

**ARGYLL AND BUTE EMPLOYABILITY TEAM – EMPLOYABILITY FUND BID
2018/19**

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to seek approval from elected members for officers to submit a competitive bid to Skills Development Scotland for the delivery of the Employability Fund contract for the financial year 2018/19.

Current Position

- 1.2 Welfare to Work services were devolved to Scotland on the 1st April 2017. To manage this significant policy change from a UK to a Scottish level, the Scottish Government has treated this current financial year 2017/18 as a transition year. The major contracts for the 2017/18 period were the transition Work Able contract and the Employability Fund.
- 1.3 The Council's Employability Team has delivered the Employability Fund across Argyll and Bute on behalf of SDS for the final quarter of 2016/17 and is currently doing so for this financial year 2017/18, with some assistance with client delivery through the Council's Adult Learning and Literacies Service, which also hosts the Argyll and Bute Community Learning Scottish Qualifications Assessment (SQA) Centre.
- 1.4 The Policy and Resources Committee on 8th December 2017 approved the delivery of the Fair Start Scotland Contract by the Employability Team which has an indicative value of £866,150 (net of management fees) over the three-year lifetime of the contract (to commence on the 3rd April 2018 to the end of March 2021).
- 1.5 The workload for the Employability Team is quite substantial for the five remaining staff in the team. This includes the new Fair Start Scotland contract, the ongoing delivery of the Work Able contract with current referrals until March 2019, Employability Fund provision with current referrals until the end of 2018 and the ongoing opportunity to receive one-off/ad hoc employability service provision, within short timescales, through the new demand led Dynamic Purchasing System adopted by the Department for Work and Pensions (DWP).
- 1.6 It should be noted that the value of all employability related contracts, including the Employability Fund, are dependent on indicative referral

numbers being achieved. There is concern that if bids are not made to ongoing yearly contracts, such as the Employability Fund, then the Employability Team will be reliant solely on the income from Fair Start Scotland referrals and delivery. Successfully bidding for other contracts (subject to a viability assessment) would dilute the risk of relying on a single source of income.

- 1.7 The Council has the opportunity to submit a competitive bid to Skills Development Scotland for the delivery of the Employability Fund contract for the financial year 2018/19.
- 1.8 The deadline for the submission of the Employability Fund bid was 24th January 2018. Officers have submitted a bid subject to approval by the Council.
- 1.9 Members are asked to:
 - Approve that the Employability Team's competitive bid to deliver the Employability Fund during 2018/19 can go forward to be assessed by Skills Development Scotland.
 - Note that if overall referral numbers increase to a level that is beyond the capacity of the current team it may be necessary to recruit additional staff to manage the workload adhering to the Council's existing recruitment procedures and processes. This will only be done if sufficient income is being generated through the delivery of the Employability Fund and other current contracts.
 - Note that financial performance of the contract will be reported on a quarterly basis to the Council's Strategic Management Team (SMT) and by exception to members.

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2018/19**

2.0 INTRODUCTION

- 2.1 The purpose of this report is to seek approval from elected members for officers to submit a competitive bid to Skills Development Scotland for the delivery of the Employability Fund contract for the financial year 2018/19.

3.0 RECOMMENDATIONS

- 3.1 Members are asked to:

- Approve that the Employability Team's competitive bid to deliver the Employability Fund during 2018/19 can go forward to be assessed by Skills Development Scotland.
- Note that if overall referral numbers increase to a level that is beyond the capacity of the current team it may be necessary to recruit additional staff to manage the workload adhering to the Council's existing recruitment procedures and processes. This will only be done if sufficient income is being generated through the delivery of the Employability Fund and other current contracts.
- Note that financial performance of the contract will be reported on a quarterly basis to the Council's Strategic Management Team (SMT) and by exception to members.

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 Over the last three years (since April 2014 to date) the Employability Team has supported 266 individuals into work.
- 4.3 The Council's Employability Team has delivered the Employability Fund contract across Argyll and Bute on behalf of Skills Development

Scotland for the final quarter of 2016/17 and is currently doing so for this financial year 2017/18, with some assistance with client delivery through the Council's Adult Learning and Literacies Service, which also hosts the Argyll and Bute Community Learning Scottish Qualifications Assessment (SQA) Centre.

