

**ARGYLL AND BUTE EMPLOYABILITY TEAM – UPDATE ON FINANCIAL
POSITION AND SERVICE PROVISION**

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide the members of the Policy and Resources Committee with an update on the current financial position of the Argyll and Bute Council's Employability Team. In addition, the paper outlines the secured service provision until the end of March 2017 and the potential employability provision for the next financial year, 2017/18.
- 1.2 Welfare to Work services will be devolved to Scotland from the 1st April 2017. To manage this significant policy change from a UK to a Scottish level, the Scottish Government is treating the financial year 2017/18 as a transition year. Therefore, employability service provision opportunities will be packaged to cover 2017/18 in the first instance. During 2017/18 the Scottish Government intends to focus on provision post 1st April 2018 which may be over a number years, as per previous UK Government programmes, rather than an annual focus.
- 1.3 In order to meet the Employability Team's ongoing contractual obligations until the end of 2017/18, with the minimal necessary staffing complement, it was agreed at the Policy and Resources Committee on 29th October 2015, endorsed by Argyll and Bute Council at the full council meeting on 29th November 2015, that an indicative net cost of £455,917 would be covered by Argyll and Bute Council's earmarked reserves as a one-off cost.
- 1.4 These above committee papers also noted the intent of the Employability Team to actively pursue potential additional income streams. The paper outlines additional current and potential provision. This is summarised as follows:
 - delivery of the Employability Fund across Argyll and Bute on behalf of Skills Development Scotland (SDS) for the final quarter of 2016/17;
 - invitation to deliver the Work Able Scotland contract across Argyll and Bute only during 2017/18 on behalf of Progress Scotland which has successfully secured the contract for delivery across the Highlands and Islands package area;
 - tender documents submitted to SDS for the delivery of the Employability Fund across Argyll and Bute during 2017/18; and
 - ad hoc employability service provision, within short timescales, such as the delivery of discrete courses for Jobcentre Plus during 2017/18.

- 1.5 Secured and potential service provision has not incurred or will incur any additional operational expenditure as the funding models associated with this provision are based on a progressive approach, with recruitment payments at the outset and rural uplift payments eligible for all customers in Argyll and Bute.
- 1.6 Provision during 2017/18 will be delivered in partnership with the Council's Adult Learning and Literacies Service, given that this service hosts the Argyll and Bute Community Learning Scottish Qualifications Assessment (SQA) Centre, and will provide the administration and support to achieve the SQA's requirements for registration, internal verification, and submission of work in order that Employability Fund participants, for example, can access, and have the best chance of achieving, the appropriate Scottish Credit and Qualifications Framework (SCQF) credits.
- 1.7 Secured provision will hopefully be confirmed by mid-March 2017 and in time to allow for a verbal officer update at the Policy and Resources Committee.
- 1.8 The potential income to be derived for the Argyll and Bute Council's Employability Team from current and anticipated service provision is £148,585. **Please note the figures quoted are rough estimates at this time and need to be used with care.**
- 1.9 Members are asked to
 - Note the content of this paper and in particular the **estimated** additional income stream of £148,585 that could be generated to reduce the one-off call on earmarked reserves by the end of 2017/18.

**ARGYLL AND BUTE EMPLOYABILITY TEAM – UPDATE ON FINANCIAL
POSITION AND SERVICE PROVISION**

2.0 INTRODUCTION

- 2.1 The purpose of this report is to provide the members of the Policy and Resources Committee with an update on the current financial position of the Argyll and Bute Council's Employability Team. In addition, the paper outlines the secured service provision until the end of March 2017 and the potential employability provision for the next financial year, 2017/18.

3.0 RECOMMENDATIONS

- 3.1 Members are asked to:

- Note the content of this paper and in particular the **estimated** additional income stream of £148,585 that could be generated to reduce the one-off call on earmarked reserves by the end of 2017/18.

4.0 DETAIL

- 4.1 The overarching remit for the council's Employability Team is to assist long term unemployed people into sustainable employment. Since the service's inception in 1999, the team has developed a preventative approach to employment support for the most vulnerable individuals across Argyll and Bute and has enabled cost savings elsewhere, particularly on health issues, given the significant correlations between unemployment, low income and health outcomes.
- 4.2 In order to meet the Employability Team's ongoing contractual obligations until the end of 2017/18, with the minimal necessary staffing complement, it was agreed at the Policy and Resources Committee on 29th October 2015, endorsed by Argyll and Bute Council at the full council meeting on 29th November 2015, that an indicative net cost of £455,917 would be covered by Argyll and Bute Council's earmarked reserves as a one-off cost.
- 4.3 The forecast position for the end of March 2016/17 and 2017/18 is as detailed in **Table 1** overleaf. With detailed input from Strategic Finance the anticipated end position by the 31st March 2018 is forecast to be £385,614. This equates to £70,305 less than anticipated. However, **it should be noted that this excludes potential income that could be earned until the end of March 2017 and to the end of March 2018.** Therefore, it is hoped that the anticipated end position is more favourable than that forecast at present.

