

ARGYLL AND BUTE COUNCIL EMPLOYABILITY FINANCIAL UPDATE

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide the members of the Environment, Development and Infrastructure (EDI) Committee with an update on the current financial position of the Argyll and Bute Council's Employability Team.
- 1.2 At present the Employability Team delivers the Employability Fund contract on behalf of SDS, the Fair Start Scotland contract on behalf of PeoplePlus and the Argyll and Bute Employment Recruitment and Training Incentive (ABERTI) with direct funding from the Scottish Government under the No One Left Behind (NOLB) policy direction.
- 1.3 A summary of the latest financial performance for the second quarter of 2019/20 is outlined in **Appendix 1, Table 1**. The current balance shows a deficit of £8,580.14. However, this will be revised to a deficit of £398.19 noting that there are outstanding contractual payments at the end of September 2019. It is important to make members aware of this deficit situation and how the Employability Team hopes to mitigate this situation.
- 1.4 Members are asked to:
- Note the content of this report.
 - Agree that quarterly financial updates continue to be provided to the council's Strategic Management Team (SMT) coupled with the continued detailed monthly monitoring by the Employability Team in liaison with Strategic Finance to enable action to be taken to mitigate any significant deficit position going forward.
 - Note the requirement to submit a bid to Skills Development Scotland by 2nd December 2019 in the hope of securing a caseload allocation through the Employability Fund for 2020/21, 2021/22 and 2022/23.

ARGYLL AND BUTE COUNCIL EMPLOYABILITY FINANCIAL UPDATE

2.0 INTRODUCTION

2.1 The purpose of this report is to provide the members of the Environment, Development and Infrastructure (EDI) Committee with an update on the current financial position of the Argyll and Bute Council's Employability Team.

3.0 RECOMMENDATIONS

3.1 Members are asked to:

- Note the content of this report.
- Agree that quarterly financial updates continue to be provided to the council's Strategic Management Team (SMT) coupled with the continued detailed monthly monitoring by the Employability Team in liaison with Strategic Finance to enable action to be taken to mitigate any significant deficit position going forward.
- Note the requirement to submit a bid to Skills Development Scotland by 2nd December 2019 in the hope of securing a caseload allocation through the Employability Fund for 2020/21, 2021/22 and 2022/23

4.0 DETAIL

4.1 At present the Employability Team delivers the Employability Fund contract on behalf of SDS, the Fair Start Scotland contract on behalf of PeoplePlus and the Argyll and Bute Employment Recruitment and Training Incentive (ABERTI) with direct funding from the Scottish Government under the No One Left Behind (NOLB) policy direction. It is the Scottish Government's intention to merge all existing employability programmes into one delivery model from April 2021 under the NOLB policy direction. Details on the contracts delivered by the Employability Team was presented to the EDI Committee on 12th September 2019.

Financial Performance

4.2 A summary of the latest financial performance for the second quarter of 2019/20 is outlined in **Appendix 1, Table 1**. The current balance shows a deficit of just over £8,580 has been revised to that of -£398.19, noting that there are outstanding payments at the end of September 2019 with regard

to Fair Start Scotland, the Employability Fund and the previous Scottish Employer Recruitment Incentive.

- 4.3 Since the first quarter of 2019/20 expenditure is now exceeding income given that the anticipated level of job outcomes (where substantive income is expected to be generated) has not been realised. This is predominantly due to the voluntary nature of the contracts where vulnerable individuals furthest away from sustainable employment can opt to leave the programme, such as Fair Start Scotland, as they wish.
- 4.4 For the second quarter of 2019/20 referrals to the Employability Fund have been low resulting in only five starts and an income stream of £5,792. It is anticipated that referrals to actual programme starts should increase during the remainder of 2019/20 as some young people (16-17 years) who will not progress in education, training or into employment reach their school leaving date. A positive destination could be offered through participation on the Employability Fund. It should be noted that 93 individuals have been assisted by Argyll and Bute Council staff through the Employability Fund since the start of contract delivery in February 2017.
- 4.5 During 2018/19 referral numbers to Fair Start Scotland through some JobCentre Plus offices and self-referral were low (this was mirrored for other providers in the Highlands and Islands area and not just unique to Argyll and Bute). The low referral rate resulted in only 43% of the actual start target being achieved. As a consequence at the outset of 2019/20 PeoplePlus required Employability staff, in liaison with the Economic Growth Manager, to prepare a Sub-contractor Assurance Action (SAA) Plan to provide detailed activity and actions to increase referrals, starts and ultimately job outcomes.
- 4.6 The delivery of the NOLB employability funding for 2019/20 has been delayed initially due to Scottish Government issues coupled with the need to ensure robust governance procedures with associated paperwork has been put in place by Argyll and Bute Council officers.