- 4.4 The workload for the Employability Team is quite substantial for the five remaining staff in the team. This includes the new Fair Start Scotland contract, the ongoing delivery of the Work Able contract with current referrals until March 2019, Employability Fund provision with current referrals until the end of 2018 and the ongoing opportunity to receive one-off/ad hoc employability service provision, within short timescales, through the new demand led Dynamic Purchasing System adopted by the Department for Work and Pensions (DWP).
- 4.5 It should be noted that the value of all employability related contracts, including the Employability Fund, are dependent on indicative referral numbers being achieved. There is concern that if bids are not made to ongoing yearly contracts, such as the Employability Fund, then the Employability Team will be reliant solely on the income from Fair Start Scotland referrals and delivery. Successfully bidding for other contracts (subject to a viability assessment) would dilute the risk of relying on a single source of income.
- 4.6 The Council has the opportunity to submit a competitive bid to Skills Development Scotland (SDS) for the delivery of the Employability Fund contract for the financial year 2018/19. SDS administers and manages the Employability Fund on behalf of the Scottish Government. It supports the Youth Employment Strategy by working with employers to understand their skills needs, helping them find and train the right individuals. The Fund can be used to support people to develop the employability and vocational skills they need to make the transition into sustainable employment.
- 4.7 The deadline for the submission of the Employability Fund was 24th January 2018. Officers have submitted a bid subject to approval by the Council.
- 4.8 The total allocation of referrals for the Argyll and Bute area that delivery agents/providers can bid for under the Employability Fund, 2018/19 is 103. **Table 1** below shows the breakdown of this allocation by age and stage.

Table 1: Indicative Employability Fund Referrals for Argyll and Bute, 2018/19				
Age	Stage 2	Stage 3	Stage 4	Total
16-17	28	30	-	58
18+	19	19	7	45
Total	47	49	7	103
Allocation as a % of total Argyll and Bute allocation	46%	48%	7%	

Source: SDS, Information for Bidders, 2018/19.

- 4.9 For the current financial year, 2017/18, the Council's Employability Team bid for the full allocation of 99 referrals under Stages 2 and 3 (44 under Stage 2 and 55 under Stage 3) and through the competitive bidding process secured 41 Stage 2 and 30 Stage 3 referrals across the whole of the Argyll and Bute Council area. If a similar number of referrals were secured for 2018/19, this could generate approximately £54k of income for the Employability Team, circa 40% of the current annual wage bill of £142k. However, for the 2018/19 bid, the number of anticipated referrals will focus on the Mid Argyll, Kintyre and the Islands and the Bute and Cowal administrative areas, reflecting available resources to deliver the contract. The income generation would then be less. **Please note, the figures quoted are rough estimates at this time.**
- 4.10 The workload of the team depends on the number of referrals. Staff workloads will be monitored closely by management. If overall referral number increase to a level that is beyond the capacity of the current team it may be necessary to recruit additional staff to manage the workload. If sufficient income is being generated through the delivery of the Employability Fund and other current contracts then an operational decision will be made to employ additional staff, with detailed input from Strategic Finance.

Risks

- 4.11 **Table 2** below outlines the risks associated with the delivery of the Employability Fund 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 2: Risks Associated with Employability Fund Provision				
Service Provision Risks				
Description	Prob	Impact	Value	Action to mitigate risks
Approval for the Council's Employability Team to bid to gain Employability Fund provision for 2018/19 is not given.	2	5	10	<p>Apart from greater provider competition in the Helensburgh and Lomond and Oban, Lorn and the Isles administrative areas, there are no other providers that can cover the rest of the Argyll and Bute area for all stages of the Employability Fund, in particular Stage 2.</p> <p>Non-approval would create a gap in provision which would need to be addressed by SDS.</p> <p>Approval would enable the Employability Team to deliver the service provision through the Employability Fund to vulnerable residents in the other communities across Argyll and Bute.</p>

Table 2: Risks Associated with Employability Fund Provision (continued)				
Financial Risks				
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 an on-costs approach where payments are made for programme starts rather than an outcome based model associated with initiatives such as the former 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.
Staff capacity issues	2	4	8	Staff workloads will be monitored closely by management. If sufficient income is being generated through the delivery of the Employability Fund and other current contracts then an operational decision will be made to employ additional staff, with detailed input from Strategic Finance.

5.0 CONCLUSION

- 5.1 This report provides elected members with a short overview of anticipated the Employability Fund provision across Argyll and Bute during 2018/19 and the opportunity for the Employability Team to bid to deliver Employability Fund support services to vulnerable individuals across the communities of Argyll and Bute. In addition, the report notes that additional staff to be recruited to manage the Employability Team workload providing there is adequate income to cover staff costs.

6.0 IMPLICATIONS

- 6.1 Policy The current and proposed employability service provision fits and contributes to *Outcome 3: Education, skills and training maximises opportunities for all* and *Outcome 5: People live active, healthier and independent lives* within the Local Outcome Improvement Plan.

6.2	Financial	The funding model has a payment structure which includes upfront customer start costs appropriate for a rural area.
6.3	Legal	All appropriate legal implications will be taken into consideration.
6.4	HR	Recruitment of additional staff may be required subject to referral numbers and if income generated allows.
6.5	Equalities	Delivery of the Employability Fund contract will comply with all Equal Opportunities policies and obligations.
6.6	Risk	See Table 2 in the main report.
6.7	Customer Services	None.

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