Table 1: Employability Team – Anticipated Financial Position at 31st March 2018				
Costs	Position at end of March 2016	2016/17	2017/18	Anticipated end position, end of March 2018
Staffing costs		£170,133	£142,268	£312,401
Running costs/expenditure (e.g. staff travel, premises, etc but excluding salaries)		£71,239	£70,489	£141,728
Mandatory Work Activity Programme (MWA)		£5,040		£5,040
Community Work Placement (CWP)		£13,843		£13,843
All DWP contractual income only				
Actual		-£264,887		-£264,887
Projected		-£57,986	£106,827	-£164,813
Costs related to partner payments				
Actual		£151,576		£151,576
Projected		£34,836	£55,696	£90,532
Net contractual income (income – partner costs)		-£136,462	-£51,131	-£187,593
Non DWP secured income				
Mandatory Work Activity Programme (MWA)		-£8,190		-£8,190
Community Work Placement (CWP)		-£75,161		-£75,161
ERI		-£13,473		-£13,473
Contribution from Economic Development with regard to ESF application preparation and Scottish Employer Recruitment Incentive (SERI)		-£3,000	-£3,000	-£6,000
Balance		£23,970	£158,626	£182,596
Estimated Redundancy costs				£68,556
Balance in Account	£134,462			£134,462
Estimated net cost	£134,462	£23,970	£158,626	£385,614

- 4.4 The approval of the funding support to cover the staffing costs and operational activities of the Employability Team until the end of March 2018 was also based on the requirement for the team to actively pursue potential additional income streams to offset the call on earmarked reserves. Secured and potential service provision has not incurred or will incur any additional operational expenditure as the funding models associated with this provision are based on a progressive approach, with recruitment payments at the outset and rural uplift payments eligible for all customers in Argyll and Bute.
- 4.5 Further to an operational decision taken by senior officers, the Employability Team, in partnership with the Council's Adult Learning and Literacies Service, is currently delivering the Employability Fund on behalf of SDS for the final quarter of 2016/17.
- 4.6 SDS has allocated a maximum of 35 places (13 Stage 2 and 22 Stage 3) to the Employability Team, which will require input from the Adult Learning and Literacies Service. All places must start no later than 31st

March 2017. Details on the Employability Fund aims, stages, eligible participants and referrals are outlined in **Appendix A**.

Secured and Potential Service Provision 2017/18

4.7 Potential service provision for 2017/18 is summarised as follows:

- invitation to deliver the Work Able Scotland contract across Argyll and Bute **only** during 2017/18 on behalf of Progress Scotland which has successfully secured the contract for delivery across the Highlands and Islands package area;
- tender documents submitted to SDS on 26th January 2017 for the delivery of the Employability Fund across Argyll and Bute during 2017/18. The contract will be awarded to successful providers mid-March (hopefully prior to the P&R Committee) for commencement on 1st April 2017 to 31st March 2018; and
- ad hoc employability service provision, within short timescales, such as the delivery of discrete courses for Jobcentre Plus during 2017/18 further to the launch of a new online Dynamic Purchasing System (DPS). Courses may last one day or up to four weeks or longer, depending on the topics covered and the desired outcome. Income will be generated only if the council is selected to deliver a particular course, with a fee per participant, for customers in the Argyll and Bute area. It may be that no provision is secured through the DPS. Therefore, it is difficult to forecast an income stream from this opportunity.

A summary of the aims of these contracts are presented in **Appendix B**.

Summary of Income Generation Opportunities

4.8 The potential income to be generated by Argyll and Bute Council's Employability Team from current and anticipated service provision is summarised in **Table 2** below. **Please note the figures quoted are rough estimates at this time and need to be used with care.**

Table 2: Estimated Income Generation for the Employability Team	
2016/17	Estimated Income
Employability Fund (if all starts attained)	£41,377.50
2017/18	Estimated Income
Work Able Scotland	£30,300 (minus unknown income to Adult Learning and Literacies Service)
Employability Fund (if all provision secured for Stages 2 and 3)	£76,907.50
DWP	Unknown
Total estimated potential income = £148,585	

Risks

- 4.9 **Table 3** below outlines the risks associated with the delivery of employability services and how these will be addressed. A value score of between 1-5 has been deemed as low risk (green); a value score of between 6-12 represents medium risk (amber) and a value score of between 15-25 has been deemed as high risk (red).