Performance Challenges

- 4.7 Under the NOLB policy direction, it is the intention for the Scottish Government to have one employability delivery model in place by April 2021. Until then all the current contractual provision noted above is in effect seeking participants from the same pool of individuals with little transparency on the derivation of fairly large case load delivery targets.
- 4.8 With an unemployment rate lower than the Scottish average and a high rate of young people who are in employment, education or training; 2.4% points above the nation average, the pool of unemployed individuals is relatively small in Argyll and Bute. In economic growth terms these are good results, but negatively impact on the start rates to employability support from which the Council's Employability Team is reliant for generating income to cover service delivery costs, including the staff wage bill.

- 4.9 Ongoing promotional work, particularly for the Fair Start Scotland contract, has assisted in increasing referrals and actual starts. Detailed financial monitoring is undertaken on a monthly basis and quarterly updates (as mirrored in **Appendix 1, Table 1**) are provided and scrutinised in detail by the council's Strategic Management Team (SMT).
- 4.10 The competitive nature of current contracts in terms of seeking participation from the same pool of individuals has been fed back to Scottish Government officials further to their recent and ongoing attendance at the Argyll and Bute Employability Partnership meeting. It is hoped due cognisance will be given to this issue, aligned to local circumstances, with regard to case load delivery targets and more upfront funding to support delivery costs post April 2021.

Mitigation Actions

- 4.11 Caseloads for the Employability Fund are determined through a competitive tender process on an annual basis. This year the Scottish Government has advised Skills Development Scotland that the notice for the Employability Fund is not only for 2020/21 but also for a further two years 2021/22 and 2022/23 in order to address the uncertainty around EU withdrawal and allow for any slippage in timescales as the Scottish Government continues to develop the NOLB approach. It is the Employability Team's intention to submit a bid by the 2nd December 2019 in the hope of securing a future caseload allocation for the next three years.
- 4.12 For the Fair Start Scotland contract to build on the provision of marketing materials at the outset¹ the SAA Plan with PeoplePlus incorporates regular community engagement activity by Employability Team staff in supermarkets, leisure centres and libraries across Argyll and Bute (to enable follow-up activity, all contacts made are recorded). As appropriate staff also provide Employability Fund leaflets during community engagement work. This has resulted in increased referrals and importantly starts. In the first six months of 2019/20 starts have increased to 65% of the required target with an income figure of £33,021 (see **Appendix 1, Table 1**). It should be noted if all 68 referrals to Fair Start Scotland had agreed to sign up at induction, our start rate would have been 88%. Given the voluntary nature of this service, 18 participants changed their mind between referral and start resulting in 50 starts. It is important that this increased level of activity is maintained as every six months PeoplePlus allocates service fee funding according to performance over and above the agreed annual reduction in service fees.
- 4.13 The Employability Team has now received its market share information based on starts April to September 2019. Despite falling below our start target, the team has exceeded the predetermined contracted values in two strands and fell slightly short in one (see **Appendix 2**). The reason for this is that all other providers in the Highlands and Islands contractual area are also experiencing shortfalls in their start targets. Given the improvement

¹ Pop up stands, posters and leaflets being distributed across the area in health centres, housing associations, libraries, church halls, community centres, supermarkets, colleges and council services including Community Learning, Welfare Rights, work with the Homeless and Social Work.

from the previous market share information, our monthly service fee monies will increase from £4,626 to £6,460.

- 4.14 It should be noted that despite the delay in the NOLB delivery there is already demand for the 15 Argyll and Bute Employer Recruitment and Training Incentive (ABERTI) places for 2019/20, which will provide income generation (£4,680) by the end of the third quarter of 2019/20 with regard to the ability to claim for staff delivery costs.
- 4.15 The employability landscape has become complex and crowded with many public, private and third sector organisations seeking to deliver positive outcomes with a variety of schemes and methods. Further to discussions at Argyll and Bute Employability Partnership meetings during 2019 it was identified that there was need for all the key stakeholders to work closer together and have a much more person-centric approach to the employability pipeline. Therefore, it was agreed to undertake a pilot employability scheme on the Isle of Bute. The overall purpose of the pilot Bute Employability Project is for stakeholder agencies and organisations to work together to increase employability outcomes for people with barriers to gaining employment on Bute. This has resulted in an Employability Fayre to take place on Bute on 27th November 2019 where staff from all employability organisations on the island, including the Employability Team, will be in attendance to promote the services available to support unemployed residents into sustainable employment. It is hoped, if successful, this pilot will be rolled out to other areas of Argyll and Bute.

