes no account of planning or commissioning timelines.
- *Conditions and inflexibilities* – 2021/22 funding includes new significant spending constraints and inflexibilities that severely impact on the commitments that can be made to support staffing infrastructures and commitments of financial incentives to employers to create or sustain opportunities. 2021/22 has seen funded limited to demonstrable actual spend, ‘hard-stops’ at year end (no scope for carry-forward or post March commitment) and has seen the introduction of burdensome monthly reports for both operational delivery and finance. This was not made explicit during consideration of proposals by the Settlement and Distribution Group and COSLA Leaders, with the exception of the job creation scheme funding, but was introduced post COSLA decision.
- *Future funding uncertainty* – there is no clarity on funding beyond March 2022 and again this impacts on the ability of LEPs to forward plan.
- *Underspends* – brought together these issues will mean that Local Employability Partnerships will accrue underspends in the current year exacerbated by previous carry forward due to Covid and not be able to fully meet the local needs they have identified.

17. SLAED/ COSLA are presently gathering information from local authorities through a short survey to help inform ongoing budget discussions with Scottish Government and the content of a potential COSLA Leaders report on the potential underspends regarding this year's financial allocations, contributory factors and potential resolutions.
18. COSLA and SLAED colleagues have begun positive discussions with SG colleagues on changing the funding approach from 2022/23, and that will include a consideration of a shift to a single funding line within the General Revenue Grant. There is a little prospect of a SG commitment to multi-year funding for the next financial year but that stays firmly on the agenda.
19. Board views are invited on funding concerns to help to inform the drafting of a Leaders report for its meeting on 26 November.

Partnership Working

20. COSLA officers are currently working with Scottish Government colleagues to review the formal Partnership Agreement that was co-signed by the Minister for Business, Fair Work and Skills, and the COSLA Spokesperson for Community Wellbeing on 5 December 2018.
21. The intention is to refresh this aligned to its third anniversary and to reflect the changing context and the opportunities and challenges that lay ahead. It is proposed that the Community Wellbeing Board will receive an update at its meeting on 21 January 2022, ahead of its formal consideration at COSLA Leaders on 28 January.
22. A refreshed Partnership Agreement will provide a strong platform for continued collaboration between the two spheres of government as we progress the NOLB agenda.
23. As we start to develop a refreshed version we aim to initiate the approach as structured below, accepting that some of this may evolve through discussions –
 - retain a strategic, high level focus rather than an operational emphasis;
 - set the tone for collective leadership, transformation and cultural change;
 - provide a positive overview of progress made to date;
 - reflect the changed context with an emphasis on economic recovery and social renewal, and the wider policy agenda including green jobs, child poverty, and reducing inequalities;
 - reference key timescales including Parliamentary and Local Government administration terms.
24. We are presently discussing with Scottish Government the inclusion, or otherwise, in the Partnership Agreement of a high level, shared ambition to explore a shift towards a simplified and potentially multi-year investment approach that better supports LEPs to realise our shared ambitions.
25. The Board are asked to endorse the direction of travel and mandate officers and the Spokesperson for Community Wellbeing to progress work with the Scottish Government on refreshing the Partnership Agreement. The COSLA Spokesperson will be asked to formally agree that direction of travel with the Minister later in November.
26. Similarly COSLA and the Improvement Service have committed to working with the Department for Work and Pensions (DWP) towards a DWP / LG Partnership Agreement. This will focus on strengthening working relationships to improve outcomes for our communities. This work is in its infancy with a first task to scope out its purpose,

coverage, and an early articulation of its core elements. The Board will be kept aware of progress and should expect to see initial drafts for comment in the early part of the new year. Again, the Board are asked to endorse the direction of travel and mandate officers and the Spokesperson for Community Wellbeing to progress work with the Scottish Government on Partnership Agreement.

27. Delivery data covering the first quarter of 2021/22 for No One Left Behind and the Young Person's Guarantee programme, supported by Scottish Government funding, will be published imminently. Scottish Government and COSLA / Improvement Service colleagues are presently co-developing a delivery statement on the Young Person's Guarantee.
28. A recent planned meeting between the COSLA Spokesperson and the Minister for Higher Education and Further Education, Youth Employment, Skills and Training had to be postponed – it would have provided a first Ministerial / Spokesperson opportunity for discussion on Young Person's Guarantee delivery data. That meeting is presently being re-scheduled. Board agreement is sought to mandate officers to finalise a draft and mandate the COSLA Spokesperson to sign off the statement ahead of its publication.

Proposed COSLA Position

29. COSLA officers will press ahead in partnership with SOLACE and SLAED, the Scottish Government and stakeholders to progress NOLB and YPG ambitions, as highlighted above.
30. A significant and increasing concern is the nature of Scottish Government funding. The need for improved future arrangements will be a substantial focus for the period ahead.
31. Given the substantial demands placed on local services and local authority service managers and delivery teams in particular, we will need to consider the need for increased infrastructure and to build local capacity to support effective partnership working.

Next Steps

32. Priorities are to –
 - Work with SLAED and SOLACE on a paper for COSLA Leaders that outlines funding concerns and promotes positive solutions.
 - To focus activity on those developments highlighted above where Board endorsement on direction of travel and officer / mandates are sought, including a review and refresh of the Partnership Agreement with the Scottish Government.
 - To re-schedule the Spokesperson for Community Wellbeing meeting with the Minister for Higher Education, Further Education, Youth Employment, Training and Skills to discuss progress on the Young Person's Guarantee.

National Coherence

Customer
Charter

Service
Standard
Framework

Service User
Toolkit

Continuous
Improvement
Framework

Shared
Measurement
Framework

Data Toolkit
and
Dashboard

16+ Data Hub

National
Procurement
Framework

Local Employability
Partnership
Framework

Provider Forum
Framework

Employer
Recruitment
Framework

Job Creation
Framework

Local Flexibility