Table 3: Risks Associated with Employability Provision				
Financial Risk				
Description	Prob	Impact	Value	Action to mitigate risks
Employability service provision – costs of delivery outweigh the income generated.	1	5	5	The funding models are based on a progressive approach rather than an outcome based model associated with initiatives such as the DWP Work Programme.
Council spends money which it cannot reclaim from main provider due to non-compliance with financial record keeping.	1	4	4	With direct input from Strategic Finance, robust systems will be put in place to monitor spend and claims to the main provider, to ensure compliance with programme rules.
Operational Risks				
Description	Prob	Impact	Value	Action to mitigate risks
Inappropriate referral	1	5	5	This would add a time pressure on achieving the full number of referrals. A quick turnaround from referral to induction will mitigate the effects of this and allow for a quick replacement candidate.

5.0 CONCLUSION

- 5.1 This report provides members with an overview of the current financial position of the Council's Employability Team and the potential estimated income generation from current and potential service delivery until the end of March 2018.
- 5.2 Current and anticipated provision will be delivered in partnership with the Council's Employability Team and Adult Learning and Literacies Service through contracts directly with SDS (Employability Fund), with Progress Scotland (Work Able Scotland, managed by SDS) and potentially on an ad hoc basis with Jobcentre Plus where provision will be selected only through the new online DPS.
- 5.3 By working together, the Employability Team and the Adult Learning and Literacies Service are able to offer a unique approach to delivery of the employability provision across Argyll and Bute. Through combining skills, strengths and experience this approach will allow for maximum benefit to be delivered to vulnerable individuals across the whole of Argyll and Bute's rural, remote rural and islands communities through existing employability professionals.

6.0 IMPLICATIONS

6.1	Policy	The current and proposed employability service provision fits and contributes to <i>Outcome 3: Education, skills and training maximises opportunities for all</i> and <i>Outcome 5: People live active, healthier and independent lives</i> within the Local Outcome Improvement Plan.
6.2	Financial	The funding models have a progressive payment structure which includes upfront costs (including a rural uplift payment) prior to a final outcome payment.
6.3	Legal	All appropriate legal implications will be taken into consideration.
6.4	HR	The delivery of current and potential employability services will be taken forward by the existing staffing complement of five staff within the Council's Employability Team and with Adult Learning and Literacies staff supplemented by Adult Learning and Literacies tutors as appropriate.
6.5	Equalities	Delivery of the all contracts will comply with all Equal Opportunities policies and obligations.
6.6	Risk	See Table 3 in the main report.
6.7	Customer Services	None.

Pippa Milne, Executive Director of Development and Infrastructure
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21st February 2017

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Appendix A: Employability Fund

Employability Fund activity aims to support employability, vocational training and employment opportunities linked to the local labour market which falls within Stages 2 to 4 of the nationally recognised Strategic Skills Pipeline. The nature of content expected from the Strategic Skills Pipeline is outlined in **Table A1** below.

Table A1: Strategic Skills Pipeline (SSP) – Stages 2 to 4	
Stage	Nature of Content Expected
Stage 2	Provision should create a foundation upon which individuals can build their employability skills, personal development and core skills.
Stage 3	Provision should support individuals in preparing for and sustaining employment, including entry to Modern Apprenticeships.
Stage 4	SDS approved industry specific provision should directly enable individuals to access sustained employment.

A proposed participant is eligible for Employability Fund activity if he/she:

- has been assessed as requiring interventions which fall within Stages 2 to 4 of the Strategic Skills Pipeline;
- is ineligible for support under the DWP Work Programme; and
- is within one of the following categories:
 - those aged 17 and under, who have reached their statutory school leaving date and not in education, employment or training;
 - those aged 18 and over who are in receipt of DWP benefits and have been unemployed for a period of 13 weeks or more (doesn't include those in receipt of Universal Credit who are earning);
 - those under threat of redundancy and are within 13 weeks of their notified date of redundancy; or
 - those who are 18 and over, not in receipt of benefit and not in education, employment or training.

Referrals to the Employability Fund come from a number of referring organisations, which includes Argyll and Bute Council as presented in **Table A2** below.