5.0 CONCLUSION

- 5.1 This report provides the members of the EDI Committee with the current financial position of the Argyll and Bute Council's Employability Team.
- 5.2 By working together, with external contractors and partners the Employability Team strive to offer a robust and financially sustainable approach to the delivery of the employability provision across Argyll and Bute. Combining staff's skills, strengths and experience will allow for maximum benefit to be delivered to vulnerable individuals across the whole of Argyll and Bute's urban, rural, remote rural and island communities. This is not without its challenges in terms of lower than predicted start rates for current contract activity (bar NOLB), which has impinged on income generation. With the delivery of the new ABERTI scheme, a positive shift in our market share with PeoplePlus and ongoing community engagement activity is anticipated that the team's financial position will improve.
- 5.3 In such a challenging environment, the Employability Team is constantly aware that contractual performance in terms of starts and job outcomes needs to be sustained on a month-by-month basis going forward to enable income streams to continue to cover service costs.

6.0 IMPLICATIONS

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| 6.1 | Policy | The current employability service provision fits and contributes to <i>Outcome 3: Education, skills and</i> |
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training maximises opportunities for all and Outcome 5: *People live active, healthier and independent lives* in the LOIP. The service also fits and contributes to the Argyll and Bute Council priority: 'Argyll & Bute Council will be a mental health champion, promoting good health and helping people back into employment when necessary' and the inclusive 'skills for work' focus outlined in the council's new Economic Strategy.

6.2	Financial	The Council's Employability Team is funded on a commercial basis through the delivery of challenging service delivery contracts.
6.3	Legal	All appropriate legal implications will be taken into consideration.
6.4	HR	None.
6.5	Fairer Scotland Duty	The Fairer Scotland Duty, Part 1 of the Equality Act 2010, came into force in April 2018. The duty places a legal responsibility on particular public bodies in Scotland, such as Argyll and Bute Council, to pay due regard to (actively consider) how they can reduce inequalities of outcome, caused by socio-economic disadvantage, when making strategic decisions and how this has been implemented.
6.5.1	Equalities	No negative impacts on equalities.
6.5.2	Socio-economic Duty	Employability services focus on removing socio-economic disadvantage for vulnerable residents across Argyll and Bute.
6.5.3	Islands	Employability services are delivered across the whole of Argyll and Bute including the island communities.
6.6	Risk	Start and job outcome rates do not continue to increase, resulting in the cost of service provision by the Employability Team being unsustainable.
6.7	Customer Services	None.

Pippa Milne, Executive Director with responsibility for Development and Economic Growth
21st November 2019

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Appendix 1: Employability Financial Year 2019/20

Table 1: Employability Financial Report Year 2019-20						
Income	Position at 31st March 2019	Apr-June 19/20	July-Sep 19/20	Oct-Dec 19/20	Jan-Mar 19/20	Totals
Fair Start Scotland		17,055	15,967			33,021
Employability Fund		3,492	2,300			5,792
No One Left Behind (NOLB)/Argyll and Bute Employer Recruitment and Training Incentive (ABERTI)		0	0			0
SERI Claims		1,400	2,000			3,400
Total Income		21,946	20,267	0	0	42,213
Expenditure	Position at 31st March 2019	Apr-June 19/20	July-Sep 19/20	Oct-Dec 19/20	Jan-Mar 19/20	Totals
Staffing Costs		31,587	42,652			74,239
Running costs (e.g. staff travel, premises, etc. but excluding salaries)		3,011	6,574			9,585
NOLB/ABERTI Expenditure		0	0			0
SERI payments to employers		1,400	4,000			5,400
Payments to other bodies (e.g. partners, CLD etc.)		0	3,840			3,840
Participant Costs - Travel/Training/PPE		-191	1,318			1,127
Total Expenditure		35,807	58,384	0	0	94,191
Balance	43,398.19	-13,860.70	-38,118	0	0	-8,580.14
It should be noted that the following monies in terms of income are outstanding at end of September 2019						
Fair Start Scotland						5,246.95
SERI Claims						2,000.00
Employability Fund						935.00
Revised Outstanding Balance						<u>-£398.19</u>

Appendix 2: Market Share Information April to September 2019

STRAND - CORE	Core Split Profile	Contracted Core Split %	Core Actual	Core Actual %
A&B Council Profile	63	18.6%	15	19.7%
Total Profile	339		76	

STRAND - ADVANCED	Advanced Split Profile	Contracted Advanced Split %	Advanced Actual	Advanced Actual %
A&B Council Profile	224	18.7%	9	18.0%
Total Profile	1199		50	

STRAND - INTENSE	Intense Split Profile	Contracted Intense Split %	Intense Actual	Intense Actual %
A&B Council Profile	161	18.6%	26	18.8%
Total Profile	864		138	