Table A2: Referring Organisations	
Referring Organisation	Designated Staff
SDS	SDS Regional Operations staff
DWP	DWP Jobcentre Plus staff
Argyll and Bute Council	The Local Employability Partnership e.g. post school departments such as Community Learning and Development. Opportunities under the Council's Modern Apprenticeship Programme.
Argyll College, UHI	Appropriate Argyll College UHI staff
Employability Fund Training Providers	Each agency with a current SDS contract for delivery of the Employability Fund shall decide which staff can make referrals to the Employability Fund e.g. Employability Team Area Team Leaders and Adult Learning staff.

Appendix B: Secured and Potential Contracts for 2017/18

Work Able Scotland Contract

The Work Able Scotland contract is a key part of Scotland's new employability services. The initial one-year contract, which will be managed by Skills Development Scotland (SDS), will come into effect from 1st April 2017 and provide continuity of support for those who need it most.

Argyll and Bute Council's Employability Team has been invited to deliver the Work Able Scotland contract on behalf of Progress Scotland (a consortium between Working Links and Lennox Partnership) for the financial year 2017/18 commencing on 1st April 2017.

The aim of this provision is to:

- support Work Able Scotland customers into sustainable jobs through the provision of high quality employment support to those with health conditions who want to enter the labour market and for whom the achievement of a job outcome is a reasonable objective within the period of 52 weeks, (a job outcome will be defined as 16 hours or more per week for a period of 6 weeks); and
- work in partnership with stakeholders to establish support that achieves high quality outcomes.

To be eligible customers must be:

- 18 years and over;
- not in employment;
- in receipt of Employment and Support Allowance or Universal Credit equivalent;
- eligible and assessed as capable of progressing into work within a 12 month period; and
- want to work.

The length of support for all customers will be 52 weeks in line with the requirements of the Scotland Act 2016. Referrals to the programme are capped. It is anticipated that Argyll and Bute Council will be allocated 17 starts to deliver during 2017/18 with an estimated income generation of £30,300.

Employability Fund Provision for 2017/18

Argyll and Bute Council (the Employability Team in partnership with the Adult Learning and Literacies Service) submitted an Employability Fund tender to SDS on 26th January 2017. The contract will be awarded to successful providers mid-March (hopefully prior to the P&R Committee) for commencement on 1st April 2017 to 31st March 2018. The provision will mirror that as detailed earlier in the report.

Referrals to the Employability Fund will come from the same source as under the current 2016/17 contract. The tender bids to deliver the 44 starts allocated by SDS under Stage 2 (33, 16-17 year olds; 11, 18+ years) and 55 starts under Stage 3 (33, 16-17 year olds; 22, 18+ years). The optimal potential income generation if all the starts bid for are successfully allocated to Argyll and Bute Council is circa £77,000.

Provision for the Department for Work and Pensions (DWP)

The DWP has launched a Dynamic Purchasing System (DPS) as a new way of delivering local provision which will operate in all Jobcentre Plus (JCP) districts in England, Scotland and Wales. The DPS comprises an "Employability Journey" which details a number of Service Categories along with supporting narratives to explain what type of provision DWP will be buying. The DPS has been redeveloped as an accreditation portal for Welfare to Work providers to enter into contracts via the Basware online contracting system.

All potential employability providers need to become accredited on the DPS portal in order to be considered for delivery. Further to an operational decision by senior officers, Argyll and Bute Council successfully registered on Basware as a supplier of work focused activities to the DWP on the 30th of September 2016. Upon accreditation service providers are asked to upload service delivery factsheets in one or more of the service provision categories as follows:

- 1: engagement;
- 2: moving towards work;
- 3: support for hardest to help with complex and multiple barriers;
- 4: supporting hardest to help into work;
- 5: addressing barriers;
- 6: skills for work;
- 7: getting jobs; and
- 8: keeping jobs.

Factsheets have been prepared and uploaded by the Employability Team and the Adult Learning and Literacies Service.

Both of these council services propose to deliver tailored sessions according to their strengths e.g. the Employability Team has many years of experience in delivering soft skills (confidence building, interpersonal communication, interview techniques, motivation) and work placements, whereas Adult Learning and Literacies is accredited by the SQA to deliver digital, literacy, numeracy and employability skills. The intention is to deliver across all categories (some provision will be provided by both services for discrete elements of each category) with the exception of the first category.

The main requirement of this new method of purchasing provision is that the courses are short and targeted to a specific labour market need. Courses may last one day or up to four weeks or longer, depending on the topics covered and the desired outcome. Income will be generated only if one of the services is selected to deliver a particular course, with a fee per participant, for customers in the Argyll and Bute area. It may be that no provision is secured through the DPS. Therefore, it is difficult to forecast an income stream from this opportunity.